

# Japan's China Policy

A relational power analysis

Linus Hagström

European Institute of Japanese Studies, East Asian  
Economics and Business Series



THE EUROPEAN INSTITUTE OF  
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## Japan's China Policy

*Japan's China Policy* understands Japan's foreign policy in terms of power—one of the most central concepts of political analysis. It contributes a fresh understanding to the subject by developing relational power as an analytical framework and by applying it to significant issues in Japan's China policy: the negotiations for a bilateral investment protection treaty and interaction over the disputed Pinnacle (Senkaku/Diaoyu) Islands.

Linus Hagström demonstrates that Japan exerted power over China in such divergent empirical settings for the most part by using civilian instruments positively, defensively and through non-action. Given that Japan's foreign policy is often portrayed rather enigmatically in terms of power, the unique contribution of *Japan's China Policy* is to demonstrate how to analyze power aspects of Japan's foreign policy in a more coherent fashion.

This revealing approach to Japan's foreign policy will be of great interest to those studying Japanese politics, foreign policy or international relations.

**Linus Hagström** is a Research Fellow at the Swedish Institute of International Affairs, Sweden.

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## Series editor's preface

Japan has been the subject of many studies in the field of economics and business since the country's economy took off after World War II. Its remarkable progress in the three decades after 1960 turned it into an economic role model and Japanese management and production techniques were taught at most business schools in the world. When the Japanese economy started slowing down in the 1990s, many of the studies turned to explaining what was wrong with the Japanese economy. Despite the slow-down, however, the sheer size of the Japanese economy has resulted in the portrayal of the country as an 'economic giant'.

In stark contrast, in the field of politics, Japan has always been characterized as a 'political dwarf'. Despite being one of the biggest contributors to the United Nations and the biggest donor of foreign aid all through the 1990s, Japan was not considered to have any political clout. If it influenced world development at all, it was only through its economic might. Unfortunately, most of the studies undertaken on Japan's international political behavior have not presented a nuanced view but rather reinforced existant stereotypes, as many of the traditional theories have failed to explain the country's behavior in international politics.

This book by Linus Hagström is therefore a most welcome contribution to helping us to understand Japan in a more nuanced way. Based on his PhD thesis, this research is well developed theoretically with an abundance of empirically-based facts on Chinese-Japanese relations. Hagström tackles the question of Japanese power through a relational power analysis which presents us with numerous angles to approach and understand Japanese foreign policy. The analytical framework is then applied empirically in two case studies; the first is the investment protection agreement between Japan and China signed in 1989, and the second is the territorial dispute over the Pinnacle Islands claimed by both countries. In both case studies Hagström investigates whether Japan exerts any power over China, an Asian country over which it is least expected to do so. The People's Republic of China has generally been perceived as politically important, as the only Asian nation to hold a permanent seat on the UN Security Council, a position long coveted by Japan. Is it possible that a

‘political dwarf’ wields influence over a ‘political giant’, more than is commonly acknowledged?

The Chinese-Japanese relationship is a very complex but most crucial relationship for anyone who wants to comprehend what is happening in Asia. This book deepens our understanding of power in general, and whether Japan exerts any power over China in particular. As such, we are proud to present it in our series.

Marie Söderberg

# Acknowledgments

This book is a revised version of my PhD thesis in political science. I thus acknowledge that the major part of the text was first published as *Enigmatic Power? Relational Power Analysis and Statecraft in Japan's China Policy* in Stockholm Studies in Politics (no. 93, 2003), the dissertation series of the Department of Political Science at Stockholm University.

I have expressed my thanks to many different people, institutions and foundations in the Foreword of the dissertation, and that gratitude remains strong. Here, however, I will only restate my appreciation for help, in particular for comments on the text, which has had a lasting impact on the final product. Moreover, the list of people who have significantly helped my study has increased during recent months.

First and foremost, I would like to reaffirm my most sincere indebtedness to Jan Hallenberg and Marie Söderberg, both of whom have helped me out in many ways as academic advisors during my years as a PhD candidate, and who continue to be sources of good advice and inspiration.

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The most thorough critique was no doubt provided during the defense, and although I still disagree with some of Stefano's remarks, I hope that this revised version is a lot clearer in its design in order to clarify what the aim of the study is and what it is not. Whether I have succeeded or not, his critical review must be acknowledged.

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I wrote most of the original dissertation while affiliated to the European Institute of Japanese Studies at the Stockholm School of Economics, and I acknowledge the kind support offered by the Institute.

During my time as a PhD candidate I also spent about a year as visiting scholar at several institutions in Japan, the USA, China and Denmark. Without the help of numerous colleagues, informants, institutions and foundations such trips would not have been very successful—if they had ever materialized. Here, however, I confine myself to acknowledging the advice of Yamamoto Takehiko and Zhao Quansheng, both of whom are very fine representatives of the generosity and hospitality that I encountered abroad.

The revision of the manuscript was completed after I started my work as a postdoctoral research fellow at the Swedish Institute of International Affairs, which is a very inspiring place to be for someone who does research on foreign policy, but the work was begun thanks to a postdoctoral scholarship from Torsten and Ragnar Söderberg Foundations. The final week of writing up this manuscript was spent in seclusion at the Sigtuna Foundation, by virtue of a scholarship from Harald and Louise Ekman's Research Foundation.

I end this list of people who have contributed to the book by way of expressing my warmest thanks to my family and friends—especially my beloved wife Anneli and my parents—for everything in life but research-related support. This book is dedicated to the loving memory of my grandfather, Sten Hagström, by whom, from a very young age, I was inspired to do research.

Linus Hagström  
Stockholm  
July 2004

# Abbreviations

ARF	ASEAN Regional Forum
AS-E	<i>Asahi Shimbun</i> —evening edition (a Japanese newspaper)
AS-M	<i>Asahi Shimbun</i> —morning edition
ASEAN	Association of South-east Asian Nations
BIT	Bilateral Investment Treaty
BMD	Ballistic Missile Defense
BR	<i>Beijing Review</i>
CASS	Chinese Academy of Social Sciences
CCP	China's Communist Party
CED	Council for Economic Development (Japan)
CFE-Treaty	Conventional Armed Forces in Europe Treaty
CG	Chūgoku Geppō (a monthly collection of Chinese news edited in Japanese)
CICIR	Chinese Institute of Contemporary International Relations
CIIR	China Institute of International Relations
CJIPC	China-Japan Investment Promotion Committee (PRC)
Diet-HC	Japan's Diet, The House of Councilors
Diet-HR	Japan's Diet, The House of Representatives
ECAFE	United Nations Economic Commission for Asia and the Far East
EEZ	exclusive economic zone
EPA	Economic Planning Agency (Japan)
FBIS-CHI	Foreign Broadcast Information Service, China
FBIS-EAS	Foreign Broadcast Information Service, East Asia
FDI	foreign direct investment
FEER	<i>Far Eastern Economic Review</i>
FY	fiscal year

GATS	General Agreement on Trade in Services
GATT	General Agreement on Trade and Tariffs
GDP	gross domestic product
IMF	International Monetary Fund
IR	(theories of) international relations
IT	information technology
JBIC	Japan Bank of International Cooperation
JC	Joint Committee
JCBIT	Japan-China Bilateral Investment Treaty, agreement between Japan and the People's Republic of China concerning the Encouragement and Reciprocal Protection of Investment
JCEA	Japan-China Economic Association
JCIPO	Japan-China Investment Promotion Organization
JCP	Japan's Communist Party
JDA	Japan's Defense Agency
JEXIM	Export-Import Bank of Japan
JMSDF	Japan's Maritime Self-Defense Force
JPY	Japanese yen
JSP	Japan's Socialist Party
KMT	Kuomintang (Taiwan)
LDP	Liberal Democratic Party (Japan)
LOS	Law of the Sea
MAFF	Ministry of Agriculture, Forestry and Fisheries (Japan)
METI	Ministry of Economy, Trade and Industry (Japan)
MFA	Ministry of Foreign Affairs (PRC)
MFN	most favored nation
MITI	Ministry of International Trade and Industry (Japan)
MOFA	Ministry of Foreign Affairs (Japan)
MOFTEC	Ministry of Foreign Trade and Economic Cooperation (PRC)
MOJ	Ministry of Justice (Japan)
MPA	Maritime Products Agency (Japan)
MSA	Maritime Safety Agency (Japan)
NIEs	newly industrializing economies
nm	nautical miles
NPC	National People's Congress (PRC)
NPCSC	National People's Congress Standing Committee (PRC)

NT	National Treatment
ODA	Official Development Assistance
PARC	LDP Policy Affairs Research Council (Japan)
PKO	peace-keeping operations
PLA	People's Liberation Army (PRC)
PLAN	People's Liberation Army Navy (PRC)
PMO	Prime Minister's Office (Japan)
PRC	People's Republic of China
ROC	Republic of China (Taiwan)
SDF	Self-Defense Forces (Japan)
SDPJ	Social Democratic Party of Japan
SEZ	Special Economic Zones (PRC)
SWB FE	Summary of World Broadcasts, Far East by the BBC
TMD	Theater Missile Defense
TRIPS	Trade-related aspects of intellectual property rights
TWL	Territorial Waters Law, Law on the Territorial Sea and Contiguous Zone
UK	United Kingdom
UN	United Nations
UNCLOS III	United Nations Convention on the Law of the Sea III
UNPKO	United Nations Peace-keeping Operations
UNSC	United Nations Security Council
USA	United States of America
WTO	World Trade Organization
WWII	Second World War

# Glossary

- Aikidō** the way of harmony  
**Bukai** division of the LDP Policy Deliberation Commission  
**Gaiatsu** foreign, especially, US pressure on Japan  
**Gaikōzoku** foreign affairs tribe  
**Habatsu** faction  
**Honne** real intention  
**Jimujikan** Administrative Vice-Minister  
**Kachō** Division Director  
**Kōenkai** constituency-based organization  
**Kohai** junior, disciple  
**Kuromaku** informal political actors and organizations  
**Kyōkuchō** Bureau Director General  
**Nemawashi** Literally, root binding; figuratively, behind-the-scenes predecision  
consensus-building activities  
**Omiyage** souvenir, gift  
**Seikei** bunri separation of politics and economics  
**Sempai** senior, mentor  
**Shingikai** advisory council  
**Shōgun** historical title for generals  
**Tantōkan** the official in charge  
**Tatemaie** open statement  
**Tsukiai** after-hours entertaining and socializing  
**Uyoku** the extreme Right  
**Zaikai** organized big business  
**Zoku** policy tribe



## Note on the text

Throughout, Japanese words and names are transcribed using the so-called Hepburn system. Long vowel sounds are indicated by macrons, except when referring to authors and works published in foreign languages and to Japanese place names that have entered the English language. Someone whose name would be transcribed *Satō* in a Japanese text, can therefore also be called *Sato* or *Satoh* depending on the way that the name is treated in the non-Japanese source, and Japan's capital is referred to as Tokyo rather than *Tōkyō*. Japanese personal names are moreover written according to the Japanese convention, i.e. with the family name followed by the given one, and only with the exception of quotations and, again, when referring to Japanese authors of works published in foreign languages.

Chinese names are written in the same order as Japanese ones, and with the same exceptions. Words and names are transcribed in accordance with the cited sources, mostly in the Pinyin system whenever the source is Mainland Chinese (ex. *Diaoyu*), and the Wade-Giles system (*Tiaoyu* or *TiaoYu*) when it is of Taiwanese origin. If no source is cited, transcription follows the former system.

Capital letters do not exist in Japanese or Chinese, but they are introduced in the usual cases (e.g. personal and place names) in romanized versions of these languages. Emphasis is moreover used to indicate all non-English words in the text—Japanese, Chinese and others. All translations from Japanese and Swedish materials are, unless otherwise indicated, my own. However, to enhance the clarity, words and sentences central to such translations are noted in their language of origin either in parentheses (outside of the questions in question) or in brackets (inside the question).

# Introduction

## Enigmatic power?

The aim of this study is to further the understanding of Japan's power in international affairs, and to do so through the application of a relational concept of power. This aim is operationalized in the study by analyzing if and how Japan has exercised power over a crucial counterpart like China with regard to significant issues in the bilateral relationship such as investment protection and the disputed Pinnacle (*Senkaku* or *Diaoyu*) Islands. Although the empirical focus on issues in Japan's China occupies well over half of the book, even to justify its title, it is nonetheless secondary to the question of how to describe and assess Japanese foreign policy in terms of power.

The question of Japan's power has attracted attention both within and outside of the country at least since the 1960s, i.e. roughly from the time when the Japanese economic 'miracle' materialized (cf. Edström 1988). However, it became particularly salient in the wake of the Cold War. How would such a dramatic change affect the country's foreign policy? Would it significantly alter Japan's international role, status, responsibility or behavior, or not? Scholars in the field have naturally provided various answers to those important questions, and they have often done so by invoking the term 'power'.

The resultant discourse thus conveys many, varied and sometimes conflicting messages about Japanese power. What may at first seem like a messy picture becomes clearer if the use of 'power' is understood against the background of its conceptualization in International Relations theory (IR), particularly Realism and Neorealism,<sup>1</sup> where it is more or less put on a par with capability. However, as this chapter later argues, although the initial mess dissolves, Japanese power still appears enigmatic. Key to this enigma is the shared understanding that Japan is an economic power/superpower, but a minor actor when it comes to political and military matters. The first judgment is most likely made because of Japan's huge economic capability, while the second is made despite its sizable political and military capabilities. The second judgment is rather derived from the fact that Japan does not seem to use the political and military parts of its policy base to produce desired outcomes. The enigma of Japanese power in its foreign policy, this chapter argues, derives from this double standard, and it is thus a discursive construct.

To put it differently, this study starts from the observation that Japan has seemed to be an enigmatic case principally because IR concepts of power have been used to understand the country's foreign policy. By applying a so-called relational concept of power to issues in Japan's China policy, however, the book later demonstrates how Japanese power could be portrayed more coherently. The relational concept is a result of the conceptual analysis in [Chapter 1](#), and it takes Steven Lukes' (1974) famous conceptualization as the point of departure, while taking David Baldwin's (1985) concept of statecraft as another source of inspiration. It reads: '*A* exercises power over *B* when *A* can be held responsible for purposeful action<sup>2</sup> affecting *B* non-trivially and in a manner contrary to *B*'s interests.' However, Lukes' concept of power is not reorganized in [Chapter 1](#) as an end in itself. Instead, it is adjusted on the basis of some objections that have been raised against it, and to suit the purpose better. The resultant conceptual framework functions as this study's means of exposition—this is an ideal type with the help of which it is judged whether or not instances of Japan's foreign policy can be understood in terms of relational power (cf. Weber 1949:92–3; Weber 1968:20). Since a concept of power explicitly connected to the debates spurred by Lukes' 'three-dimensional view' has never been systematically employed in this kind of analysis, it is attached to a method: a reconstructive and interpretative one, consisting of so-called process-tracing, interest and intentional modes of analysis, and relying on standardized, general questions.

Given the inclusiveness of the above specified concept, [Chapter 2](#) argues that relational power analysis is most appropriately applied to cases where *A* is not typically believed to be exerting power over *B*. It is argued that the People's Republic of China (PRC or China) is exactly that kind of potential *B* for Japan. However, the establishment of a 'crucial case' is not exhausted with the selection of *B*, but significant issues in the relationship must also be chosen. It is argued that the negotiations for a bilateral investment treaty (BIT) and the disputed Pinnacle (*Senkaku* or *Diaoyu*) Islands in the East China Sea provide exactly such issues. The focus on two cases in Japan's China policy thus present the study with the kind of 'least likely' empirical setting that is deemed necessary for an analysis of power in relational terms. In other words, the assumption of least likeliness is the link between a relational power analysis of Japan's foreign policy and the empirical focus on two significant issues in Japan's China policy in [Chapters 3](#) and [4](#). The analysis in the empirical chapters, moreover, is rather exhaustive. Not only do they help the study to draw important conclusions about Japan's foreign policy and China policy, but in themselves they also provide incomparably detailed accounts of the two issues, archive research, news materials, extensive interviews and secondary sources.

To forestall the empirical analysis, [Chapter 5](#) concludes that Japan has exerted power even over a crucial counterpart like China, and over significant issues in the bilateral relationship. It did so, moreover, mostly by means of civilian statecraft and along non-traditional dimensions, for example positively and defensively. Japan's ability to affect the PRC by such instruments,<sup>3</sup> however,

was in both cases facilitated by the fact that leading Chinese policy-makers prioritized 'economic development' and 'modernization' over 'sovereignty'. In short, Chinese fear of jeopardizing Japanese economic cooperation provided Japan with a strong economic policy base—a foundation to which many instances of its exertion of power over China could be traced. Drawing on such conclusions, this study demonstrates that Japanese foreign policy can be portrayed more intelligibly in terms of power. The merit of relational power analysis is that it provides a clear conceptual framework through which Japan's foreign policy becomes empirically researchable in terms of power, and thereby a means through which the term itself is demystified.

Reflecting on relational power analysis itself, the final chapter of the book also argues that the conceptual framework not only is better suited to the analysis of Japan's foreign policy, but to foreign policy analysis in general. Indeed, it elaborates how relational power analysis could even be seen as tantamount to its very purpose. Above all, this analytical tool facilitates that focus is put on the process through which *A* exerts power over *B*. Lukes' concept moreover accommodates a particularly large number of power mechanisms. Recognition of so-called 'ideational statecraft'—or influence attempts relying primarily on ideas, norms and symbols—for example, is a direct effect of this approach, and it proves appropriate to the analysis of Japan's foreign policy.

This chapter will now go on to elaborate on some of the study's points of departure—only in relation to which it makes proper sense. The first such point is empirical, and concerns the state of Japanese foreign policy around the end of the Cold War. The second is conceptual, and pertains to how this phenomenon is portrayed and analyzed in terms of power. The first point is developed in the next section below, while the second is the subject of nearly all remaining sections of this Introduction. As mentioned above, not only are various problems identified, but the chapter also purports to present a rough solution to the enigma of Japanese power, which the rest of the book aims to pursue further. The chapter concludes by restating the aim of the study, as well as some limitations of its scope.

### **Change or continuity in Japan's post-Cold War foreign policy**

Many mainstream IR scholars believe that states depend on military techniques in their foreign policy (e.g. Waltz 1979), and in this sense, post-Second World War (WWII) Japan has been portrayed as a structural anomaly (Waltz 1993; cf. Berger 1996). It has been argued that Japan's participation in international political and security affairs was constrained after WWII, first by the country's unconditional capitulation at the end of the war and the ensuing Allied (or rather US) occupation, and later by the post-war constitution, which was 'enforced' or 'imposed' on the country in 1946 (*oshitsuke kenpō*), and by the Security Treaty with the United States of America from 1952 onwards. Besides, the necessities

of reconstruction and economic resurgence arguably made a passively and economically oriented foreign policy inevitable. Military security concerns were simply left to the country's senior alliance partner—a division of labor originally spelled out in a doctrine named after the former Prime Minister Yoshida Shigeru (e.g. Pyle 1996:20–41).

In more recent decades, Japan's passivity has grown even more self-conscious. By delegating the lion's share of defense preparations to the USA, the country has been able to devote itself to economic matters. In particular, it has accumulated significant national wealth by promoting exports and protecting its home market (cf. Johnson 1995). It is for these reasons that Japan has become known as a 'trading state'—a country that, if taking part in international relations at all, mainly concerns itself with civilian—and particularly economic—matters (e.g. Rosecrance 1986; cf. Berger 1996:336–7, 343). Hence, Japan's foreign policy is believed to have served as a means in its economic strategy rather than the other way around, as assumed for most other states (Emmott 1992:50). Japan also became known as a 'reactive state'—a country that (again), if taking part in international relations at all, does so mainly in reaction to foreign—especially US—pressure (*gaiatsu/beiatsu*) (e.g. Calder 1988; cf. Yasutomo 1995:35–48; Lehmann 1997:135).<sup>4</sup>

In the 1980s, however, Japan gradually raised its military stance (Nye 1990: 161), and a new trend in its attitude towards the world was discerned from the middle of the decade (e.g. Johnson 1995:10–11). The perceived change coincided with 'the end of the Cold War',<sup>5</sup> and the crackdown of protests in Tiananmen Square in Beijing in June 1989 (e.g. Watanabe A. 1993:3). The impact of the first Gulf War in 1991 is perhaps even more significant, because it launched a nationwide debate about Japan's role in the world and the prerequisites for its foreign policy (e.g. Inoguchi 1993a: 192; Watanabe A. 1993:3; Shikata 1995:107; Lam P.E. 1996:995; Iwanaga 1996a:15–16, 21; Iwanaga 1997:42–4; Tamamoto 1997:7; Wu X. 2000:297). World demands for the country to participate in (or at least contribute to) the war in the Persian Gulf put pressure on its policy-makers to consider seriously whether or not Japan should take an active part in the global transformation process (cf. Yasutomo 1995:14). Oft-quoted signs of change in the country's attitude include its 1991 declaration of four guiding principles for the disbursement of Official Development Assistance (ODA), the codification of such principles into an ODA Charter in 1992, the decision to participate in the UN Peace-keeping Operations (UNPKO)<sup>6</sup> and indications of its determination to gain permanent seat on the UN Security Council (UNSC) (cf. Drifte 2000). Japan's promotion of Asian security cooperation in the early 1990s, crowned by the initiative to establish the Association of South-east Asian Nations (ASEAN) Regional Forum (ARF), is also ascribed importance (e.g. Drifte 1996:81).

A major shift in domestic politics—possibly related to the world changes outlined above—is also believed to have been a factor in the transformation of Japan's foreign policy.<sup>7</sup> Weakening of domestic opposition to the Self-Defense

Forces (SDF) and the Security Treaty—above all the Socialist Party’s sudden policy change and gradual decline—is inferred to have shifted the country’s political direction (Curtis 1995:241; cf. Soeya 1998:11–12). American demands for enlarged Japanese responsibility or ‘burden-sharing’, beginning in the Asia Pacific and extending globally, arguably also contributed to the country’s new stance (e.g. Inoguchi 1991: 44).<sup>8</sup> The perceived change in Japan’s foreign policy has been counteracted by those (Asian) states who fear that the country may once again develop into a military aggressor (Inoguchi 1993a: 195; cf. Soeya 1993:18–19, 25–6). However, signs of change have been discerned even within this area. For example, Malaysian Prime Minister Mahathir Mohamad has repeatedly been quoted stressing his wish for Japanese officials to stop making excuses for the country’s policy during WWII (Soeya 1993:25; Drifte 1996:156). Together with Singapore, the Philippines, Indonesia and Thailand, Malaysia has urged Japan to play a more active role as regional leader (Iwanaga 1996a:29). It has been interpreted that such countries wish Japan to counter-balance the emerging China.

As signs of increasing Japanese activism in international affairs were observed from the mid-1980s—and although the country has no expressed intention to rearm—the old metaphor of ‘economic giant and political pygmy’ (Inoguchi 1991:1; cf. Rose C. 1998:62) could be losing relevance. The view that Japan is changing into an important mover in the current of world affairs, and distancing itself from the economism, lethargy and dependence on the USA, all of which have been closely associated with its foreign policy, thus abounds in this discourse (e.g. Yamamoto 1989:158; Nye 1990:161; Inoguchi 1992:71; Zhou 1993:196–7; Soeya 1993:18; Sone 1994:32; Curtis 1995:262; Johnson 1995: 10–11; Iwanaga 1996a: 15, 20–1, 35; Drifte 1996:2; Iwanaga 1997). This is in part the empirical context, which provides the scope of this study with significance. The idea of foreign policy change in particular underlies the choice of case studies in [Chapter 2](#), so that an economic-political issue from the late 1980s, i.e. when Japan was still seen largely as an economic player, makes up the first case study in [Chapter 3](#), and a territorial-political issue from the early 1990s, i.e. when Japan supposedly started to transform into a more assertive actor in world politics, makes up the second one in [Chapter 4](#). Two case studies are not enough to draw lasting conclusions, but with this method any similarities between the cases could still make some contribution to the assessment of change or continuity.

The image of Japanese foreign policy change, however, is by no means a necessary prerequisite for the present research design. In fact, it could also be seen as a cliché: Karel van Wolferen claims that Japan has been ascribed fundamental change with some frequency, but also that such allegations have often been proved to be rather unfounded ([1989] 1993:19–20). Moreover, some people argue that even if Japan’s foreign policy displayed more assertiveness and proactivity in the early 1990s, this trend was broken by the middle of the decade.<sup>9</sup> In the same vein, Thomas Berger claims that, ‘Realist difficulties in

accounting for...Japanese behavior have increased since the end of the Cold War,' because this historical turning point 'has considerably enlarged...[Japan's] room for maneuver and heightened...[its] relative stature in the international system' and yet the country has not taken advantage of the situation (1996:322). In transition or not, however, Japan remains by most conceivable standards a large country. Such countries could be hypothesized to affect other international actors, and in ways deemed contrary to those actors' interests. This is reason enough for investigating statecraft in Japan's post-Cold War foreign policy, especially given the conceptual confusion surrounding the analysis of Japan's foreign policy in terms of power. The latter problematic is outlined next.

### **The ubiquity of power**

The previous section summarized how a number of distinguished analysts have portrayed Japan's foreign policy during the past two decades. However, other than in passing it did not make any reference to one of the terms most often employed by them in their attempts to describe or assess aspects of change or continuity in Japan's post-Cold War foreign policy, i.e. power. Indeed, this term has been very widely used to make sense of Japan's role, status, resources, responsibility or behavior in this period. Admittedly, this is an inclination that is shared with a great deal of other foreign policy analysis, International Relations literature in general, political science of all sorts, and even most journalistic and lay texts dealing with political and sociological matters.

However, as this section argues, it is often unclear what power means in academic accounts of Japan's post-Cold War foreign policy. On a more general note, Max Weber remarks that, 'Hundreds of words in the historian's vocabulary are ambiguous constructs created to meet the unconsciously felt need for adequate expression and the meaning of which is only concretely felt but not clearly thought out' (1949:92-3). As a result, often when scholars use the word 'power', they are not necessarily talking about the same concept (cf. Taber 1989: 30). From the way that it is used, 'power' indeed looks like an 'essentially messy concept' (Barry 1989:298). Explicit definitions of the term are either lacking, inconsistent or just incompatible with the way that the term is actually used, and the meaning of continuity and change in Japan's foreign policy thus also remains unclear. The term appears to be used quite rhetorically, namely to underscore whatever points different writers attempt to make. This rhetoric of power has also caught the eye of Stefano Guzzini:

Power is still a short cut for understanding international affairs, its undiscussed ubiquity an indicator of intellectual laziness. In other words, power has been a short circuit for leaving things unexplained despite opposite appearance. Taking the recent power debate seriously could avoid

power arguments still being used as apparently sensible answers whose only certainty is to kill theoretical reflection and empirical research.

(2000b:65; cf. Guzzini 1993:478)

However, this section first demonstrates that most references to the term in the academic Japanese foreign policy discourse bear witness to an understanding of power in terms of capability. In most cases it is possible to make sense of it against the backgrounds of Realism and Neorealism (Morgenthau [1948] 1993; Waltz 1979). It then continues to problematize the concept of power in such theories. Third, a number of texts analyzing post-Cold War Japanese foreign policy with their point of departure in more explicit definitions of power are then examined, but it is argued that none of them really benefit from conceptualization—the messiness of power persists or is even deteriorated. Fourth, ways of expressing power in Japanese texts are briefly examined for reference. Although this section brings some order to the use of ‘power’, however, the next one argues that the enigma of Japan’s power remains intact.

### ***‘Power’ in the analysis of Japan’s foreign policy***

This sub-section examines how ‘power’ has been used in the academic post-Cold War Japanese foreign policy discourse. It shows that references to the term diverge both within and across texts (cf. Kim S.S. 1998:8), but also most fundamentally that they depend on an understanding of power in terms of capability, or a property concept. Drawing especially on two of the canonical texts in IR—indeed, those most crucial to power analysis in the discipline—this sub-section clarifies the connections to Hans J. Morgenthau’s Realism and Kenneth N. Waltz’s Neorealism.

### *Power as capability*

The idea that power equals capability underlies most of the examples below, but it is particularly clear in statements like, ‘Superior economic growth and corollary measures of economic size...all point to an exceptionally rapid increase in [Japanese] power’ (Katzenstein 1996a:99). Power is assigned a similar role in many other texts that may or may not differ in argument (e.g. Nester 1990:1–8; Emmott 1992:57; Iwanaga 1996a:33; Pyle 1996:3; Calder 1997:24; Tamamoto 1997:4).

The inclination to understand power in terms of capability is common in traditional IR theory. To Morgenthau, all states take an immediate interest in the struggle for ‘national power’ (1993:29–30, 35–6), which is equivalent to how they rank on a number of ‘power components’ or ‘material capabilities’, i.e. geography, natural resources (food and raw materials), industrial capacity, military preparedness (technology, leadership, quantity and quality of armed forces), population (distribution and trends), national character, national morale,



and quality of diplomacy and government (ibid.: 124–65).<sup>10</sup> The ultimate point of reference in all indices of power measurement, however, is how easily such capabilities can be converted into war-making capacity (cf. Sjöstedt 1987:65; Rothgeb 1993: 7). None of the analyses of Japan's foreign policy mentioned above resort to extensive estimates and comparisons on a large number of variables, counting, for example, the number of troops, tanks, aircraft and naval ships that a country possesses (e.g. Copper 1980), but their usage of the term still points to an underlying idea of power in terms of a quantitative or at least quantifiable phenomenon.

### *Power as a goal*

Power is not just understood in terms of the present possession of capability, but also as potential future one. It is, for example, claimed that Japan's goal used to be economic power, but not a military one (Iwanaga 1996a), and that the 'Japanese are considering whether or not they should increase their military power' to be commensurate with their economic might (Kennedy 1994:198).

What is taken to be an eternal struggle for power among nations entails that there is a close connection between present and possibly future capability in Realism too. In short, power and self-aggrandizement are the goals of states. Waltz, however, does not agree; states are not maximizers of power. The typical result of international structure is rather a balance of power—an equilibrium that emerges because states tend to maximize security for the sake of self-preservation (1979:126–7).

### *Japan as power*

Most analyses refer to Japan in terms of some kind of *a* power. In particular, the country has been called an 'economic superpower' (Nester 1990:1, 5, 308; cf. Emmott 1992:56), a 'global economic power' (Johnson 1995: 260; cf. Zhao Q. 1995:198) or 'a peaceful, commercial power' (Katzenstein 1996a:5). Bert Edström shows that this tendency has existed at least since the 1960s (1988: 75–91, 187–97, 232–4). Increasing interdependence arguably instilled economic matters with far greater importance, and despite its arguably low military posture, Japan could thus be called a 'power'. In the same vein, the country was also called 'a new category of power' (Huldt 1996:x; cf. Edström 1988:88), 'a—not the—twenty-first-century power' (Kennedy 1994:197), 'a major Asian power, perhaps a technological superpower of the twenty-first century' (Katzenstein 1996a: 5), 'a great economic power but a relatively minor military one' (Shikata 1995:114; cf. Katzenstein 1996a:129), and 'a medium-size, non-nuclear military power' (Hunt 1992:29).

The notions of 'assertive civilian power' and 'normal state' are also frequently contrasted in the literature (e.g. Katzenstein 1996a: 205; cf. Green and Self 1996: 46; Iwanaga 1996a:22–6). The former term depicts a state with large

non-military capability (e.g. Drifte 1996; Hughes 1999), and in usage it overlaps with ‘soft power’ (Drifte 1996: chapter 3), and with ‘aikidō state’ (Hook *et al.* 2001:376–7).<sup>11</sup> Neorealists and Japanese nationalists, however, stress the latter idea, which implies ‘great power’ (e.g. Waltz 1993; Ozawa 1994:93–101). According to this approach, Japan’s standing in international politics must (or should) be proportional to its ‘economic power’ even if it implies rearmament and the removal of Article 9 from the Constitution.<sup>12</sup>

Chris Brown notes that many textbooks ‘offer a list of the components of national power, the features of a country that entitle it to be regarded as a “great” power, or a “middle” power, or, more recently, a “superpower”’ ([1997] 2001:89). Such terms, which imply a pecking order in the world, clearly have a systemic dimension to them. Power in this sense has now become practically synonymous with state, nation and country.<sup>13</sup> However, advocates for such terminology should at least find no inspiration in the milestone work of Neorealism. Waltz’s definition of great power, in particular, is very clear. It simply denotes the ‘units of greatest capability’ (1979:72; cf. *ibid.*: 129, 162, 183). In other words, ‘great powers have great power’ (*ibid.*: 187). States, moreover, ‘are not placed in the top rank because they excel in one way or another. Their rank depends on how they score on *all* of the [above] items’ (*ibid.*: 131; cf. *ibid.*: 130, 153; cf. Waltz 1993:50, 63). To call Japan an ‘economic superpower’—or to juxtapose ‘superpower’ with anything for that matter—would be inconsistent with this logic.

### *Responsible powers*

Many analyses then make a connection between power status and responsibility in international affairs (e.g. Pyle 1996). The argument is often that as Japan’s power increases, the country ought to contribute to the international community; Japan should play a political role commensurate with its economic power; or, less normatively, there exists a relationship between power and responsibility: ‘Some maintain that Japan should do more, given its position as one of the world’s leading economic powers’ (Inoguchi 1992:71; cf. Nester 1990:324; Emmott 1992:69; Kennedy 1994:199; Johnson 1995:15; Shikata 1995:119; Iwanaga 1996a: 21).

The idea that great powers should make large contributions to the international system, or take on certain responsibilities *vis-à-vis* other actors, recurs in Waltz’s Neorealism:

[Great powers’] extraordinary positions in the system lead them to undertake tasks that other states have neither the incentive nor the ability to perform. What are these tasks? In descending order of importance, they are the transforming or maintaining of the system, the preservation of peace, and the management of common economic and other problems.

(1979:199)

In particular, this idea originates from the early post-WWII era, when—the story goes—a benevolent USA sustained multilateral systems in the West.

### *Power v. capability in International Relations theory*

Realist and Neorealist ideas of power have thus far been presented in a rather clear-cut fashion: power is capability; a unit with large capability is a great power; and great powers take international responsibility. However, not to exaggerate the coherence of such ideas, this sub-section will briefly demonstrate their complexity.

Despite Morgenthau's concept of national power mentioned above, the exact relationship between power and capability remains unclear in his *Politics Among Nations*: do capabilities define power or merely approximate the phenomenon as a kind of operationalization? The latter interpretation, which is based on the assumption that the power *A* exercises over *B* is a direct reflection of the capabilities that *A* possesses, gains support in what seems to be a definition of the term (cf. Edström 1988:50; Knudsen 1994:26; Brown 2001:91; Dunne and Schmidt 2001:150–1; Willetts 2001:378; Nye 2003:58):

When we speak of power, we mean man's control over the minds and actions of other men. By political power we refer to the mutual relations of control among the holders of public authority and between the latter and the people at large. Political power is a psychological relation between those who exercise it and those over whom it is exercised. It gives the former control over certain actions of the latter through the impact which the former exert on the latter's minds.

(Morgenthau 1993:30; cf. *ibid.*: 33)

However open-ended this definition may seem, it is later explained that the ability to impose one's will on other actors is dependent on the means at one's disposal, i.e. on one's capabilities. And yet, since power is next described as orders and laws obeyed, and actions successfully molded, it is clear that the outcome of action is also vital for defining power (*ibid.*: 33). One way to make sense of Morgenthau's reasoning is to presuppose the existence of determinism in it, perhaps with the help of a rationality assumption (cf. Rose G. 1998:158). Vast capabilities then always bring about the more abstract relationship of 'control'; power necessarily results from capability (cf. Kugler and Arbetman 1989:50). Gideon Rose notes that so-called neo-classical Realists practically have preserved this understanding of power, so that 'power' refers to 'the capabilities or resources...with which states can influence each other' (1998: 151), and that 'an increase in relative material power will lead eventually to a corresponding expansion in the ambition and scope of a country's foreign policy activity—and that a decrease in such power will lead eventually to a corresponding contraction' (*ibid.*: 167).

As much in agreement as Morgenthau and Waltz seemed above with regard to the meaning of power, as clearly do differences between them stand out on closer inspection. Before saying much about his own idea of power, Waltz actually drives a wedge between himself and Morgenthau by criticizing 'the error of predicting outcomes from attributes', i.e. Morgenthau's very logic of power (Waltz 1979:60):

To try to do that amounts to overlooking the difference between these two statements: 'He is a troublemaker.' 'He makes trouble.' The second statement does not follow from the first one if the attributes of actors do not uniquely determine outcomes. Just as peacemakers may fail to make peace, so troublemakers may fail to make trouble. From attributes one cannot predict outcomes if outcomes depend on the situations of the actors as well as on their attributes.

(Ibid.: 60–1)

This is quite a sensible point, but then one might wonder what the status of attributes is in Waltz's own thinking. In fact, he takes power to be just another word for capability, with no connection at all to outcomes. Waltz's objection that Dahl's pluralist definition equates power with the more abstract 'control' is rather telling of his position.<sup>14</sup>

To identify power with control is to assert that only power is needed in order to get one's way. That is obviously false, else what would there be for political and military strategists to do? To use power is to apply one's capabilities in an attempt to change someone else's behavior in certain ways. Whether *A*, in applying its capabilities, gains the wanted compliance of *B* depends on *A*'s capabilities and strategy, on *B*'s capabilities and counterstrategy, and on all of these factors as they are affected by the situation at hand. Power is one cause among others, from which it cannot be isolated.

(Ibid.: 191–2)

In the end, Waltz's concept of power is not an approximation of 'control' or any other 'elusive' phenomenon. It is simply the equivalent of capability.

However, it is easy to find quite incompatible themes in Waltz's *Theory of International Politics*, not least with regard to 'power' (cf. Guzzini 1998:126). First, he writes, 'Power maintains an order' (Waltz 1979: 185), and thereby associates attributes with outcomes in a non-Waltzian fashion. The same criticism is valid for his notion of 'powerfulness': 'I offer the old and simple notion that an agent is powerful to the extent that he affects others more than they affect him' (ibid.: 192). This statement, together with a lengthy argument about the visibility and usefulness of power *vis-à-vis* force for the single state (ibid.), is moreover too concerned with the unit level and relational

causality—both contrary to Waltz’s theory of international politics (cf. Baldwin 2002:184). Third, he claims that, ‘A country becomes a superpower if we treat it like one. We create other states in our image’ (Waltz 1979:130). This idea, finally, would verge on the commonsensical for IR theoreticians of many other convictions, but hardly for Waltz with his stout belief that great powers are defined entirely by great capability.

### *State of the art: the feasibility of power analysis*

Texts on Japanese foreign policy often talk about power, and the preceding sub-sections have demonstrated that although divergent references to the term give a somewhat messy impression, they can be understood within the framework of Realism and Neorealism, where power is a property concept and thus on a par with capability. One may now wonder if attempts to analyze Japan’s post-Cold War foreign policy more explicitly with point of departure in definitions of power manage to provide clearer accounts of this phenomenon in terms of power.<sup>15</sup> This sub-section argues that none of the examined texts are very successful to that extent.<sup>16</sup>

First, too much tends to be included into definitions of power and conceptual clarity is thereby lost. Ming Wan, to begin with, starts from a definition of power that reads:

I define power as capability and economic power as tangible economic resources. Economic power is viewed in terms of its relevance to an issue area because power resources are not always ‘fungible’ across issues: ‘What functions as a power resource in one policy-contingency framework may be irrelevant in another’ (Baldwin, 1979:165).<sup>17</sup> More important, to understand a nation’s foreign policy, we need to examine not only its own power but also the world power structure as an important systemic condition.

(1995:88)

In light of the power discourse in IR, one thing stands out in the above quotation: the reference to David Baldwin in a definition otherwise so imbued with Neorealist thinking. In short, Baldwin is known for arguing in favor of a relational concept of power in IR theory (1985; 1989; 1993). He views economic power as relative to both issue areas and specific situations. He, moreover, considers relative lack of fungibility of resources not only across issues, but also across actors, and other contexts.

Reinhard Drifte, next, understands power, ‘as the ability and will to exert influence over the perceptions, intentions, material circumstances and bargaining powers of others. Power is therefore alternatively referred to in this book as “influence”’ (1996:8). This definition is rather uninformative because it first identifies power as a certain instance of influence, and then it claims the two

terms to be synonymous. Influence, moreover, is left undefined. In addition, while defining power as ability, Drifte also refers to Joseph Nye, who notes that ‘Proof of power lies not in resources’ but in the very outcomes of agenda setting (1996: 8). He moreover emphasizes the significance of contextual differences for the assessment of power (*ibid.*: 6–9), but his study lacks the kind of micro-oriented methodology that such an emphasis would seem to require. After connoting a number of different ideas of power—in terms of ability, capability and state (and obviously trying to sketch a relational concept of power<sup>18</sup>)—some structural thinking is also incorporated into his concept of power:

The mere anticipation of any Japanese action can prevent other players from pursuing their national interests if they are seen as conflicting with Japan’s. Japan’s structural power may not yet be the same of [*sic*] that of the US, but its relative and even ideological/cultural power has grown considerably and is affecting perceptions, alternatives and players, irrespective of their geographical or cultural distance from Japan. Japan now matters so much that it does not actually have to do something in order to effect an outcome which is beneficial to its national interest.

(*Ibid.*: 162)

This structural fancy has a counterpart in the Introduction:

Power analysis quickly reveals that not all outcomes are based on intentional power or on actors. A meaningful concept of power has therefore to include the possibility of unintended influence if one conceives power as a way of effecting. If the analysis is solely based on an agent or is actor-based, this cannot be achieved.

(*Ibid.*: 9)

The two quotations neatly correlate, but it is still unclear how structure is analyzed in the book.

Christopher W. Hughes, finally, breaks up power into two subcategories: ‘direct’ and ‘indirect’ power. The terms supposedly reflect a distinction made by a number of other scholars: Funabashi Yōichi contrasts revealed power (*meijiryoku*) with latent power (*senzairyoku*); Klaus Knorr makes a distinction between coercive and non-coercive power; and Susan Strange differentiates between relational and structural power. Here, the revealed, coercive and relational forms are taken to be fundamentally the same, and this is arguably the reason why they are summarized under the auspices of ‘direct power’. Latent, non-coercive and structural power, together with Keohane and Nye’s ‘control over outcomes’ (1977:11) and Nye’s concept of ‘soft power’, constitute the other part of the dichotomy, namely ‘indirect power’ (Hughes 1999:35–6). Direct (economic) power is later defined as ‘the conscious manipulation by a state of economic power resources in order to influence directly the behaviour of another

state and change it to the course of action that it would not normally take of its own volition' (ibid.: 36). This definition bears traces of one of Dahl's pluralist definitions of power: 'the intuitive view of the power relation...seemed to involve a successful attempt by A to get *a* to do something he would not otherwise do' (1957:292). Direct power, moreover, has a positive and a negative aspect; persuasion as well as pressure can be employed 'to achieve state interests' (Hughes 1999:36). Indirect power, on the contrary, includes structural elements, and it is based on 'The conviction that states can indirectly derive power and achieve national goals resulting from the economic penetration of other states' (ibid.: 35).

It must be questioned, however, if the split into direct and indirect power really corresponds to the distinctions that Funabashi, Knorr and Strange purport to make. To be sure, Hughes' definition of power broadly matches Strange's, and the book also shares her emphasis on structural power, defined in terms of a number of international systems (cf. Strange 1988:24–9). Yet, since Strange indicates that actors *exercise* structural power (ibid.: 28, cf. ibid.: 32), it could be questioned if her concept really is structural after all. The interpretation of Klaus Knorr's concept of power is also doubtful: 'Coercive', on the one hand, is 'when *B*'s conduct is affected by his fear of sanctions of one kind or another, that is, some threat, actual or expected, to his goal achievement' (1975:4). Non-coercive, on the other, means that '*B*'s choices are enriched rather than limited by *A*'s influence; for example, when *A* persuades *B* that a proposed co-operative venture is mutually beneficial' (ibid.). In short, Knorr makes a distinction between negative and positive sanctions or influence attempts, both of which seem relational.<sup>19</sup>

Second, the cohesion between definitions of power and current references to the term is weak in the examined texts; there is a tendency to define power in one way, and then to use it analytically in quite another. Or maybe the texts tacitly adopt the same kind of deterministic logic that was displayed in Morgenthau (1993); namely, to imply that there is inherently a connection between power as capability and the more abstract relationship of 'control'. Hughes, in particular, but also Drifte make an effort to define power explicitly and, like Morgenthau, in seemingly relational terms. However, their analyses reproduce the idea of power in terms of capability (e.g. Drifte 1996:72),<sup>20</sup> which underlay most of the accounts of Japanese foreign policy discussed above.<sup>21</sup> By way of conclusion, it could be argued that none of the examined texts benefit from their attempts to define power. Analytically, they either reproduce the commonsensical view of power as capability (Drifte 1996; Hughes 1999), or hardly talk about power at all (Wan 1995). The first outcome may very well be a side effect of both books' ambition to embrace so many different—and perhaps incompatible—ideas of power.

### *Terminological pluralism: power in Japanese*

If texts written in English have largely been incapable of analyzing post-Cold War Japanese foreign policy intelligibly in terms of power, the next question that comes to mind is how well their Japanese counterparts have fared. This sub-section purports to put references to power in the English material into perspective by examining the use of ‘power’ in the Japanese part of the academic post-Cold War Japanese foreign policy discourse. It demonstrates that differences between terms in Japanese broadly follow the distinctions made within the one English term.

#### *Attributive ideas of power*

Power as capability is expressed in Japanese texts by *chikara* (or-*ryoku*), basically meaning strength (e.g. Takagi 1995:204; Soeya 1993:26; Shu [Zhu] 1997:144).<sup>22</sup> Another frequently used term is *eikyōryoku*. *Eikyō* is understood as effects extending towards something, after which a response or change appears in that entity, and the term thereby appears relational.<sup>23</sup> *Eikyōryoku*, however, is attributive, and it is taken to mean ‘influence’, ‘the influencing power’, or ‘the power of influence’ (*Kenkyusha* 1974:229; e.g. Inoguchi 1993a: 195; Soeya 1993:23; Watanabe A. 1993:19).<sup>24</sup> Another way to give *eikyō* a connotation of Realist and Neorealist ideas of power is to talk about ‘minus influence’ (*mainasu no eikyō*) (Ogura 1996:161).

The equivalent of ‘a power’ or ‘a great power’, i.e. *taikoku*, is frequently used in relevant Japanese texts (e.g. Umamoto 1995:127; Shu 1997:144). As in English, it is often juxtaposed to ‘economic’ in accounts about Japan (*keizai taikoku*) (Inoguchi 1993b: 136; Okabe 1995:3; Sakanaka 1996:44). Some even portray Japan as an ‘economic (and technological) superpower’ (*keizai [gijutsu] teki chōtaikoku*) (Yamamoto 1989:156, 158, 169, 177; Inoguchi 1993a: 201). *Taikoku* is translated into ‘big country’, and, according to the dictionary, it is synonymous with *kyōkoku*, meaning ‘strong country’ or ‘great power’ (*Kenkyusha* 1974: 229).<sup>25</sup> However, there is intriguing discrepancy between the two terms. *Taikoku*, on the one hand, signifies a state with large territory, population and natural resources. *Kyōkoku*, on the other, implies a country that prevails in military and economic capabilities and has strong power/influence in the international society (*Kōjien* 1991:666, 1541; *Kokugo daijiten* 1989:670, 1511; *Nihongo daijiten* 6 1975:162, 543). Hence, the two terms make up the Neorealist concept of ‘great power’ only if taken together. Just as in the English texts, great power is then linked to ‘responsibility’ (*sekinin*) or ‘contribution’ (*kōken*) (e.g. Inoguchi 1993a: 192; Takagi 1995:212).

A peculiarity in Japanese is the possibility of dealing with power in terms of a process: ‘Underlying all these problems [with China in the 1980s] was uneasiness about the advance in Japan’s international status—its “political power”-ization [“*seiji taikoku*” *ka*]’ (Takagi 1995:201, 212; cf. Soeya 1993:



25).<sup>26</sup> There are moreover a number of ways to express ‘power’ that undoubtedly are no more than direct translations from English: *sofuto pawā* (‘soft power’) (Soeya 1993:18), and *sūpāpawā* (‘superpower’) (Ryō [Lin] 1997:47). Both ‘power’ and ‘superpower’ are established as loan words in Japanese (*Nihongoni natta gaikokugo jiten* 1994:423).

### *Relational ideas of power*

Only attributive ideas of power were represented on the English side of the academic post-Cold War Japanese foreign policy discourse. On the Japanese side, however, there are notably some exceptions. Watanabe most clearly refers to power in terms of its exercise. International relations are characterized by the mutual exercise of power—attempts to get one’s own way by winning the consent of others by means of ‘tricks and threats’ (*sakuryaku to dōkatsu*) (1989: 12–13; cf. Watanabe A. 1993:2; Sone 1994:32; Inoguchi 1993a:196). A relational version of *taikoku* is also present. It ‘refers to a country whose level of exertion of influence over the outside is relatively big’ (*‘taikoku’ to wa gaibu ni eikyō o ataeru doai ga hikakuteki ni ōkii kuni o shimeshi*) (Okabe 1995:4). *Taikoku* and *eikyō* are then connected to ‘harm’ (*gai*). It is even implied that ‘a country with no consciousness of being “a power” perhaps can harm people in other countries unconsciously’ (*Ishiki sezarū ‘taikoku’ wa muishiki no uchi ni shogaikoku no minshū ni gai o ataete iru ka mo shirenai no de aru*) (ibid.: 5).

### **The enigma of Japanese power**

The previous section argued that although the ubiquitous term power may at first seem to be used in a quite disorderly manner in the academic post-Cold War Japanese foreign policy discourse, most references to the term actually make sense in light of the term’s conceptualization in Morgenthau’s Realism and Waltz’s Neorealism, i.e. explicitly or not there is a connection to capability. Yet, on four different accounts, ranging from very general to very issue-specific, this section assesses the appropriateness of such an approach to power in the present context. The first two points are rather short, while the latter demand more careful elaboration.

First, it must be questioned if an understanding of power as capability necessitates an abstraction like ‘power’ in the first place. As demonstrated in the previous section, similar sources in Japanese express tangibles as tangibles and intangibles as intangibles, and such practice makes ordinary language less ambiguous.<sup>27</sup> This phenomenon has also been noted in passing by Chalmers Johnson, and it is easy to share his view that ‘Given the confusion surrounding the concept of “power” in American political science, the Japanese may be the preferred version in this case’ (1995:180; cf. ibid.: 174).

Second, it could also be argued that power is too closely associated with national capability now that the control of such attributes is increasingly

transnationalized or globalized (cf. Clark 1999:9, 170–2). State governments have never had full access to a country's total capability, but their ability to wield such as policy instruments should become increasingly limited as globalization continues. On the other hand, this limitation is perhaps balanced by their increased access to systemic capability, for example, supranational norm systems and institutions (cf. Rose G. 1998:161).

Third, there is a debate as to whether theories of international relations or international politics can also function as theories of foreign policy. In particular, Kenneth Waltz argues that his Neorealist theory is 'structural' or 'systemic' in the somewhat indeterminate sense of the two terms (Buzan *et al.* 1993:24–8), and thus unsuited to foreign policy analysis (Waltz 1979:122, 175). To the extent that most analyses of Japan's post-Cold War foreign policy put power on a par with capability, they would seem to be inspired by traditional IR theory.<sup>28</sup> Now, the question is if that practice is consistent with those theories. Waltz, again, would seem to provide a clear-cut answer: Neorealism and other theories of international relations/politics are characterized by their ambition to explain the outcomes of state interactions with sole reference to international structure, rather than to national factors. Even if such theories were able to explain some matters of foreign policy, on the whole other theories are better suited to that enterprise (1996:54). Still it could be argued that Waltz used his version of Neorealism, for example, to predict German and Japanese foreign policies in the post-Cold War world (1993:45–6).

Colin Elman provides a more far-reaching critique of Waltz, by arguing it is 'nonsensical' to distinguish theories of international politics from theories of foreign policy by their independent variables (1996b:59). Systematically considering the assertion that Neorealist theories cannot be used as theories of foreign policy, he draws the conclusion that they can (1996a:47). His conclusion, however, is 'distinct from the question of how well they stack up against alternative explanations and the empirical record' (*ibid.*: 11; cf. *ibid.*: 48). In sum, Elman persuasively argues that IR theory can indeed explain foreign policy, and there should thus be nothing inherently wrong about applying a property concept of power to the analysis of Japan's foreign policy. Now, the question, as Elman suggests, is if such usage is beneficial to the understanding of Japanese foreign policy in terms of power. I shall show next that it is not.

Fourth, and most importantly, I thus argue that the adherence of a property concept of power makes Japanese power enigmatic. However, this last point carries different significance for IR theory, and for the previously mentioned influence of such on mainstream analysis of Japan's foreign policy. Enigma in the context of IR theory also differs significantly from enigma as it is understood in this study.

Realism and Neorealism, first, hypothesize that since economic capability translates into other attributes, in particular militarily related ones, in the long run it is inevitable that a country with huge economic capability like Japan will become a more multifaceted 'great power' (Waltz 1993: 64–9):

For a country to choose not to become a great power is a structural anomaly. For that reason, the choice is a difficult one to sustain. Sooner or later, usually sooner, the international status of countries has risen in step with their material resources. Countries with great-power economies have become great powers, whether or not reluctantly...How long can Japan and Germany live alongside other nuclear states while denying themselves similar capabilities?

(Ibid.: 66)<sup>29</sup>

However, starting with Realism and Neorealism, one would have to disregard Japan's 'historical legacy',<sup>30</sup> and actually conclude that the country already possesses a broad range of capabilities not least in the military field. Japan's defense expenditure, for example, has been among the largest in the world for many years,<sup>31</sup> often just second or third to the USA and significantly larger than that of China.<sup>32</sup> The country's military capability is moreover technologically very advanced (Taylor 1996:12, 182; Grant 1997:111), and its standing military forces are fairly large. Realists should thus have to conclude that Japan is a 'military power', and since the country ranks highly on most other so-called 'power components' too, Neorealists should have to conclude that it has already reached the rank of 'great power',<sup>33</sup> of course unless the possession of nuclear weapons is deemed a necessary criterion in that respect, as suggested by Waltz (1979: 181, 183; 1993:54, 64).<sup>34</sup>

However, the reason for Realists not to call Japan a 'military power', and for Neorealists not to raise it to the ranks of 'great power', is that the connection between capability and outcome is regarded as *unclear* in the case of Japan. In brief, the country does not seem to use its vast policy base as anticipated by those theories, i.e. for 'conquest and expansion' (Schweller 1998:21, in Rynning and Guzzini 2001:8), or, in other words, by taking security considerations and waging wars. This state of affairs renders Japan enigmatic *to them*. Although it contradicts the view of power in both IR theories, scholars of such convictions would thus seem to be in tacit agreement with pluralist Robert Dahl that, 'a potential for control is not, except in a peculiarly Hobbesian world, equivalent to actual control' (1958:37). If Japan's military capability is invalidated as a shortcut to military power, moreover, it must also be doubted whether 'control' in the economic field has been analyzed any more thoroughly so as to justify the country's denomination as 'economic power'. Apparently, it becomes theoretically difficult for Realists and Neorealists to apply their concept of power to Japan, because the connection between capability and the less tangible relationship of 'control' or, arguably, 'power' cannot be consistently sustained. Of course, the obstacle to a more uniform understanding of Japan in terms of power perhaps also lies in the preoccupation with military capability and war in Realism and Neorealism (cf. Goldmann 1979:20–2). The fact that Japanese foreign policy cannot be coherently portrayed in terms of power with a property

concept is what makes mainstream scholarly perception of Japan enigmatic *to this study*.

Now, before laying out the implications of adhering to a property concept of power for analyses of Japanese foreign policy, it should be added that what is an enigma in Realist and Neorealist accounts above finds proper explanations elsewhere. Liberal or Constructivist scholars, for example, have typically objected that Japan's foreign policy is just following a different logic and may actually be a model for other states—to the former for reasons of economic rationality (e.g. Rosecrance 1986), and to the latter as a consequence of identity, historical experience, domestic cultural-institutional context, etc.—in short, because of an anti-militarism that is a reaction to the earlier militarism (e.g. Berger 1996; Katzenstein 1996a). Although scholars of the latter conviction do not usually depend on power as an independent variable, Liberals and Constructivists also refer to Japan in terms of economic power, civilian power, 'soft power', or the like. However, their accounts fail to transcend Realism and Neorealism to the extent that such ascriptions are usually substantiated with reference to capability. There is thus a broad consensus that Japan is an economic giant, but a political and military dwarf.

Analysts of Japan's foreign policy, second, may not subscribe to the theoretical ideas of Realism and Neorealism, but since they do tend to adopt concepts of power derived from such theories, the enigma spelled out above spills over to their analyses as well. They could only overcome the enigma if they started to analyze Japan's power other than just referring to capability or repeating supposedly commonsensical ideas about the country's power status. Empirical analysis departing from an alternative concept of power could bring about a more coherent understanding of Japan's foreign policy in terms of power. Such analysis should be directed at instances of 'control' or the exercise of power, i.e. what Realists, Neorealists as well as analysts of Japan's foreign policy really wish to pinpoint by their focus on capability.

### **Towards a relational concept of power**

So Realism explicitly holds, and Neorealism somehow implies, that measurement of capability is the way to understand the more abstract relationship of 'control' (cf. Brown 2001:90). This is the concept of power implicitly adhered to in most of the academic post-Cold War Japanese foreign policy discourse, and it is epitomized in Mao Zedong's famous statement that, 'Political power grows out of the barrel of a gun' (Mao 1967:224). In particular, what produces the enigma of Japanese power that underlies this study is that Japan is ascribed economic power solely on behalf of its huge economic capability, while it is seen as politically and militarily insignificant despite its large possession of such capabilities. The second judgment is rather derived from the fact that Japan does not seem to use its capability in ways expected, and therefore there is a double standard to the assessment.

Guzzini writes that Henry Kissinger once remarked that power, i.e. capability, is ‘increasingly divorced from influence and from politics’ and that ‘[i]f the causal relationship between power and influence (over outcomes) no longer applies (if it ever did), then realism needs to revise its explanatory theory’ (1998: 107; cf. *ibid.*: 100). Like many others I concur that the quantitative approach to power is an over-simplification (e.g. Hindess 1996:15; Willetts 2001:377). However, I do not intend to follow Guzzini’s advice and revise the explanatory theory of Realism, because the point here is not whether Realist or Neorealist explanations are generally at fault, or if such explanations are generally ill-suited to certain phenomena, for example, foreign policy. I also do not intend to follow those scholars, for example, James Rosenau (Guzzini 2000b: 53), who believe that, ‘power is used in too many different ways to stand on its own as a useful concept’ (Domke 1989:160; cf. Caporaso and Haggard 1989:100). I rather agree that it is simply ‘not acceptable to say that power is complicated, or illusive, or incapable of precise definition’ (Stoll and Ward 1989: 3; e.g. Edström 1988:50; Nye 1990:25; Brown 2001:88–9; Dunne and Schmidt 2001:150). My aim is thus to conceptualize power as ‘unambiguously’ and ‘systematically’ as possible so that ‘a sharp appreciation’ of the foreign policy of states can be made (Weber 1949:93), and the enigma of Japanese power can be dissolved. However, there is no aim in this work to define power so that it can better function as an independent variable in a theory of foreign policy, or even Japanese foreign policy.

Since the ‘disparity between objective and perceived power is impossible to assess outside the boundaries of actual events’ (Kugler and Arbetman 1989:52), I propose that actual ‘control’, in Dahl’s terms, or the exercise of power, is focused on the following: How and to what an extent does Japan use its enormous economic, political and military capabilities as techniques of statecraft? What consequences does such Japanese action have for those with whom the country interacts in international affairs? Proposed here is a relational approach to the study of Japanese power. According to Guzzini, Baldwin once illustrated the benefit of such an approach with an example like Mao’s involving guns: ‘If a suicide candidate is threatened with a gun to choose between his money and death, he might not feel threatened at all. The gun-bearer has no power over the suicide candidate in this relation’ (2000b:59). In the same vein, I suggest that rather than measuring capability, Japan’s power should be analyzed by way of focusing on the country’s policy *per se*, both the process and outcome of such in the relationship with other actors. Chapter 1 designs a framework for analysis of how power is applied ‘to *get one’s way*’ (Stoll and Ward 1989:8, emphasis in original). However, this approach is not disassociated from capability. It also addresses the question of ‘Capabilities to get whom to do what?’ (Baldwin 1993: 16, cf. *ibid.*: 8–9, 18; Brown 2001:93).

As demonstrated above, analyses of Japan’s foreign policy are often complemented with ideas of ‘structural’ power (e.g. Drifte 1996; Hughes 1999). The problem with such approaches is that they do not tend to end up in results so

radically different from their very points of departure (cf. Waltz 1979:32; e.g. Drifte 1996:9, 162). Another obstacle is that they obscure and belittle the responsibility of individual actors for the production and reproduction of patterns. Moreover, even if one acknowledges that many things that occur in society and in international affairs better had been termed ‘unconscious’ or ‘unintentional’ (*muishiki*) (Okabe 1995: 5), and, still more, if one accommodates the existence of ‘real’ or ‘objective’ interests, there is no need to resort to a ‘structural’ concept of power. In fact, all of the above phenomena are considered empirically researchable to Lukes’ relational one (1974). Lukes’ conceptualization moreover demonstrates the connection to, and relevance of, the relational ideas associated with the pluralist Dahl and the reformists Bachrach and Baratz, and it encompasses them, but not the reverse. In short, comprehensiveness is a major reason for taking Lukes as a conceptual point of departure in this study.

Though originally designed for analysis of domestic politics, the ‘three dimensions of power’ are already present in the IR discourse.<sup>35</sup> This is particularly true of a pluralist conception.<sup>36</sup> Regardless of Hveem’s opinion about its impact on political science and IR (1997:26–7), even fragments arguably kindred to Lukes’ ‘radical’ approach are found in otherwise pluralist accounts.<sup>37</sup> His concept of power is moreover frequently referred to in political science. In the next chapter, Lukes’ relational concept of power—and by inference the insights of Dahl (1957; 1958), and Bachrach and Baratz (1962; 1963)—is presented, reorganized and further developed to suit the overall aim of this book better. Underlying the pragmatism with which Lukes’ concept is treated is thus an ambition to make systematic use of it in this kind of analytical setting for the first time.<sup>38</sup>

### **Aim of the study and research questions**

The aim of this study is to further the understanding of Japan’s power in international affairs through the application of a relational concept of power. The aim is operationalized by analyzing if and how Japan has exercised power over China with regard to investment protection and the Pinnacle Islands. This aim stems from a concern with Japan’s foreign policy, most significantly the question how to describe and assess it in terms of power. The book’s interpretative strategy arises from a critique of ways in which Japan’s role, status, resources, responsibility and behavior have been expressed in terms of power in the relevant discourse, and from the conceptual and analytical framework that this critique results in.

The relational concept of power in turn calls for a ‘crucial case study’ approach to inquiring whether or not Japan exerts, or attempts to exert, power over international actors and in situations not typically associated with such activity. It is argued that this is where China enters the analysis. In other words, the aim is operationalized by asking if and how Japan exerts power over China.

More specifically, two significant instances of such policy are selected as case studies: the final stages of bilateral negotiations for an Investment Protection Agreement in 1988; and the Japanese reaction to the inclusion of the disputed Pinnacle Islands (in Chinese, *Diaoyu Qiudao*; in Japanese, *Senkaku Shotō*) in the Chinese Territorial Waters Law in 1992.

Although the adoption of a concept of power in terms of capability, or a property concept of power, has produced an enigmatic view of Japanese power in the academic post-Cold War Japanese foreign policy discourse, the relational concept is not detached from such attributes. Indeed, both ideational and material factors can function as techniques of statecraft or policy instruments. The process orientation of the relational concept—in particular, its emphasis on the power mechanism—moreover entails an interest in the actors that are responsible for Japan's case-specific China policy. This approach thus puts emphasis on both policy instruments and policy-makers. The above considerations result in the following research questions: What was Japan's China policy in the two previously mentioned cases? How—by what instruments or mechanisms—was Japan's policy undertaken? What were the consequences of such a policy for Chinese interests? If what Japan did was contrary to China's interests, could Japan's policy be interpreted as Japan's exertion of power over China? What actors were responsible for Japanese policy-making in the two cases?

### Limitations of the scope

Now that it has been clarified what the aim of this study is, by inference it should be clear what it is not. However, to prevent misunderstanding, some limitations of the scope are specified. First, the attempt to analyze Japan's China policy in terms of relational power has met with Chinese criticism. In short, China shivers with developmental optimism, and scholars in the country are mainly occupied with the quest for solutions to old problems. Professors Wang Yi Zhou and Jin Canrong both express hope that positive-sum games will characterize China's relationship with Japan in the future, and Wang considers the relational concept of power to be too zero-sum oriented and thereby unfit for analysis of this relationship (Jin 22 March 2001; Wang Y. 22 March 2001). However, although an interest in power may seem both pessimistic and backward in comparison, the present focus differs from that of many Chinese scholars. While their aim is to provide policy recommendations for the betterment of society (cf. Wang 1994: 482–3; Chan 1999:17, 151), mine is foremost analytic.<sup>39</sup>

The analytic aim of this research project, however, is neither to explain Japan's foreign policy or its China policy in a general fashion, nor to present a comprehensive account of Japan's power in the traditional IR sense of the word. It is also not to elaborate an explanatory theory of foreign policy. Instead, the question is whether certain instances of Japan's China policy can be understood in terms of relational power. The aim is therefore neither to interpret what such

policy means to the actors themselves, nor to understand if they conceive of them as power.

The analytical tool used in this study is a relational concept of power. Although power is later approached in terms of responsibility, juridical examples are referred to for comparison, and, indeed, analytical methods similar to legal procedures are adhered to, to claim that *A* exerts power over *B*, is not equivalent to saying that *A* does something inherently bad or that *A* should be punished (cf. Baldwin 1989:1–2). It is not the same as indicating a regretful state of affairs and it does not automatically imply a need for change (cf. Baldwin 1985:5). The legitimacy of power is consequently also not questioned.

The aim, finally, is to analyze Japanese and not Chinese statecraft. This limitation, or rather shortcoming, of the present scope does not imply that China does not use statecraft, or exerts power over Japan. In fact—since power is not inherently a zero-sum concept (cf. *ibid.*: 21–2)—such instances could very well be more frequent than the reverse.<sup>40</sup> An assessment of the extent to which China exerts power over Japan would moreover be the only way to investigate the relative power of the two actors in the relationship, and to analyze in what direction the balance of interest has been affected on the whole. Not only is a more ambitious research design of that kind precluded by lack of resources, but it is also not necessary to fulfill the aim of this study, namely to investigate how to make better sense of Japanese foreign policy in terms of power. To satisfy the so-called significance criterion, which is developed in [Chapter 1](#), however, the balance of interests must have been tilted to the advantage of Japan and disadvantage of China in the single case. China may exert power over Japan in other cases at the same time as Japan is found to exert power over China in [Chapters 3](#) and [4](#), but such occurrences are analytically distinct.

One good reason for analyzing Japan as *A*, moreover, is the fact that many analysts presuppose that the country is a passive and reactive state, in other words, ‘a *B*’, while others claim this state of affairs to be anomalous. Given the focus on Japan, whereas *A* is problematized in the Japanese case, *B* is not equally so in the Chinese one; whereas the Japanese ‘black box’ is opened with regard to the origin of action, the Chinese one is not to the same extent so with regard to interests. An attempt to understand Japan’s statecraft in the context of the country’s China policy to some extent necessitates a focus on China. Yet, China is not a primary object of study here, which is implied by the fact that the book is called *Japan’s China Policy* rather than *Japanese-Chinese Relations*. Again, the aim of this study is to analyze Japanese statecraft and not Chinese statecraft.





# 1

## Conceptual and analytical framework

### Relational power

Power has been conceptualized in various ways, and famous definitions have typically encountered criticism and invoked debate. The term has therefore not only been called an ‘essentially messy concept’, but also an ‘essentially contested’ one, implying that it would be inherently impossible for people of different ideological persuasions to agree on one definition (e.g. Connolly [1974] 1983; Lukes 1974:26; Gray 1983; Ball 1988:80).<sup>1</sup> Such contestability, or at least lack of consensus, is evident in the large number of cross-disciplinary anthologies on the subject (e.g. Bell *et al.* 1969; Lukes 1986; Wartenberg 1992; Scott 1994), and from the numerous distinctions over which scholars have argued:

Is power a property or a relationship? Is it potential or actual, a capacity or the exercise of a capacity? By whom, or what, is it possessed or exercised: by agents (individuals or collective?) or by structures or systems? Over whom or upon what is it exercised: agents (individual or collective?) or structures or systems? Is it, by definition, intentional, or can its exercise be partly intended or unintended? Must it be (wholly or partly) effective? What *kinds* of outcomes does it produce: does it modify interests, options, preferences, policies, or behaviour? Is it a relation which is reflexive or irreflexive, transitive or intransitive, complete or incomplete? Is it asymmetrical? Does exercising power by some reduce the power of others? (Is it a zero-sum concept?) Or can its exercise maintain or increase the total of power? Is it demonic or benign? Must it rest on or employ force or coercion, or the threat of sanctions or deprivations? (And, if so, what balance of costs and rewards must there be between the parties for power to exist?) Does the concept only apply where there is conflict of some kind, or resistance? If so, must the conflict be manifest, or may it be latent: must it be between revealed preferences or can it involve real interests (however defined)? Is it a behavioural concept, and, if so, in what sense? Is it a causal concept?

(Lukes 1991:83–4, emphasis in original)

Surveying ways to define and use power in the academic post-Cold War Japanese foreign policy discourse, the Introduction may have appeared to take sides in such debates. Yet, the underlying aim of the chapter was pragmatic, namely, to evaluate the extent to which different ideas of power have added to a coherent understanding of Japan's foreign policy.

The present chapter is also no contribution to the contestability debate. It is not concerned with uncovering a superior definition (e.g. Lukes 1974: 9, 30–1; cf. Barry 1989:305) or the true nucleus of power (e.g. Morriss 1987). Nor is it an attempt to understand the term's diversification and contestation by writing conceptual history (e.g. Ball 1988). Instead, the aim of this chapter is simply to introduce Lukes' relational concept of power, slightly adjust it to make it clearer and better suited to foreign policy analysis (cf. Weber 1968:20), and then to elaborate on some of its methodological and theoretical implications. Since it is the first time that a concept of power explicitly connected to the debates spurred by Lukes' three-dimensional view is used in this kind of analytical setting,<sup>2</sup> and since the 'three faces debate' 'has failed as a methodological agenda for empirical research' (Isaac 1992:53),<sup>3</sup> the quest for appropriate methods is still largely new territory. The chapter thus aims to accomplish a general improvement of a concept of power, which is not taken to be a general one itself. As such, the chapter remains unaffected by the Wittgensteinian conclusion that Dahl, Bachrach and Baratz, Lukes and others have perverted the lexical meaning of the term so severely that 'we usually talk more sense [of "power"] in the pub than in the seminar' (Morriss 1987:1), and that 'those who have spent longest puzzling over the term seem to make least sense of it in their writings' (ibid.). Lukes' little book and the 'three faces debate' have simply received too much attention to be discarded that easily. Finally, regardless of the *Oxford English Dictionary's* stipulations (ibid.: 9–10; cf. Isaac 1992:45), the meaning assigned to words change, and Lukes, Bachrach and Baratz, and Dahl and others have contributed to such a change in the social sciences (Ball 1988:86–91).

The next section first presents the 'three dimensions of power' in their own right. With Lukes and his predecessors as the starting point, the ensuing section then turns to the question how to conceptualize power in this study. It does so by scrutinizing a number of discussions raised in connection with the three-dimensional definition. Two other topics are then developed: 'Power and statecraft' and 'Power and interests'. The former section addresses some implications of a relational concept of power for the relationship between power and capability. The latter gives a brief background to the role of interests in political analysis, and then proceeds to present an interpretation of Lukes' notion of 'real interests' in classical liberal terms. Next, a method for relational power is developed incrementally. This endeavor sets out from the proposition that a reconstructive and interpretative methodology outlined in a spirit of process-tracing and intentional modes of analysis goes well with the relational concept, and the last section of the chapter proceeds to spell out the exact questions of

‘relational power analysis’. The resultant conceptual framework can be understood as the major point of view, or ‘*means of exposition*’ (Darstellungsmittel) of this study (Weber 1949:78, emphasis in original). This is what Weber calls an ‘ideal type’ (*Idealtypus*), meaning a ‘purely ideal limiting concept with which the real situation or action is compared and surveyed for the explication of certain of its significant components’ (ibid.: 93, emphasis in original; cf. Weber 1968:20).<sup>4</sup> In this study, the term ‘ideal type’ is thus used to signify concepts, which are instrumental to understanding or interpreting historical phenomena.

### **Three dimensions of power**

In this section, the three dimensions of power are briefly presented in their own right: Dahl’s conception symbolizes the first dimension, Bachrach and Baratz represent the second, and Lukes represents the third.

#### ***First dimension: a pluralist concept of power***

Robert Dahl has defined power in various ways. However, most coherent with his approach at large, power is defined as

a successful attempt by *A* to get *a* to do something he would not otherwise do.

(1957:292, cf. ibid.: 290)

With the preferred research procedures depending largely on available data, the one-dimensional view is operationally pragmatic. Yet, ideal as well as proximate observations center on overt decision-making or bargaining in directly observable disagreements or conflicts concerning key (as opposed to ‘routine’) issues (in the shape of policy alternatives). The key question is who participates, who gains and who prevails. Hence, actors who, against the will of others, successfully initiate, oppose, veto or alter alternatives in concrete agenda setting or decision-making are deemed most powerful (in those settings). In short, power is analyzed by way of reconstructing actual behavior (and thereby, it is believed, preferences) as it appears in documents, interviews, news articles, etc. (1958:36–41; cf. Lukes 1974:11–15).

#### ***Second dimension: a reformist concept of power***

Although it emerged as a critique of Dahl, Bachrach and Baratz’ idea of power does not deviate considerably from that of their predecessor. However, it is operationalized both more narrowly and more broadly than his concept. Bachrach and Baratz’ approach is narrower in the sense that power is more exclusively defined: A power relation exists only when (1) there is a conflict

over values, interests or courses of action between *A* and *B*; (2) *B* complies with *A*'s wishes; and (3) *B* does so out of fear of being deprived by *A* of a value which *B* regards more highly than those which would have been achieved by non-compliance (Bachrach and Baratz 1963: 98). The two-dimensional view is broader to the extent that it does not confine power phenomena to the publicly observable political debate. Power is also exercised by *A* over *B* through *A*'s determination of what particular issues and people be allowed into the debate as such:<sup>5</sup> 'if issues are prevented from arising, so too may actors be prevented from acting' (Gaventa 1980:9). Hence, Bachrach and Baratz additionally stress the importance of analyzing non-decision-making,<sup>6</sup> potential issues and covert conflicts. Even if actors are divided over decision-making, a 'mobilization of bias' turns non-decision-making into a consensus-prone activity of status-quo defenders (1962:88). It is thus necessary to analyze both the issues that make up the agenda and the potential ones that do not (cf. Majone 1989). However, methodologically Bachrach and Baratz do not really diverge from Dahl. Non-decisions (or 'omissions') are depicted as readily observable species of 'decisions not to act', and they are discerned as the origin of overt and covert grievances—the latter existing outside of the political system. However, the two-dimensional view 'does not go so far as to include how power may affect conceptions of grievances themselves' (Gaventa 1980:10–11)—an objection that spurred Lukes' three-dimensional view.

### *Third dimension: a radical concept of power*

The 'radical view' thus evolved as the result of Lukes' criticism that the one- and two-dimensional views are biased towards the political systems that they investigate; that they neglect the groups and issues that have been shut out of 'politics'. Lukes' own definition of power reads:

*A* exercises power over *B* when *A* affects *B* in a manner contrary to *B*'s interests.

(1974:34)

One characteristic of this view is the way in which it relates power to the notion of 'interests' (ibid.: 24–5, 33–5; cf. Connolly 1983:104). In short, the core of Lukes' three-dimensional view is that power can be exerted without an explicit conflict of interest between *A* and *B*. This is to say that *A* exerts power over *B* by means of control, manipulation and authority, without *B*, or even *A*, being aware of that relationship. Whenever *A* exerts power over *B* unconsciously or unintentionally,<sup>7</sup> observable conflicts are absent, and issues become potential rather than actual. By arguing that seemingly consensual relations may embody latent conflicts of interest, i.e. inconsistency between *A*'s interests and the 'real interests' of *B*, Lukes partly disassociates his conception from the behaviorist

ontology of his predecessors. This approach to interests is further discussed in the section 'Power and interests' below.

### **Relational power: a conceptual analysis**

This section presents Lukes' conceptualization in greater detail while examining some objections that have been raised against it. In the process, an increasingly operational concept of power evolves piecemeal. Themes not exhausted here are brought up again in later sections.

#### ***The Lukesian merger***

The three dimensions of power are clearly distinct, and yet the three-dimensional view is generally interpreted to incorporate its predecessors (Lukes 1974:26–7; Gaventa 1987:22, 50; Isaac 1992:39), thus forming what could be called a 'Lukesian merger'.<sup>8</sup> The three dimensions do indeed have some traits in common. They first and foremost share the same underlying definition of power (Lukes 1974:27), namely Lukes' three-dimensional one (cf. *ibid.*: 30). They also share an emphasis on contextuality. This is the position that *scope* (the aspect of *B* affected by *A*, for example in terms of issues), *domain* (the boundaries of *B*, for example with regard to time and space), *weight* (the probability that *A* affects *B*), *means* and *cost* (for both *A* and *B*) matter and should be clarified (cf. Baldwin 2002:178).<sup>9</sup> Finally, all three views take for granted that the most relevant units of analysis are actors rather than structures. However, there is no consensus in regard to the last point—a topic that is further elaborated next.

#### ***Actors v. structures in power analysis***

Annica Kronsell's interpretation of Dahl, Bachrach and Baratz, and in particular of Lukes (1997:19–39), completely diverges from mine and from that of many others (e.g. Beronius 1986:42–3; Ball 1988:98; Isaac 1992:39, 41). She describes them as disinterested in power *relationships*, and calls Lukes a structuralist (1997:23). This view, which is shared by a number of scholars (e.g. Gill and Law 1988:73–4; Hindess 1996:81; Frølund Thomsen 2001:54), is supported by the following remark:

the bias of the system is not sustained simply by a series of individually chosen acts, but also, most importantly, by the socially structured and culturally patterned behaviour of groups, and practices of institutions, which may indeed be manifested by individuals' inaction...

[C]ollectives and organisations are made up of individuals—but the power they exercise cannot be simply conceptualised in terms of individuals' decisions or behaviour.

(Lukes 1974:21–2; cf. *ibid.*: 24)

The introduction of *A*'s unintended exertion of power over *B* is also taken as evidence that Lukes has a structure-oriented concept in mind.

Yet, despite the acknowledgment that there is a 'structural' aspect not just to Lukes' three-dimensional view, but also to Bachrach and Baratz' two-dimensional one (Guzzini 1993:462–3),<sup>10</sup> Stefano Guzzini associates Lukes—'for whom power becomes attached to personal autonomy and the moral discourse of freedom and justice' (ibid.: 470)—with a critique against 'structural reductionism':

By not sufficiently stressing the fundamental agent reference of power, the criticism runs, the concept of power becomes either synonymous with structural constraint, thus rendering structural power a contradiction in terms, or else it becomes a rather amorphous all-encompassing concept like social control.

(Ibid.: 469)

Guzzini himself believes that 'it is important that systematic bias be part of any *power analysis*' (2000b: 63, emphasis in original), but without being 'collapsed into the *concept of power*' (ibid. emphasis in original). He argues that such phenomena had better be understood in terms of 'governance', defined as 'the capacity of intersubjective practices to effect' (1993: 471). This idea is almost completely disentangled from specific human agents; governance is merely passing through them, 'reproduced and realized via practices, habits, dispositions, and sometimes even through the construction of the agent's identity' (ibid.: 472; cf. Adler 2002:103). There is consequently no 'prime mover' in the social construction of power (Guzzini 1993:474).<sup>11</sup> Guzzini also argues that observers should not focus just on the level of action but also on the level of observation. Instead of analyzing social phenomena in terms of power, they should scrutinize 'what the concept [of] power *does*' (2000a: 171, emphasis in original). In that case one could add that they should also scrutinize what their scrutiny *does*, and so on. What seems to follow is an increasingly introverted infinite regress.

Notions void of human responsibility are meaningful in certain kinds of analytical settings. However, given the purpose at hand, it seems possible to do without them. The most important conclusion of Guzzini's conceptual analysis is thus that 'agent power' can account for all power phenomena until it is succeeded by a notion of governance. Whereas the concept of governance comprises unintended effects without any connection to *A*, Lukes is more concerned with the unintended effects of *A*'s action. Lukes' 'very thin concept of structure' (Guzzini 1993:470) thus entails that actors' roles in the production, reproduction and transformation of possible patterns are taken into account, and that the mechanisms or processes by which such factors affect others are specified. This approach does not preclude that individual behavior can be

fruitfully understood as the result of factors far beyond the individual; it is just not part of this analytical endeavor.

### *Power and significance*

The three-dimensional definition entails that ‘we affect each other in countless ways all the time’ (Lukes 1974:26). Lukes therefore adds the condition that *A* must affect *B* ‘in a non-trivial or significant manner’ (ibid.). Without this criterion, instances where *A* potentially exercises power over *B* would simply flood the analysis, and it logically follows that if almost everything is called power, power denotes almost nothing. If this insight is incorporated into Lukes’ definition:

*A* exercises power over *B* when *A* affects *B* *non-trivially* and in a manner contrary to *B*’s interests.

Significant or non-trivial effects could be characterized as those where detriment is enduring (cf. Dunér 1977:48). In reality, this supplement entails that power is characterized by *A*’s harming or exploiting of *B* (cf. Reeve 1982:83; Ball 1988: 90). *A*’s infringement of *B*’s interests thus differentiates *A*’s exertion of power over *B* from the causally or constitutively related goal-attainment of the actors concerned.<sup>12</sup> The cause of benevolent effects is not included in this definition of power, because, again, the more that power denotes, the less stringent an analytical device the term becomes.<sup>13</sup> Power in IR theory is moreover intimately connected with ‘abilities to do harm’ (Waltz 1979:131). The interpretation of something in terms of relational power thus shares an important aspect with such a tradition—a similarity that could well serve as a means of communication across conceptual barriers.

Unfortunately, Lukes gives no further hints as how to evaluate significance or harm. This is admittedly a problem, and it demands more serious elaboration than can be offered in this study. For the time being it can just be noted that the interpretation of something as harmful depends on contextual contingencies such as *B*, the quality of *B*’s relationship with *A*, the issue over which they interact, and the temporal extension of effects seen in relation to the totality of unaffected time. Hence, in hours and minutes a mayfly is non-trivially affected much faster than a human being. Having said that, however, it is still not analytically clear where to draw the line between significant effects and insignificant ones. In the end I offer the unsatisfying ‘solution’ of having significance ascribed on an *ad hoc* basis when such effects on *B* can be observed and established as a consequence of *A*’s action with clean conscience on the part of the social scientist. In the end, I hypothesize that the observation and establishment of negative effects are conditioned not just on their significance. Significance of issues—and, by inference, of effects—is moreover guaranteed by following Dahl’s focus on matters of key importance (relative to the topic under study)—in other words, by



selecting non-trivial case studies. Implications of this move for the selection of case studies are reviewed in [Chapter 2](#).

### *Power and responsibility*

The Introduction suggested that power and responsibility have been terminologically related in the academic Japanese foreign policy discourse. There is similarly a close connection between the two terms in Lukes' thinking: since *A* can exert power over *B* without intending to do so, and since it is notoriously difficult to pinpoint both intentions and lack thereof, the concept of responsibility is introduced to help locate the 'power mechanism' (1974:41–2, 55–6). The appeal of William Connolly and Lukes' notion of responsibility is that it takes actors to be accountable for the consequences of their action (Connolly 1983:94, 131, n. 9). State actors have been attributed responsibility along similar lines in IR theory (cf. Watson 1997:95).

It has been questioned if it is fair to hold *A* responsible for unintentionally doing harm to *B*,<sup>14</sup> but in most judicial systems action such as manslaughter is punished whenever it is at least *carelessly performed* and the harmful consequences for *B* are at least *reasonably predictable* to *A* (cf. Plant 1993: 238).<sup>15</sup> If *A*'s action is not careless, if *A* is in turn significantly affected by another actor, or if the consequences of *A*'s action are not potentially predictable to *A*—in short, if *A* could not have acted differently—it is not a matter of manslaughter in the example above, and not of power in this study. Inaction resulting in someone's death, on the other hand, is considered manslaughter only when there is a preceding contract-like relationship between *A* and *B*, for example, between parent and child, employer and employee, etc.<sup>16</sup>

Adam Watson claims that for states to be held accountable for their action and inaction, it is necessary to presuppose the existence of two contracts: *contrat féodal* and *contrat tacite* (1997:98–101). *Contrat féodal*, on the one hand, refers to 'contracts of allegiance' that a state makes with allies and treaty partners. *Contrat tacite*, on the other, is understood in terms of an 'unspecified responsibility of every state for the welfare of mankind and the planet as a whole' (ibid.: 96). While Liberals have regarded contractual thinking and institutions as the basis for attributing states with obligations towards each other (cf. Keohane 1984:57–61), Realists hold that, 'each state is responsible for ensuring their own well-being and survival' (Dunne and Schmidt 2001:144). However, assuming two such contracts is certainly one way to operationalize Lukes' concept of power in the international realm. If this understanding of responsibility is incorporated into the definition of power:

*A* exercises power over *B* when *A* can be held responsible for affecting *B* non-trivially and in a manner contrary to *B*'s interests.

(Cf. Connolly 1983:95, 102–3)

This approach to responsibility has met with some criticism, *inter alia* for being too inclusive. Andrew Reeve, for instance, objects that there is a need for a ‘view of what counts as harm’ (1982:84)—a problem discussed above.

Another recurring critique is to question the individualism inherent to relational power (Beronius 1986:43; cf. Lukes 1986:13). Rather than seeing *A*’s exercise of power over *B* as the last chain in a series of events, the event is ‘actorized’ (cf. Buzan *et al.* 1998:44):

those who are recognized as exercising power in ordinary thought and practice are typically no more autonomous than those over whom it is exercised: typically, that is to say, the exercisers of power are imbued with values that they have absorbed from their early social environment and which they have never submitted to a critical assessment.

(Gray 1983:91)

John Gray, therefore, argues that it is no more justified to impute responsibility to *A* than to *B*. Yet, although the relational concept of power depends on causal asymmetry in the single case, on the whole it ‘allows for both symmetric and asymmetric power relationships’ (Baldwin 1989:120). Gray moreover implies that if responsibility were taken as a criterion of power, it would be impossible to identify an insane sovereign who harms his subjects as a wielder of power, because insanity would deprive the sovereign of liability (1983:80). However, responsibility is a capacity unique to human beings, and most judicial systems put even lunatics on trial for the crimes that they have committed (cf. Wendt 1999:127).<sup>17</sup>

### *Exertion and possession of power*

The relational concept of power has been criticized as blurring the distinction between the possession and the exercise of power (e.g. Morriss 1987: 26; Ball 1988:98; Isaac 1992:32). Peter Morriss addresses such a shortcoming: Connolly’s concept of power is similar to that of Lukes (1983: 102–3), but his idea that the locution ‘having power’ is ‘basic’ to the exertion of power gets him into trouble (*ibid.*: 101). In short, it ‘destroy[s] the main thesis of his chapter’, i.e. the connection between power and responsibility (Morriss 1987:21):<sup>18</sup>

For if *A* could, *but does not*, ‘limit’ *B* in some way, then there is nothing in *B*’s conduct or situation for which *A* can be held responsible: *ex hypothesi*, *A* has *not* contributed to the situation that *B* faces. It is only when *A* *does* act that he can be held responsible for the act’s consequences.

(Ibid., emphasis in original)

It does seem a mistake to stray from the relational view while maintaining the link between power and responsibility. Yet, in general, Lukes, Connolly and others quite consistently define power in terms of its exercise.

What could be questioned, however, is if Lukes' definition is not a definition of 'the exercise of power' rather than one of 'power' *per se*. Yet, since power is relationally defined in this study, it is only natural to consider its exercise to be the only relevant context of the concept. In fact, many nouns make sense only together with a verb. Linguistically bent critics may consider such an approach inherently wrong, but such a debate is far beyond the scope of this book, and hence the definition above is treated *as if* it were the most plausible definition of power. This relational concept is a crucial aspect of the book's articulated precomprehension—the main perspective against which Japan's foreign policy is to be interpreted (cf. Gilje and Grimen 1992:183–8; Bergström and Boréus 2000: 26–7).

### *Power and purposefulness*

Connolly argues that a financier who goes bankrupt, and thereby significantly affects numerous people, exerts power over them (1983:104), and Lukes similarly holds that a drug company, which fails to take sufficient steps to ensure that drugs are not dangerous, exercises power over drug users (1974:52). To Morriss, however, such conclusions derive from 'affecting' being confused with 'effecting', where it should be clear that 'To *affect* something is to alter it or impinge on it in some way (*any way*); to *effect* something is to bring about or accomplish it' (1987:29, emphasis in original); '[and] those who affect others without effecting anything are rightly seen not as powerful but merely as nuisances' (ibid.: 30, emphasis in original). By this logic, to affect something or somebody without accomplishing anything is just careless behavior. Now, how should such behavior be differentiated from *A*'s power over *B*? The conceptual framework presented thus far provides some suggestions: the significance criterion, first, filters away some nuisances by conditioning *A*'s exertion of power over *B* on *A*'s *non-trivial* affecting of *B* in a manner contrary to *B*'s interests, i.e. on harm. Yet, it is not sufficient: Connolly's financier and Lukes' drug company would still have to be called powerful. Second, in line with the discussion about responsibility, if *A* is to be attributed power over *B* in the absence of *A*'s clearly articulated choice to affect *B* non-trivially and in a manner contrary to *B*'s interests, *A* must not just affect *B* in a careless manner, but *A* must also be reasonably able to predict that its action would have harmful consequences for *B*. Yet, it is doubtful whether and how this criterion affects the classification of our examples. If another criterion from the discussion about responsibility is added, however—namely that *A* must have been able to act differently to say that *A* exerted power over *B*—perhaps Connolly's banker can be sorted out.

Nevertheless, none of the above suggestions really tackle the problem that *A* may still be affecting *B* without effecting anything. One way of correcting for this obstacle would be to condition *A*'s power over *B* on *A*'s purposefulness, so that:

*A* exercises power over *B* when *A* can be held responsible for *purposeful action* affecting *B* non-trivially and in a manner contrary to *B*'s interests.

In short, *A* cannot be called powerful in the relationship with *B* unless *A*'s words and deeds consist of a movement towards accomplishing *A*'s revealed or reconstructed aim. Purposefulness may seem like an odd criterion to draw from a relational concept of power explicitly connecting to the debates spurred by Lukes' three-dimensional view. However, it is in line with Lukes' remark that 'the outcomes of power must serve the *interests* of the powerful' (1986:5, emphasis in original). Moreover, as clarified in the methodological framework below, whatever clear testimonies that *A* may or may not produce regarding its intent, purposefulness and responsibility both rely on rational reconstruction.

### ***Power and related terms***

Conceptualized in the above fashion, power is distinguished from 'related concepts'. Whenever a phenomenon fits the definition, it is interpreted in terms of power. Still, it could perhaps also be understood by way of using other—allegedly overlapping—terms (e.g. Lukes 1974:32). The exact relationship between power and such terms is of less immediate interest here, so something could be called power even if it is exerted in the face of *B*'s non-compliance with *A*'s demands,<sup>19</sup> and even if it is seen as legitimate.<sup>20</sup> However, if it is entirely in *B*'s own interest (however defined), it is not considered a relevant aspect of power at all.<sup>21</sup> Unlike Bachrach and Baratz and many others (cf. Morriss 1987:8–11), but in accordance with Dahl and Baldwin, power and influence are furthermore treated *as if* they were interchangeable terms (1985:9, n. 6; 1989:7, 131). If the above-mentioned conditions are met, it is correct to use any of them whether power is exerted due to *A*'s threats or promises over *B*,<sup>22</sup> or in the absence of both.<sup>23</sup> This is not to say that power and influence are lexically overlapping in all respects—indeed, one big difference is that while power is just a noun, 'influence' functions both as noun and verb. Still, the major advantage of treating 'power' and 'influence' as interchangeable terms is that it facilitates Baldwin's terminology to be accommodated in 'Power and statecraft' next.<sup>24</sup>

### **Power and statecraft**

Statecraft was originally defined as 'the art of conducting state affairs', but in this study it refers to 'means for the pursuit of foreign policy goals' (Baldwin 1985:8). The successful employment of statecraft is moreover treated as an

instance of relational power.<sup>25</sup> This distinction between statecraft and power, which is equivalent to that between policy input and output (policy instrument and influence attempt), on the one hand, and policy outcome, on the other, is crucial to Baldwin's thinking. The former phenomena are understood as property concepts while the latter is taken to be a relational one. This distinction entails that terms such as 'great power', 'influence operation', 'power base' and 'power instrument' are used only to describe situations where *A* is found to be exercising power over *B*. By inference, when there is no *B*, or as long as one is merely speaking of state capability or of an undertaking irrespective of effects, property concepts are more appropriate (cf. 1985:22–4).

Baldwin's approach highlights the importance of 'policy' to the analysis of influence attempts, and the account below departs from a definition of the term. The section continues to present a survey of statecraft in IR theory, after which it turns to the question how to classify policy instruments and instances of the policy base. A discussion of the analytical role of statecraft concludes the section. This focus satisfies Dahl's prescription that the means by which *A* exerts power over *B* are specified (1957: 290–1). So-called 'ideational statecraft' is moreover introduced to accommodate a crucial lesson of Lukes' concept of power. However, the full reconstruction of 'power mechanisms'—which is another statecraft-related concept drawn from Lukes (1974:41–2)—is further elaborated in the section, 'A reconstructive and interpretative method'.

### *Statecraft and policy*

Policy is conceptualized here quite exhaustively, namely as 'an agent's line of action with regard to an object' (Goldmann 1988:9). Verbalized policy, on the one hand, is defined as 'a line of action that an agent declares he is following or intends to follow with regard to an object' (ibid.). Non-verbalized policy, on the other, is 'a line of action that is in fact followed by an agent with regard to an object' (ibid.). This comprehensive definition entails that Dahl's narrow focus on decision-making must be supplemented with one that includes the initiation and implementation phases of the policy process. The two ways of treating policy, and an often one-sided analytical focus, may convey the impression that the term denotes two unrelated phenomena. However, Kjell Goldmann emphasizes the potential causality between verbalized and non-verbalized policy: programs typically result in action and vice versa. This book follows Ulrika Mörtz and Bengt Sundelius in their attempt 'to discern principal lines from a multitude of occurrences, moves and interactions' (1998:43), meaning that neither aspect of policy is overlooked. However, the fact that words and deeds might yield contradictory interpretations of Japanese action must be problematized in the analysis. *Foreign* policy, moreover, is understood as the entirety of a state's external policies, including both security and economic policies. It implies a line of action that is directed outside the relevant policy-makers' political jurisdiction (cf. Hermann 1990:5).

### *Statecraft in International Relations theory*

As clarified in the Introduction, Realism and Neorealism give priority to the 'high politics' of military capability and force (e.g. Waltz 1979:113; cf. Goldmann 1979:20–2). This tendency arguably derives from the fact that for thousands of years military instruments were the principal means of state interaction, especially in warfare over the control of territory (Rosecrance 1986: 6–9). This preoccupation has colored accounts of both international relations and foreign policy, so that the usefulness of economic and other civilian policy tools has been normatively downplayed and descriptively ignored. It was in the face of long-standing academic and political pessimism with regard to the effectiveness of civilian instruments of 'low politics' (e.g. Adler-Karlsson 1970:206–7; Wallensteen 1971:165; Sjöstedt 1991:218, 227; cf. Baldwin 1985:55–8, 138–44) that Baldwin started to argue for the *raison d'être* of economic statecraft, in particular with the aim of providing policy-makers with evidence of its efficiency relative to alternatives.<sup>26</sup>

Military instruments are not just useless on many occasions—there is also no guarantee that they are cost efficient, and high costs are only tolerated when vital state interests are at stake (cf. Keohane and Nye 1977: 16–18, 27–9, 50; Sjöstedt 1987:10, 25). Hence, in recent years analysts have concluded that states' significance in world affairs should not just be judged by their ability to use the most costly instruments (Sjöstedt 1987: 63–4). Economic and other civilian tools also matter. Short of complete goal fulfillment, if *A* only succeeds in increasing *B*'s costs or risks nontrivially and in a manner contrary to *B*'s interests, i.e. so that *B* is harmed, *A* has exerted power over *B* (Connolly 1983:100; Baldwin 1985:130–2). It undoubtedly makes a difference how these matters are conceptualized and theorized, because, concepts and theories tend to translate into worldviews at the level of policy-making. Since the purpose of this study is to analyze Japanese policy instruments as open-mindedly as possible, Baldwin's comprehensive approach to statecraft makes a good point of departure.

### *Classification of policy instruments*

Baldwin's criteria for classification of policy instruments would seem to imply that there are presently five relevant categories.<sup>27</sup> His groupings of 'economic' and 'military' statecraft, first, remain untouched, so that economic statecraft still signifies 'influence attempts relying primarily on resources which have a reasonable semblance of a market price in terms of money' (1985:13–14), and military statecraft still 'refers to influence attempts relying primarily on violence, weapons, or force' (ibid.: 14). The said two categories both rest on material and rather tangible policy bases, while Baldwin's two additional ones do not. 'Propaganda' is thus defined as 'influence attempts relying primarily on the deliberate manipulation of verbal symbols' (ibid.: 13),<sup>28</sup> and 'diplomacy' is understood as 'influence attempts relying primarily on negotiation' (ibid.).

However, the two latter categories are not sufficiently defined, and this section suggests how they could be replaced. It also introduces a fifth category, namely 'e-statecraft'.

First, not only propaganda but also negotiation is characterized by the 'manipulation of verbal symbols', for example in the form of persuasion (cf. White 2001:327, 329), and Baldwin's distinction between the two categories is therefore difficult to maintain. A heading of 'ideational statecraft', on the contrary, could be inclusive of both if it were defined by influence attempts relying on the transmission of ideas, norms and symbols in communication or information (cf. Gaventa 1980:15). Yet, such a definition transcends both categories in Baldwin's terms if constitutive effects are also reckoned with,<sup>29</sup> because, as Lukes points out:

is it not the supreme and most insidious exercise of power to...[shape people's] perceptions, cognitions and preferences in such a way that they accept their role in the existing order of things, either because they can see or imagine no alternative to it, or because they see it as natural and unchangeable, or because they value it as divinely ordained and beneficial?  
(1974:24)

Ideational statecraft thus implies an attempt to change the way that others conceive of the world (cf. Berger 1996:327). Once such a socialization process is in place, moreover, it can start to function by its own logic.

Constructivist authors agree that, 'The imposition of meanings on the material world is one of the ultimate forms of power' (Adler 2002:103), but, as stated above, most constructivists are more concerned with *social* construction than with *A's* construction of *B*. Emanuel Adler, however, argues that, 'constructivists must bring the individual back in—for example, studying how individuals purposefully use social capital and carefully chosen words to legitimize or delegitimize opponents and sometimes entire populations' (ibid: 110). Such an approach is quite in line with the present one. In sum, ideational statecraft is defined here as attempts relying primarily on ideas, norms and symbols, and it could be exemplified by such strategies as argument, persuasion, manipulation, deception and penetration (Majone 1989; Sjöstedt 1991:182, 190–2; Sundelius 1995). To that effect, it makes relational power analysis accommodate both 'power', in more traditionally relational terms, and 'reason'.<sup>30</sup> The relationship between the two is thus more complicated than assumed by Realists; not only can ideational stuff be derived from power (Guzzini 1998: 20), but power can also be exercised by ideational instruments. To the extent that Joseph Nye says that his 'soft power' 'can rest on such resources as the attraction of one's ideas or on the ability to set the political agenda in a way that shapes the preferences others express', there is a connection to ideational statecraft ([1993] 2003:60).<sup>31</sup>

Second, maneuvers such as the imposition of time limits on negotiations, the recalling or expelling of diplomats, and the establishment or breaking of official

relations do not necessarily rely on negotiation, but rather on representation, and as such they are still policy instruments commonly known as diplomacy (cf. White 2001:326–7). Diplomatic statecraft is thus reintroduced here as influence attempts relying primarily on representation and other symbolic resources of foreign ministries. The term diplomacy has also been used to describe situations where the use or threatened use of economic and military instruments is transmitted to other parties (e.g. *ibid.*: 327), but since such influence attempts rely on material resources, they should rather have to be defined as either ‘economic’ or ‘military’.

Third, the need for a fifth category, namely e-statecraft, stems from the recently explosive development in information technology (IT). True, in many instances IT merely provides an environment in which other instruments are employed: in a Western context, military weapons are highly computerized devices relying heavily on information technologies, for example, the Airborne Warning and Control System (AWACS), the Joint Surveillance and Target Attack System (J-Stars) and ‘smart bombs’; ideational statecraft and diplomatic messages are moreover transmitted through world-wide computer networks; and, technology transfers in IT is a kind of economic statecraft. However, IT also functions as an instrument of statecraft *per se*, and as such it cannot be included into any of the other categories. Examples include attacks over the Internet, computer viruses, e-mail-bombing, etc. E-statecraft is not just used to make threats against military computer networks, but civilian systems such as those governing electricity, telecommunications and banking could also be targeted (cf. Nye 2003:229, 249). Not only enemy states are potential ‘hackers’. In fact, it is easier to imagine that non-state actors, such as terrorists and criminal networks, could make systematic use of IT as a policy instrument (*ibid.*: 241).<sup>32</sup> In summary, e-statecraft refers to influence attempts relying primarily on the manipulation of information technology.

Gunnar Sjöstedt claims that his definition of ‘non-military power’ prompts the problem how to delineate the boundaries between different categories. For example, he expresses uncertainty whether to regard an embargo against defense materials as an attempt to influence *B* with military or economic instruments (1991:187). Baldwin, however, is not as indecisive. He makes a clear distinction between politics as an economic instrument and economics as a political one. Unlike many other analysts, he classifies policy instruments according to their inherent qualities rather than in terms of the issues against which they are directed (1985:3). Theoretically, all kinds of instruments could be used with regard to all kinds of issues (cf. Waltz 1979:94), but empirically this may or may not be the case.

To invite a more multi-faceted view of statecraft, Baldwin introduces four dichotomies by which policy instruments are categorized: conditional vs. unconditional; bilateral vs. multilateral; negative vs. positive; and covert vs. overt (1985:14). Negative instruments have undoubtedly taken precedence over positive ones in foreign policy analysis (e.g. Wallensteen 1971: 16).<sup>33</sup> The same



kind of bias is evident in a number of dichotomies not mentioned by Baldwin; offensive, proactive and direct aspects of statecraft have been consistently favored by analysts at the sacrifice of defensive, reactive and indirect ones (e.g. Adler-Karlsson 1970:210–11).

### *Policy bases and the logic of power*

Policy instruments rest on bases that, according to Dahl, must be clarified whenever *A* exerts power over *B* (1957:290). Dahl calls them ‘power bases’ but, consistent with the distinction between property concepts and relational ones, here they have to be called ‘policy bases’ as long as it is unclear whether or not *A* exerts power over *B* (cf. Baldwin 1985:23, n. 54). There is no agreement as to how the components of the policy base are most appropriately classified.<sup>34</sup> However, within the base one could make a distinction between ‘capabilities’ and ‘resources’ (Benton 1981: 298): ‘the exercise of social powers is to be understood as a resultant of the mobilization of specific *intrinsic* capabilities under definite *extrinsic* conditions of possibility [i.e. resources]’ (ibid.: 302, emphasis in original). On the basis of such categories, it could be hypothesized that policy instruments materialize in the relationship between *A*’s properties (capabilities),<sup>35</sup> systemic enabling factors (systemic resources) and *B*’s value system and perception (perceptual resources) (cf. Goldmann 1979:16–17; Baldwin 1989:49–52, 141).

This approach to the policy base dissolves a long-standing conflict between Neorealism and Neoliberalism, i.e. the inferred contradiction between capability and intention, or between material and immaterial power bases (Baldwin 1993: 7–8; 2002:185). Yet, this remark is valid only at a conceptual level, while the contending claims of Neorealism and Neoliberalism are theoretical in nature. Although frequently neglected in power discourse (e.g. Connolly 1983:91; Caporaso and Haggard 1989: 99–100), the choice between a conceptual and a theoretical level of ambition is one with far-reaching consequences for how to approach a research task. Both concepts and theories are perspectives that condition ‘what we see out there’ (Wendt 1999:90). However, unlike theories, whose aim it is to explain or predict what is ‘out there’, concepts merely contribute more or less useful perspectives to *whatever* is ‘out there’. It should therefore be clear that, unlike most theorists referred to above, this chapter deals primarily with the concepts of power and statecraft. Although it may seem ‘theoretical’ in the sense that it elaborates a conceptualization of power, it is clearly atheoretical to the extent that it does not build a logical/ deductive system from which testable statements can be deductively derived. As James Rosenau remarked, ‘To understand processes that affect behavior is not to explain how and why they are operative under certain circumstances and not under others’ (1966:98–9), and the logic of power—or a power theory—is clearly beyond the scope of this study. This is why no time is wasted here speculating about the interplay between different parts of the policy base.

However, not even a concept is completely devoid of theoretical or metatheoretical substance. James Fearon and Alexander Wendt note that analytical tools like concepts can become ‘tacit ontologies’, ‘which limits our theoretical and or political horizons’ (2002:64; cf. *ibid.*: 53). One such by-product of the present approach, for example, is the state-as-actor assumption. Yet, *A* and *B*—Japan and China—are only regarded *as if* they can be held responsible for the detriment that they do to each other, even if unconsciously or by inaction. Other ontological questions are similarly by-passed in this study, because in line with Fearon and Wendt I claim the right to remain agnostic about ‘what society is ‘really’ made of’ (2002:53; cf. *ibid.*: 67).

### ***A broad concept of statecraft***

The potential existence and utility of all kinds of statecraft mentioned above are presupposed in the analysis. What the policy base actually looks like is thus treated as an empirical question. It is also taken for granted that statecraft can have positive, defensive, reactive and indirect dimensions, as well as negative, offensive, proactive and direct ones. In short, the concept of statecraft is introduced here as an analytical device intended to support the relational concept of power with recognition that means can be diverse and heterogeneous. Unlike Baldwin and others, moreover, sanctions are treated merely as one kind of statecraft rather than ‘the thing’ itself (1985:35–6). The concept of statecraft, however, is not applied here to argue that Japan should use certain policy instruments (i.e. economic or civilian ones). However, the invitation of hitherto neglected means and aspects of the phenomenon could no doubt make a difference for how to interpret Japan’s foreign policy. For example, if military techniques are trusted to surpass civilian ones with regard to effectiveness or efficiency, or to dominate them, a large number of influence attempts are apt to be overlooked. The same is true if one only recognizes negative, offensive, proactive and direct aspects of statecraft.

### **Power and interests**

The most distinguishing feature of Lukes’ concept of power is its approach to interests. Whereas Dahl defines power in terms of *A* getting *B* to do something that *B* would not otherwise do, Lukes emphasizes that *A*’s nontrivial affecting of *B* in a manner contrary to *B*’s interests is what underlies all three dimensions of power (1974:27). Lukes’ interpretation of Dahl, and Bachrach and Baratz led to the aforementioned merger, but is not ‘what *B* would not otherwise do’ more open-ended than ‘what is contrary to *B*’s interests’? Namely, not everything that one does not otherwise do is contrary to one’s interests, whereas under ideal circumstances one by definition refrains from doing what is contrary to one’s interests. Moreover, are pluralist preferences really exchangeable for Lukesian interests; do the two terms point to even somewhat equivalent entities? Lukes

argues persuasively that different ideas of 'interest' are inherent to Dahl, and Bachrach and Baratz' accounts—it is just that their understanding of the notion is more superficial and incomplete than that of his own.

The one-dimensional view takes interests to be equivalent to actors' express wants, preferences and choices (as revealed through political participation); *B*'s interests correspond to what *B* is interested in (cf. Connolly 1983:48–52; Plant 1993:200; Wendt 1999:120–1, 232). In the two-dimensional view, power maintains its close connection with actual wants and preferences. However, preferences that have been excluded from full articulation or representation in the political system are also considered important. More or less concealed preferences appear in the shape of grievances both within and outside of the system. To Lukes, finally, 'real interests' are equivalent to an actor's wants and preferences under privileged conditions of choice, i.e. in a hypothesized situation of 'relative autonomy' or 'independently of *A*'s power—e.g. through democratic participation' (1974:33; cf. Connolly 1983:65). Lukes claims that 'the identification of those interests ultimately always rests on empirically supportable and refutable hypotheses' (1974:25), the fundament of which is that policy *x* is more in *B*'s 'real interest' than policy *y* if *B* were to experience the results of both *x* and *y* and choose *x* as the most preferable result (Connolly 1983: 64). In accordance with Lukes, this study takes all of the above approaches as guides to interests. The rest of this section, however, is devoted to a discussion about 'real interests', but different ideas about, and perspectives to, interests in foreign policy analysis and IR theory are first summarized as a background.

### *Interests in International Relations theory*

A tight terminological connection between power and interests is not a unique feature of the relational concept. It exists in different brands of International Relations (IR) theory as well, albeit in slightly different forms. Realists, for instance, advise policy-makers and analysts to assess their national interests objectively and in light of the distribution of power, and statesmen are believed to 'think and act in terms of interest defined as power' (Morgenthau 1993:5). Constructivist Alexander Wendt, conversely, argues that 'the meaning of the distribution of power in international politics is constituted in important part by the distribution of interests, and...the content of interests are in turn constituted in important part by ideas' (1999:135; cf. *ibid.*: 109).

The diverging role of interests in Realism and Constructivism is quite telling of their theoretical disagreements at large. The former bears a trace of rationalism, which also underlies Neorealism, Neoliberalism, Liberalism and the three dimensions of power, partly with the exception of Lukes, who, again, acknowledges that *A* might have shaped *B*'s 'perceptions, cognitions and preferences in such a way that they accept their role in the existing order of things' (1974:24). The common feature of all the other approaches, however, is that they do not typically probe into processes of interest construction (Wendt

1999:115).<sup>36</sup> Yet, there is a large discrepancy in how the origin of interests is viewed in pluralism, reformism and Liberalism, on the one hand, and Realism, Neorealism and Neoliberalism, on the other. In the former schools, first, interest (or preference) formation is considered empirically researchable from the processes of interaction in which they are negotiated and formed (Putnam 1988: 459; Hudson and Vore 1995:210; Moravcsik 1997; Kimura and Welch 1998: 239). Although the Liberal configuration of preferences goes far beyond Dahl's level of ambition, Andrew Moravcsik nonetheless shares the focus on preferences in a "bottom-up" view of politics' (1997: 517; cf. *ibid.*: 543). In the latter theories, second, interests are taken to be the effect of human nature, either directly or indirectly as mediated through the anarchical international system. Realist 'power' and Neorealist 'security' are thus pursued in the name of self-interest, and so are Neoliberal 'institutions'.

Constructivists, on the contrary, generally maintain that national interests are constituted by ideational rather than material stuff in processes of collective deliberation among foreign policy-makers (Weldes 1996:281; Wendt 1999: 128–9). Ideas and cultural norms thus influence the way in which actors define their interests, directly, or indirectly through the construction of identities (Katzenstein 1996b). The difference between Constructivists and proponents of the other major theories discussed above is thus that while the latter at times reckon that ideas compete with power and interests as an explanatory variable, the former maintain that even material factors are constructed by ideas (Goldstein and Keohane 1993: 3–8; Kowert and Legro 1996:458; Wendt 1999: 23–4, 95). However, not all interests are social constructions even to all Constructivists; some maintain that the construction process takes place against the background of a number of 'generic' or 'real interests' derived from the material force of human nature (see the next sub-section) (Jepperson *et al.* 1996: 60). In fact, scholars within IR often return to both the 'objective interest' in national security and domestic interest formation processes (e.g. Frankel 1970: 16–17; George and Keohane 1980; Wendt 1999:231–2).

Regardless of the distinctions above, most scholars agree that the analytical function of interests is to explain, interpret or justify state behavior (cf. Ringmar 1996:44–5). All articles and books cited in this section are thus fundamentally in accord with James N. Rosenau's (1968) statement on the 'national interest':

As an analytic tool, it is employed to describe, explain, or evaluate the sources or the adequacy of a nation's foreign policy. As an instrument of political action, it serves as a means of justifying, denouncing or proposing policies. Both usages, in other words, refer to what is best for a national society. They also share a tendency to confine the intended meaning to what is best for a national society. Beyond these general considerations, however, the two uses of the concept have little in common.

(Quoted in Frankel 1970:15–16; cf. *ibid.*: 29; Waltz 1979:134; George and Keohane 1980:218; Weldes 1996:275–7; Kimura and Welch 1998:235; Wendt 1999:118)

‘Interests’ in this study, however, do not function as an independent variable. Rather, possible effects on *B*’s interests make up the ‘dependent variable’ in power relationships between *A* and *B*. In short, was *A*’s action contrary to *B*’s interests or not? In Dahl’s analysis the origin of *B*’s express preferences is not questioned at all. Nor are they in Lukes’, unless, of course, *A* or some other factor exogenous to *B* could be hypothesized to be that origin. The ‘real interests’ stipulated below are meant to function as an ideal against which *B*’s preferences can be further problematized.

### *Power and ‘real interests’*

Lukes’ notion of ‘real interests’ has encountered much criticism (Isaac 1992:40), for example, for implying ‘false consciousness’ and thereby for resulting in ‘paternalism’ or ‘vanguardism’ (Ball 1988:90). The major obstacle to any stipulation or assessment of ‘real interests’ is that it implies a *certain* view of human nature (cf. Plant 1993:33–81; Wendt 1999:115). The term certainly has some unfavorable connotations: authoritarian regimes often commit crimes against humanity in the name of people’s ‘real interests’, not least in China (Lodén 1998:27, 232). It has moreover been objected that it is naïve of Lukes to think that *B* could ever choose satisfactorily for itself when *B*’s very problem is lack of autonomy (Bradshaw 1976:270; Benton 1981:289). The bulk of much criticism is thus that ‘real interests’ measure up to no more than an observer’s assessment. Lukes, however, rejects this allegation, for all *B*’s preferences are not heteronomous to *B* and a product of *A*’s exercise of power. He reiterates that *B*’s ‘real interests’ need not be *B*’s actual interests, but that the notion should be interpreted as hypothesized ‘real interests’, as revealed by counterfactuals (1976: 278–9).<sup>37</sup> Lukes fits the radicalism he is being accused of only to the extent that he accepts that *A* can exert power over *B* to enlighten *B* on *B*’s ‘real interests’ (but he also stresses that the power relation must end as soon as *B* acknowledges *A*’s assessment) (cf. 1974:33). Needless to say, such a view can be used to legitimize the kind of non-enlightened activities mentioned above.<sup>38</sup>

Unlike many of those engaged in this debate, however, I do not believe that it is inherently wrong for an observer to evaluate, and more importantly to stipulate, ‘real interests’ as an analytical category—an ideal type no different than the relational concept of power itself (cf. Gaventa 1980: 29). As demonstrated above, much IR theory takes exactly this approach to interests. Yet, for some reason it manages to escape the kind of criticism that Lukes has become the target of. The purpose of the present subsection is to base ‘real interests’ on the thinnest conceivable idea of human/state nature.<sup>39</sup> The focus below on autonomy, economic well-being/welfare and collective self-esteem could be

criticized as ‘assuming’ or ‘imposing’ Western values ‘as being universally shared’ (Guzzini 2000a: 153; cf. Fearon and Wendt 2002:57). Yet, ‘real interests’ are not believed to be any more real than revealed ones; they are merely an analytical category—one thin, albeit culturally bound, perspective from which revealed interests can be further problematized. This pragmatic stance clearly diminishes the relevance of the above criticism.<sup>40</sup> For the time being, state-and societal actors are thus treated *as if* their ‘real interests’ are met under stipulated ideal conditions.<sup>41</sup>

### *Autonomy*

As mentioned above, Lukes argues that *B*’s ‘real interests’ can be detected by way of drafting counterfactual hypotheses about *B*’s potential preferences under conditions of autonomy (1974:33–5; cf. *ibid.*: 41–2). Autonomy is thus seen as a precondition for preferences rather than as a preference *per se* (cf. Gaventa 1980: 29). This method makes the notion of ‘real interests’ ‘more reminiscent of Kant than of Marx’ (Ball 1988:90): ‘[This is] a transcendental interest in autonomy which we possess simply by virtue of being human. Whether aware of it or not, individual human beings have an interest in being or becoming autonomous agents’ (*ibid.*). Autonomy, in other words, refers to what an actor would do after ‘an extended and meticulous process of deliberation’ (Ringmar 1996:52), or ‘under ideal democratic circumstances’ (Isaac 1992:40; cf. Lukes 1974: 33). ‘Real interests’ are in this sense placed on a par with, for example, ‘rights’, which liberals of all stripes take to be an objective entity, or ‘needs’.

Lukes’ focus is on human actors, but, as many IR theorists have argued, autonomy is also in the ‘real interest’ of human aggregates, such as states (e.g. George and Keohane 1980:224; Wendt 1999:235–7; cf. Bull [1977] 1995:4–5). Wendt generally considers state interests to be social constructions but, since ‘states share essential properties in virtue of their corporate identity’ (1999:233; cf. Fearon and Wendt 2002:58), there are a number of core national interests, or needs, intrinsic to all states, existing relative to the international system and beyond cultural and historical contingencies. One such is arguably autonomy. In brief, regardless of whether *B* is a human actor or an aggregate of such, *B* is autonomous if *B* has a possibility to deliberate in an educated manner, and to choose the means and measures of *B*’s own action. Hence, whenever *A* significantly impairs *B*’s capacity for choice or ability to act in accordance with choice, there is reason to conclude that *A* exerts power over *B* (Connolly 1983: 93–4; cf. Brown [1997] 2001:88).<sup>42</sup>

One problem with this ‘Kantian’ approach is that it ‘seems to rest on a sharp dichotomy between the real world of causal relations and an ideal world of autonomy’ (Isaac 1992:52); that it merely uncovers ‘the difference between the ideal and the mundane’ (Hindess 1996:86). Indeed, since both anarchy and interdependence imply that all *As* can be (or are) *Bs* and vice versa, the unencumbered state is just a fiction. Acknowledging that ‘autonomy is always a

matter of degree' (Wendt 1999:235), it becomes necessary to investigate non-trivial infringements on already relative levels of autonomy (Lukes 1974:33; cf. Dunér 1977:47). Autonomy thus becomes 'a variable magnitude rather than a threshold phenomenon' (Gray 1983:82). The 'real interest' analysis outlined below accomplishes this in large part by assessing whether or not *A* significantly affects *B*'s alternatives of action with regard to scope of alternatives, efficiency (i.e. goal attainment ability with respect to level and time aspects) and/or stakes (cf. Dunér 1977:45–55). It also attempts to assess whether or not *A* significantly affects *B*'s deliberative capacity.

### *Well-being*

Another state interest arguably existing beyond social construction is economic well-being or welfare (Wendt 1999:236; cf. George and Keohane 1980:224). In normative political theory, this position is held by classical liberals,<sup>43</sup> who argue that a certain level of well-being is crucial for the attainment or preservation of autonomy, and for the realization of moral agency.<sup>44</sup> Lukes is not unaware of this idea. He considers welfare effects to be a viable criterion of importance (1986: 9). Citing Joel Feinberg (1984) in support of his own argument, Lukes practically treats welfare as a 'real interest': 'we are inclined to say that what promotes them [welfare interests] is good for a person *in any case*, whatever his beliefs or wants may be' (1986:6, emphasis in original). Detriment to *B*'s economic well-being is analytically approached by way of examining whether or not *A* imposes non-trivial costs or maintains significant economic burdens on *B* (cf. Dunér 1977:51).

### *Other 'real interests'*

Wendt recommends that yet another two 'objective interests' be reckoned with—both of which lack direct equivalence in Lukes' thinking: 'physical survival' and 'collective self-esteem'. As demonstrated in the Introduction, the former is quite momentous to Neorealism. To Wendt, the notion 'in the last analysis' refers to 'the individuals who make up a state-society complex, but since no individual is essential to the identity of a collective, what we are really talking about here is the survival of the complex' (1999:235; cf. George and Keohane 1980:224). However, since autonomy is a stricter criterion than physical survival—indeed, autonomy presupposes survival, but survival does not presuppose autonomy—it verges on redundancy to take both into account.<sup>45</sup> Collective self-esteem, on the other hand, is a more interesting contribution to the 'objective interest' discourse. It refers to

a group's need to feel good about itself, for respect or status...A key factor is whether collective self-images are positive or negative, which will depend in part on relationships to significant Others, since it is by taking the perspective of the Other that the Self sees itself.

(1999:236)

It is quite easy to see the relevance of this category to Japanese-Chinese relations: century-long disputes over the meaning of different historical episodes are protracted by the ceaseless reproduction of feelings of disregard or humiliation *vis-à-vis* 'the Other' (cf. *ibid.*).

### ***Power and counterfactuals***

As mentioned above, Lukes argues that power analysis typically relies on counterfactuals. The term counterfactual literally means 'contrary to the facts' and it is Lukes' ambition to examine what *B*'s interests 'might have been' if *A* had not done *x* (cf. Roese and Olson 1995). In the case of the first two dimensions of power, the existence of actual, observable conflict between the revealed preferences of *A* and *B* presents the relevant counterfactual, as it were, 'ready-made' (Lukes 1974:41; cf. Gaventa 1980:27). However, since there is no such conflict in the third dimension, Lukes recommends an inquiry into what *B* would have done under privileged conditions of choice (1974:41). Here, *A*'s and *B*'s interaction is examined against the background of 'real interests'; such fixed ideals in themselves provide a counterfactual situation. The analytical ambition is to trace *A*'s action and to examine if it affected *B* non-trivially and in a manner contrary to *B*'s interests. This task is performed here within the overall reconstructive and interpretative framework for analysis, which is outlined next (cf. McKeown 1999:170).

### **A reconstructive and interpretative method**

This section's premise is that a reconstructive and interpretative method, consisting in process-tracing and intentional modes of analyses, sits well with the relational concept of power (cf. Nye 2003:58). The section also readdresses the relationship between power and intentions more broadly. It ends in an outline of the reconstructive strategy.

### ***Process-tracing analysis***

Process-tracing analysis is part of Alexander George and Timothy McKeown's framework for 'structured, focused comparison'. The aim of this method is to make use of case studies for theory development. It emerged in response to the statistical and quasi-experimental inclination of much research in the social sciences. Although 'comparison' for the sake of theory development plays only a minor role in this study, the 'structured' and 'focused' components are still endorsed. A study is 'structured' insofar that data requirements are defined and standardized, and 'focused' when only aspects relevant to the purpose at hand are dealt with (1985:41). These objectives are accomplished here by formulating



a set of standardized, general questions to guide the examination of each case (cf. George 1979:62).

Since statistical and quasi-experimental methods are not used to discern the potential connection between *A*'s action and *B*'s interests—i.e. the 'power mechanism' (Lukes 1974:41–2)—it is necessary to rely on a more intensive analytical approach. This is where process-tracing enters into the picture. With its focus on 'documenting the process by which inputs are converted to outputs' (George and McKeown 1985:41)—and, it could be added, outputs to outcomes—it is well suited to take on this task. The objective of process-tracing analysis is to open up whatever 'black boxes' are necessary to trace the relevant words and deeds (cf. Wendt 1999: 196–7), and to judge whether or not such behavior can be reconstructed into action, and action be interpreted in terms of relational power. Quite in accordance with Liberal, pluralist or even 'radical' assumptions, the analytical assumption of unitary state is thus relaxed in favor of microlevel analysis. In other words, given an interest in the power mechanism, the foreign policy of states is regarded *as if* it were the effect of multiple processes and games on many levels within society and between states: 'parties, social classes, interest groups...legislators, and even public opinion and elections' (Putnam 1988:435).

The process of reconstruction is likened to the construction of a web or a network of observed regularities: 'The researcher assembles bits and pieces of evidence into a pattern; whether a piece is to be changed or added depends on whether the change fits with what already has been constructed, and whether it strengthens the web's structure' (George and McKeown 1985:36). In practice, the questions outlined in the last section of this chapter are posed of the various materials: Is it possible to construct a coherent picture by way of triangulating such materials? The plausibility of specific process-tracing is moreover assessed by giving due consideration to alternative ways of assembling the data, and by way of comparing the rationality of different reconstructions (cf. George 1979: 57–8; McKeown 1999:170–1). Historical analysis customarily rests on this kind of methodology, and so do detective work and legal proceedings (cf. George 1979: 57; George and McKeown 1985:47; McKeown 1999:167).

### *Power and intentionality*

Just like interests, intentions often play the role of the independent variable in analysis. To offer an 'intentional explanation' is thus to 'explain action as a product of desire and belief' (Wendt 1999:116).<sup>46</sup> One example of such an explanatory enterprise is so-called 'rational choice', which rests on the assumption that actors are self-interested utility maximizers with access to complete information. The function of intentions in relational power analysis, however, differs from that in this theory. Pluralist and reformist conceptions, on the one hand, share the idea that intentionality is a necessary criterion of power; *A*'s intention to affect *B* is part of what characterizes such conceptions.<sup>47</sup> A

contribution of Lukes' radical approach, on the other—indeed, one of its defining 'radical' features—is the insistence that both actors may be unaware of *A*'s exertion of power over *B*. This is the aforementioned unconscious or unintentional power. It is present in various 'structural' approaches, but, as argued above, the present study takes Lukes' concept to account for (most of) it while focusing on actors.

The sub-section 'Power and responsibility' above suggested that lack of access to other minds greatly enhances the difficulty of having even educated guesses about intentions and other mental entities (cf. Hollis and Smith 1991: 171–6). Intentions were thus substituted for the imputation of responsibility; since *A* is generally held accountable for the harm *A* unintentionally inflicts on *B*, it was argued that the concept of responsibility is instrumental in pinpointing power. Later, to obviate Morriss' critique of Connolly for blurring the distinction between affecting and effecting, a criterion of purposefulness was introduced: *A* must not just affect *B*, but also effect what is rationally reconstructed as *A*'s aim. It may seem awkward to launch the idea of purposefulness right after the concept of power has been disentangled from intentions. Undoubtedly, intention and purpose are often taken to have related meanings. A reinvigoration of intentionality dissolves what is beginning to look like a paradox: regardless of real intentions (or lack thereof), intentional analysis guides the rational reconstruction of action. The question is whether or not *A*'s behavior, which affects *B* non-trivially and in a manner contrary to *B*'s interests, can be ascribed the intentionality of responsibility and purposefulness.

### *Intentional analysis*

Like process-tracing analysis above, intentional analysis is also closely related to historical research. It stems from Georg Henrik von Wright's 'action theory', and from the way that it has been modified within educational research (Halldén 2000; Scheja 2000; 2002). Political science accommodates 'motive analysis', which also emanates from von Wright's philosophy (Hadenius 1983). The original purpose of analyzing intentions or motives was to find approximations to processes internal to people's minds (e.g. Hadenius 1983), but this is not the aim of the present analytical tool.<sup>48</sup> Yet, even Ola Halldén and Max Scheja waver between what appears to be a desire to expose *A*'s real mental processes, and the expressed aim to ascribe *A*'s behavior intentionality based on rational reconstruction. Thus, on the one hand, they focus extensively on the intrinsic and extrinsic components of intentions—as if real intentions could ever be known to outsiders—and on the other they proceed to claim that, 'the determinants of action are *not* to be seen as psychological entities on the part of the agent but rather as conceptual devices for analysing action' (2000:4, emphasis in original; cf. 2002:56–8). Although this tension remains unresolved, the latter line of reasoning takes precedence over the former, and that is also the approach to intentionality pursued here.

Intentional analysis takes the meaning of behavior to be ‘in the eyes of the beholder’ (Scheja 2000:4), so that an active analyst ascribes meaning or intentionality to behavior in order to make sense of it. By regarding behavior as intentional, it is reconstructed into action. Intentionality thus resides in the action and not in the actor. The relationship between intention and action, moreover, is taken to be intentional or teleological rather than causal. Understanding relative to a certain perspective is what makes this kind of analysis interpretative or hermeneutic (cf. Gilje and Grimen 1992: Chapter 2, esp. p. 181). Adler identifies a ‘particularizing positivist strategy that reconstructs historical processes and narratives’, somewhat in line with the present, as the ‘“weak programme” of constructivism in the social sciences’ (2002:97).

Halldén and Scheja both make their interpretations against the background of actors’ cognitive and socio-cultural circumstances (the ‘extrinsic and intrinsic determinants of action’). Such factors thus make up the context against which intentionality is ascribed. The question to be investigated in this study, however, is whether or not certain significant instances of Japan’s China policy are to be interpreted in terms of relational power. At issue here is not if *A* really intends to affect *B* non-trivially and in a manner contrary to *B*’s interests. Nor is it to ascribe *A*’s intentionality in any general sense. Since the relationship between intention and action is analytical, the current aim is just to establish whether or not to ascribe *A*’s behavior the intentionality of responsibility and purposefulness, i.e. interpret it as action, and then to interpret the relationship between such action and *B*’s interests as relational power. From this viewpoint:

It is unnecessary to pose the question about how our interpretations relate to the agent’s expressed desires and motives. An analysis of this kind is not validated by reference to the agent’s own view of his/her action, it is validated by the level of rationality in the description.

(Halldén 2000:10; cf. Scheja 2000:13)

In this sense the method is clearly ‘analyst oriented’ (cf. Bergström and Boréus 2000:26–7). As mentioned earlier, the analysis proceeds against the background of a transparent conceptual framework of relevant ideal types, and it is put to test against the empirical material. The role of the researcher is thus to argue as persuasively as possible that certain interpretations are more coherent with the context at large than reasonable alternatives.

### *Strategy of reconstruction*

To recap the argument thus far, the aim of process-tracing analysis is to pinpoint the mechanisms by which inputs transform into outputs and outputs transform into outcomes, and the aim of intentional analysis is to judge whether or not such processes can be ascribed the intentionality of responsibility and purposefulness and then interpreted as relational power. However, in a more fundamental sense,

the two analytical steps cannot be separated like this; process-tracing is already an act of ascribing behavior intentionality and of locating the power mechanism. Both methods are fundamentally part of the same reconstructive and interpretative methodology, and they also rely on the same kind of empirical materials.

Although materials are potentially ‘infinite’, the scholarly collective has a fairly robust idea of what kind of sources that should guide reconstruction—preferably different kinds of ‘relics’, i.e. ‘a part of the phenomenon under study’ (Hadenius 1983:137). As mentioned earlier, Dahl states that decision-making should be reconstructed from documents, interviews and newspaper articles, and although Dahl’s conception of decision-making has been criticized as being too narrowly focused on the very decision, and thereby leaving out other aspects of the policy-making process, his advice could be taken as a starting point. Others, moreover, concur with or add to this advice (ibid.: 126; George and McKeown 1985:41; cf. Lukes 1974: 12). The suggestion that materials should be gathered in conformity with the criteria of proximity (physical and temporal) or representation, and control of tendency (Hadenius 1983:137–41), also seems quite uncontroversial.

When empirical materials give little evidence, it is necessary to try weaker forms of reconstruction. One such is circumstantial reasoning, which, McKeown observes, is often used by, for example, ‘murder mystery writers’:

An observation may be consistent with several different hypotheses about the identity of the killer and rules out few suspects. No one observation establishes the identity of the killer, but the detective’s background knowledge, in conjunction with a series of observations, provides the basis for judgments that generate or eliminate suspects.... Typically, the detective constructs a chronology of the actions of the relevant actors in which the timing of events and the assessment of who possessed what information at what time are the central tasks.

(1999:170)

Hadenius, moreover, notes that precedents or empirical generalizations (‘theories’ or ‘laws’) could help in such reconstructive endeavors (1983: 127–34; cf. Weber 1949:75, 79–80). More detailed elaboration on the collection and analysis of empirical materials can be found in [Chapter 2](#). In the meantime it is enough to say that the sufficiency of empirical evidence is seen *as if* conditioned by the level of transparency and consistency favored by the academic community (cf. Kuhn 1970:168).

### **Relational power analysis**

It is time to associate the relational concept of power with a more concrete method. Since no established technique of textual analysis fits the requirements

of the relational concept, a method specifically adapted to it is constructed in this section. The overall aim is to specify how the preceding conceptual analysis translates into standardized, general questions, which adequately reflect the research objective (cf. George 1979:62). As mentioned earlier, such questions function as guides to the reconstruction and interpretation of the empirical material. However, it is acceptable during the analysis to complement such questions with more specific ones ‘to bring out idiosyncratic features’ (ibid.).

### ***Step one: process-tracing analysis***

The specific aim of process-tracing analysis is to reconstruct the mechanisms of Japan’s case-specific China policy, i.e. to trace relevant words and deeds (or lack thereof), and the processes through which such behavior was established: How did *A* and *B* interact, and what did *A* do to *B*? What policies were planned, formulated, decided and implemented? What outcomes desired by significant other actors were not achieved? What other readily conceivable policies were not even initiated, initiated but not decided, or decided in favor of but not implemented? Were processes of non-initiation, non-decision and non-implementation noticeable?

In the course of analysis one comes across both those responsible for such policy, and the policy instruments that Japan used *vis-à-vis* its neighbor: how, or by what means, did *A* act, or not act? If at all, what policy instruments were employed? If at all, along what dimensions was influence attempted? What actors was *A* made up of? What actors initiated policy, made decisions or affected the policy-making process in ways decisive for policy output or for the final outcome? What other readily conceivable actors did not take part in, or affect, the policy process?

### ***Step two: interest analysis***

Next, focus is switched to China’s interests; they are dealt with in two different ways: (1) as signs of opposition or veto towards Japan’s policy, or as grievances against it (sometimes as reconstructed from secondary materials); and (2) in terms of ‘real interests’. The overall question is whether *A* affected *B* non-trivially and in a manner contrary to *B*’s interests, i.e. whether *A*’s policy had enduring negative effects on *B*?

#### *Revealed interests*

Revealed interests are traced internally to each case study, departing from dissent expressed or possibly harbored with regard to specific issues. The materials on which this study is based are quite appropriate for the reconstruction of revealed interests (cf. Frankel 1970:35; Moravcsik 1997:544) (see [Chapter 2](#)). The following questions guide this analysis: was *A*’s policy

directly opposed or vetoed by *B* as being harmful, or was this the case in previous or subsequent, similar cases? Were grievances about *A*'s policy as being harmful expressed, or possibly covertly existent, within or outside of *B*'s policy-making system? If interests fail to surface in the material, it is possible to obtain a baseline to subjective interests by reconstructing them from secondary sources.

### *'Real interests'*

This category sets out from the idea that autonomy, economic well-being or welfare and (collective) self-esteem provide a thin basis for analyzing 'real interests'. The first overall aim is to establish whether or not a significant change in *B*'s already relative level of autonomy, economic well-being and self-esteem has occurred. The second purpose is to determine whether or not such a change is related to *A*'s reconstructed behavior. To operationalize such aims, a number of questions are again posed of the empirical material. All questions incorporate dimensions of both change and continuity—of both production and reproduction: First, did *A*'s policy significantly infringe upon *B*'s *autonomy*? Did *A*'s policy impair *B*'s capacity for deliberation with regard to the specific issue, for example, by manipulating *B*'s access to information? Did *A*'s policy impair *B*'s scope of options, for example, by manipulating accessible alternatives? Did *A*'s policy impair *B*'s efficiency, for example, by manipulating *B*'s ability to use certain means to obtain specific objectives? Did *A*'s policy involve higher stakes for *B* in making certain choices? (Cf. 'economic well-being'.) Second, did *A*'s policy significantly infringe upon *B*'s *economic well-being*? Did *A*'s policy render it economically difficult for *B* to make certain choices, for example by raising *B*'s costs, suppressing potential economic benefits, or by helping to preserve patterns of high costs and/or low benefits? Third, did *A*'s policy significantly infringe upon *B*'s *collective self-esteem*? Did *A*'s policy produce negative images of *B*, and did such images get a foothold in *B*? In other words, did *A*, for example by disregarding, disrespecting or humiliating *B*, produce a negative *self-image* for *B*?

### *Step three: intentional analysis*

The final aim is to establish whether or not the connection between *A* and *B* fits the ideal type of relational power. The question is if Japan's words and deeds, which significantly counter China's interests, can be ascribed the intentionality of responsibility and purposefulness. To call for the country's responsibility, it is first necessary to reconstruct its choice or at least carelessness, and in the latter case also its knowledge or at least potential knowledge (predictability) of the consequences of its action. Hence, the first question is: did *A* express that it would attempt to affect *B* non-trivially and in a manner contrary to *B*'s interests? If the answer is affirmative, *A* exercised power over *B*. If the answer is negative,

however, reconstruction must continue. If *A* acknowledges everything but ‘nontrivially and in a manner contrary to *B*’s interests’, it suffices to make additional assessments of *A*’s carelessness and/or potential knowledge of the harmful consequences: could *A* have calculated or at least considered the consequences for *B* of its behavior, and—given such a calculation—should *A* have been able to recognize that its behavior was contrary to *B*’s interests? If *A* fails to acknowledge even that behavior was undertaken towards *B* for a reason, purposefulness must also be reconstructed: did *A*’s behavior and the consequences of such for *B* put *A* in a more favorable position than previously, either in general or with regard to specific issues? In other words, did *A*’s benefits outweigh its costs, either in general or with regard to specific issues?

## 2

### Empirical focus Japan's China policy

The Introduction provided the relational concept of power with a *raison d'être* in this study, and [Chapter 1](#) presented and discussed it in greater detail; it added a few pieces to it, and reorganized other parts to increase analytical coherence. The relational concept remains a fundamental point of reference in this chapter (cf. Weber 1949:77). The question now is how it should inform empirical analysis. First, what kind of analysis of Japan's foreign policy should result from it? It is argued that the answer is a 'crucial case' study approach. Second, what should such a study of Japan's foreign policy be focused on? It is maintained that the country's policy *vis-à-vis* the People's Republic of China (PRC or China) contributes a sufficiently crucial setting. Third, how are significant and relevant instances of this policy to be selected? Concrete issues and observations are chosen based on the two questions that operationalize the purpose, i.e. *if* and *how* Japan has exercised power over China. The 'if-question', first, is translated into three criteria—each justified by conceptual and empirical circumstances. This question thus vouches for *sameness* across *issues* on those very criteria. After a brief presentation of the issues, concrete observations are selected, justified and compared. The 'how question', second, is brought to bear on the selection of *observations* so that *difference* on other important variables is welcomed. Yet, since both observations are instances central to the issues, in the end there are 'central cases' of 'significant cases' of 'a crucial case' of Japan's foreign policy. The resultant observations have not been much publicized previously, and they better represent day-to-day foreign relations than the kind of crisis behavior often made the objective of foreign policy analysis.

[Chapter 1](#) argued that a reconstructive and interpretative methodology goes well with the relational concept of power. Yet, what should the concrete methods be used to analyze? Since empirical materials are available in infinite quantity, this chapter also purports to discuss the selection of those. Some well-established ideas of Japanese policy-making provide the quest for primary sources with some logic. The interview method is also specified in this context.



### A case study approach

The usefulness of case or ‘small-*N*’ studies has been questioned for a number of reasons. Most fundamentally, it has been argued that small samples make them unfit for generalization.<sup>1</sup> Due to this kind of criticism, it is again clarified that the present study purports neither to generate deterministic theory, nor to create a probabilistic one. In short, it does not use case studies as a short-cut or an alternative to extensive, statistic, comparative or ‘large-*N*’ studies. The cases presented here could not, and need not, be exchanged for such a study. The present approach is instead justified by the claim that small-*N* studies prove instrumental in clarifying previously obscure relationships and in providing ‘alternative accounts of causation’ (McKeown 1999:174). Timothy J. McKeown notes that concepts other than those formerly employed tend to facilitate that case studies can play this role. This is the way that the relational concept of power is intended to function in this study. In any case, the concept provides the current approach with two rationales.

First, this book adheres to case studies primarily because the relational concept necessitates careful specification of the context within which *A* exercises power over *B*. A case study approach is thus one way to deal with the assumption that different aspects of policy-making fluctuate with ‘scope’, ‘domain’ and ‘weight’. This circumstance clearly enhances the difficulty of generalizing about relational power (Guzzini 2000b: 54, 57, 59, 60; cf. Baldwin 2002:180), thus preventing a broad theory of Japanese statecraft from evolving. Yet, this is not to stipulate that each case is unique—a strategy common in historical analysis and area studies. To facilitate comparison in [Chapter 5](#), case analysis is couched in the general terms outlined in [Chapter 1](#) (cf. Eckstein 1975:96–104; George 1979: 46–7, 50–1). However, the primary purpose of this study is rather to enhance ‘within-case’ understanding (George and McKeown 1985:29). The feasibility of causal inference in the single case, moreover, is not obstructed by the overall lack of statistical ambition: ‘The issue of generalizability of the model can thus be separated from the question of whether the model is an accurate explanation of cause and effect in the situation in which it has been putatively identified’ (McKeown 1999:185; cf. George 1979:46). As specified in [Chapter 1](#), the ‘within-case’ approach rests on ‘rational reconstruction’—a logic shared by process-tracing and intentional modes of analysis.

Second, another characteristic of the relational concept is that it is accommodating enough to justify the assumption that Japan exerts power over most entities with which it interacts, and vice versa. It does so, moreover, quite regardless of whether the international system is assumed to be anarchic, or is better characterized by cooperation. It would therefore be less interesting to analyze Japan’s exertion of power over fellow-states in general. Indeed, such activity could merely be taken for granted. On the contrary, it is more challenging to examine its relationships with international actors and in situations not automatically associated with such outcomes. To gain maximum

leverage on other significant instances of Japan's foreign policy, it is appropriate to adopt a 'crucial' case study approach (Eckstein 1975:117–19; King *et al.* 1994: 209). This approach is arguably similar to Lijphart's theory-confirming/infirming categories (1971:692; George 1979:66, n. 26). Although the cases throw some light on the legitimacy of a commonsensical view of Japan's foreign policy—as outlined in the Introduction—the purpose is clearly not to test theory, but, again, rather to judge if and how Japan exercised power over China with a point of departure in a relational concept of power, so as to further the understanding of Japanese foreign policy in terms of power. A broad theory of Japanese statecraft, however, is thus not strengthened or weakened by this approach.<sup>2</sup>

### **Japan's China policy: justifying the empirical focus**

The aim of this section is to justify the focus on Japan's China policy—both its function as a crucial case and its relevance. The section is concluded by the dismissal of a number of other potential contenders for 'playing the role of *B*'.

#### ***A 'crucial case'***

The idea that Japan's China policy is a 'crucial case' of its foreign policy stems from the significance of a number of factors that seem to co-vary in conditioning the country's use of statecraft towards other actors: (1) geographical proximity of counterpart; (2) size of counterpart;<sup>3</sup> and, (3) fundamentality of issue.<sup>4</sup> *Ceteris paribus*, Japan is known for having publicly used policy instruments towards small and distant states, and over issues of low fundamentality. Exceptions have either been limited in scale or exclusively dependent on positive measures (Hagström 1998:56–7, 63, 95–6; cf. Katada 2001:39, 41, 43–4).

China's proximity to Japan thus gives credibility to the present focus, and so does the country's size. Modernization is rapidly turning China into what International Relations (IR) theorists would call a 'great power'. On most traditional variables (see the Introduction), it already outweighs Japan or it is at least supposed to do so in the near future (Waltz 1993:68; Takagi 1995:204). Chinese self-consciousness—the pride it takes in being the 'Middle Kingdom' (*Zhongguo*) (cf. Roy 1998:6; Solomon 1999:28)—also means that it would be no easy task to try to affect it in ways that significantly contradict its interests. The former Chinese paramount leader Deng Xiaoping once said that:

While we Chinese people value our friendship and cooperation with other countries and other peoples, we value even more our hard-won independence and sovereign rights. No foreign country can expect China to be its vassal, nor can it expect China to accept anything harmful to its interests.

(Quoted in Rose C. 1998:124)

That the foreign factor in domestic policy-making has been so small would be another reason for assuming that China is a particularly crucial case of Japanese exertion of power over other actors in its foreign policy.

Affecting China would moreover seem to be a particularly difficult task for Japan (and the other way around), because both countries are acutely aware of their relationship (cf. Naughton 1994:66–7; Glaubitz 1996:85). Above all, historical circumstances—and especially the Sino-Japanese and Pacific Wars 1931–45—have spurred Chinese determination ‘that such humiliation and sacrifice will never recur, and a constant vigilance against its Eastern neighbour’ (Rose C. 1998:123). Not only does China try to resist foreign demands (cf. Chan 1999:108), Japan is also ‘reluctant to put any pressure’ ‘at the political level’ (Emmott 1992:67; cf. Johnstone 1998: 1083). In the post-war period it has treated its neighbor with great sensitivity (Sone 1994:32; Zhao Q. 1995:24).<sup>5</sup>

Empirical tendency thus supports the assumption that Japan would not exercise power over China in regard to issues of high fundamentality, or significant issues. Indeed, since such a relationship would contradict both the commonsensical view of Japan as a passive and reactive state, and the Realism with which China is perceived from the inside as well as from the outside, Japan’s China policy can be seen as a ‘least-likely’ case of its foreign policy with regard to power (cf. Eckstein 1975:119; King *et al.* 1994:209).<sup>6</sup> The abundance of burning matters in Japanese-Chinese relations clearly enhances the relevance of this empirical focus, and the ‘significance criterion’ developed in [Chapter 1](#) guarantees that only nontrivial issues are selected as case studies below.

### *A relevant case*

The broad interfaces that have been maintained between Japan and China for more than two millennia contribute relevance to the empirical focus. Indeed, contact is a necessary prerequisite for *A*’s exercise of power over *B* (Dahl 1957: 292). Contact between the two counties is characterized both by conflict and cooperation, and it is manifested in regular summits, exchange visits, etc. So-called cooperative stances in trade and foreign direct investment (FDI) began on a moderate scale in the aftermath of World War II. After the normalization of diplomatic relations in September 1972 and the Peace and Friendship Treaty in August 1978, increasingly tight economic bonds have arguably resulted in an unprecedented level of complex interdependence between the two countries (Iriye 1992:91).<sup>7</sup> A large number of ‘issues’, however, remains in the bilateral relationship.<sup>8</sup> Still, regardless of whether Japanese-Chinese relations are primarily characterized by conflict or cooperation, Japan has had countless opportunities to exert power over China and vice versa.

The relevance of a focus on Japan’s China policy is also underlined by the large number of books and articles on the topic and by a recurring argument in such literature.<sup>9</sup> In short, analysts and actors alike claim that the Japanese-Chinese relationship is vital for peace, stability and prosperity in the

international system, and that it is of huge concern to the whole of Asia and beyond (Takagi 1995:211–12; cf. Zhao Q. 1996:196). How to deal with China has always been an important and at times very thorny issue in Japan (Johnson 1995:235–6; Zhao Q. 1995:23–4; Taylor 1996: 5). Yet, the country is ‘one of the major pillars of Japan’s foreign policy’ (Ministry of Foreign Affairs 1991:220; Ministry of Foreign Affairs 1993: 182; cf. Johnstone 1998:1081). By the same token, in the opinion of some distinguished observers, China’s most important international relationship is that with Japan (e.g. Zhao Q. 1995:176; 1996:157, 196; Taylor 1996: 5; Nathan and Ross 1997:84).

### *Dismissal of other possible counterparts*

The USA and the two Koreas also to some extent fit the criteria by which the focus on Japan’s China policy was justified above. The USA certainly scores high on all relevant variables of size, and its bilateral relationship with Japan is repeatedly acknowledged to be one of the most important in the world (Akaha 1998:469). Furthermore, Japan’s attack on Pearl Harbor in 1941, and the war that ensued between the two countries, could by all means have resulted in a ‘guilt complex’ similar to that towards China (cf. Rose C. 1998:22–3, 26, 35). However, although Japanese policy-makers endorse their country’s responsibility in the Pacific War, large segments of the population feel that rather than being a perpetrator, their country was primarily the victim of US atomic bombs (ibid.: 20, 110). Anyway, depending on the weight that is placed on different criteria, the USA could prove to be an even more crucial case than China. However, if Japanese-American relations were to be examined, it would perhaps be more intriguing to analyze the extent to which Japan is able to resist US pressure (*beiatsu*) and formulate its own foreign policy—because the country’s ability to do so has typically been questioned (e.g. Calder 1988). Another reason for not investigating Japan’s US policy is that this bilateral relationship already attracts considerable attention, while Japan’s relationship with its Asian neighbors does not to the same extent.

Historical factors and geographical proximity are as important in Japan’s relationship with the two Koreas as in the Japanese-Chinese one. However, neither of the Koreas can compete with China with regard to size. To be sure, the Democratic People’s Republic of Korea’s (North Korea) attempts to develop nuclear weapons, and its construction and testing of missiles both involve matters of high fundamentality, and so does the dispute with the Republic of Korea (South Korea) over the Liancourt Rocks (in Japanese, *Takeshima*; in Korean, *Tok-do*). Yet, while both Koreas are relative lightweights in international relations, the relationship between Japan and China is believed to be the most crucial one to the future of East Asia.

### **Criteria for issue selection: which cases?**

Apart from the overall delimitation with regard to time—confinement to the period of alleged Japanese ‘foreign policy change’ from the mid-1980s to the mid-1990s—what factors should guide the selection of significant cases of Japan’s China policy in an unbiased study? This section proposes three criteria, which are introduced and motivated as limitations of the scope and discussed in relation to the relational concept of power. They are related to the if-question of the purpose to the extent that they guarantee sameness on those criteria across the issues. Due to the usual constraints, however, only two issues can be selected in this study.

#### ***First criterion: scholarly attention***

The first criterion ensures significance and simultaneously delimits the universe of cases:

- 1 Such issues must have attracted some degree of scholarly attention.

All issues addressed in this chapter meet the standard of being frequently mentioned in accounts of Japanese-Chinese relations.

Admittedly, one problem with this arrangement is that it is not consistent with the approach to power outlined in [Chapter 1](#). Indeed, what makes a viable case must be seen as logically internal to each definition of power. This criterion is only sufficient in a one-dimensional analysis of power, but not after the ‘Lukesian merger’ has been effectuated. The resultant bias is particularly grave since it misses Steven Lukes’ distinction between ‘key issues’ and ‘potential’ ones. If the degree of scholarly attention is taken to guide case selection, one is apt to end up just with well-known ‘key issues’, for example, overt conflicts between more or less publicly pronounced Japanese and Chinese interests (1974:24–5).<sup>10</sup> The instances of interaction that fall under Lukes’ definition of power are not, by definition, the kind of well-publicized events that readily lend themselves to reinterpretation. However, it would simply be too time consuming and financially reckless to look for something without knowing what it is, at least superficially. Moreover, to my knowledge, there are no two- and three-dimensional analyses of Japan’s China policy that could be reinterpreted.<sup>11</sup>

In short, in the present research project there is no feasible alternative to selecting issues according to pluralist standards. However, within each case it is still possible to examine not only overt conflicts and decision-making processes—formal or informal—but also covert ones, non-decision-making, potential and latent issues, and the effect of all kinds of statecraft discussed in [Chapter 1](#) that potentially result in Japan’s exercise of power over China.

### *Second criterion: the Japanese-Chinese relationship*

The analysis of Japan's post-war foreign policy is customarily put in the context of US foreign policy and overall Japan-US relations. Although some argue that Japan's post-Cold War foreign policy and China policy have grown increasingly independent of the USA (Takagi 1995:192–3; Deng Y. 1997:390), it could still be argued that the present study should follow that customary approach. However, since it is the relationship between Japan and China—rather than that between Japan and the USA, or the USA and China—that is of most immediate interest here, American and other external factors that might shape Japan's foreign policy will to the largest extent possible be excluded from the project. The second criterion thus reads:

2 Issues must be situated primarily in the bilateral Japanese-Chinese relationship.

The dispute over the Pinnacle Islands (in Japan, *Senkaku Shotō*,<sup>12</sup> in PRC, *Diaoyu Qiudao*; on Taiwan, *Tiaoyutai*)<sup>13</sup> and the politics concerning Japanese investment in China both fit this criterion. The next section will select empirical observations with point of departure in these two broad issues. However, the rest of this sub-section, as well as the next, will first argue why a number of other issues are not selected.

Despite the scholarly attention garnered by such phenomena as China's reaction to the Japan-US security treaty (e.g. Garrett and Glaser 1997), the Taiwan issue (e.g. Deans 2002), Ballistic Missile Defense (BMD) (e.g. Hughes 2002), and the democracy and human rights issues (e.g. Arase 1993), definite US involvement makes it impossible to treat them as viable case topics. Since Chinese testing of nuclear weapons is of equal concern to India, South-East Asia and the USA, this issue is also not further discussed.<sup>14</sup> Chinese pollution, moreover, matters greatly to Japan (e.g. Tozaki 1997; cf. Takagi 1995:209; Green and Self 1996:50; Ogura 1996: 167; Shu [Zhu] 1997:142; Sadakata 2000: 52–4), but it is similarly important to South Korea (Kato 1999:14; Drifte 2001: 29). The same goes for the very viable, albeit still rather hypothetical, nightmare scenario of Chinese disintegration or social collapse ensued by a torrent of Chinese refugees (Ogura 1996:159; Hishida 1997; Huo 1997:160; Roy 1998: 219; Kato 1999:13, 15; Saganuma 2000:16; Wu X. 2000:307; Drifte 2001:29). It is frightening not just to Japan, but also to the whole of Asia and beyond. Such issues are thus left out of the analysis.

The so-called 'history issues' (e.g. Yang D. 2002; cf. Tanaka 1983; Whiting 1989; [Chapter 3](#); Jiang 1998: [Chapter 3](#); Sohma 1999: [Chapter 3](#))—the recurring textbook issue (e.g. Rose C. 1998), remarks about and visits to the Yasukuni shrine by Japanese cabinet members,<sup>15</sup> the 'comfort women' issue (cf. Takagi 1995:201, 208; Ryō [Lin] 1997:55; Johnstone 1998:1068)—and outcries about resurgent Japanese militarism (e.g. Wu X. 2000:298), are very central to the

Japanese-Chinese relationship, but proportionately so to the Japanese-Korean one. Hence, they also do not qualify as case topics. The second criterion moreover entails that all problems concerning North Korea—the country's development of missiles as well as its suspected development of nuclear weapons (Hughes 1999)—are ignored, unless, of course, they are used by Japan to gain leverage over China in case-specific policy processes. Territorial disputes in the South China Sea (e.g. Garver 1992; Wu and Bueno de Mesquita 1994; Hyer 1995; Lam P.E. 1996; Austin 1998:98–161; Hiramatsu 2001; Kivimäki 2002) and fifteen years of negotiations for PRC accession to the World Trade Organization (WTO)<sup>16</sup> similarly end up outside of the study. Since all bilateral trade agreements have to conform to WTO regulations by the latter event, trade at large is also ignored.

By the same token it could be questioned whether it is appropriate to focus on the Pinnacle Islands dispute. The USA, first, has certainly been careful not to interfere in it publicly (Whiting 1998:293; Blanchard 2000: 120).<sup>17</sup> However, not only the PRC, but also Taiwan, claims supremacy over the islands. Still, since both the PRC and Taiwan officially adhere to the 'One-China Principle', and their claims to the Pinnacle Islands are essentially identical, the dispute still addresses whether the islands are part of Japanese or Chinese territory. The fact that this study takes the PRC rather than Taiwan to be Japan's counterpart should not be interpreted as an ambition to settle the legitimacy of competing Chinese claims in favor of the PRC. It is just that since normalization of bilateral relations in 1972, both Japan and the PRC have publicly stated that the question must be settled directly between the two governments without involving Taiwan (Chung 1998). In conclusion, the purpose of the second criterion is to exclude all foreign presence from the two cases. However, the possibility that exogenous factors such as third countries interfere in ways not anticipated when cases were chosen, for example, through linkages, must still be addressed.

### ***Third criterion: no bias towards statecraft***

Another significant issue unambiguously situated in the bilateral relationship is Japan's strategic use of Official Development Assistance (ODA) towards China (e.g. Deng and Mukai 1996; Zhao Q. 1996: Chapter 6; Miyashita 1997: Chapter 2; Sohma 1999: Chapter 4; Katada 2001; Söderberg 2002b). Yet, the assumption of Japanese statecraft is already quite inherent to it, and this is a problem for an exploratory study like the present one. Since the variables subject to exploration—i.e. the study variables—are unsuitable as criteria for case selection:

3 Issues must be instances of international interaction in which influence could have been attempted, regardless of whether it was or not (cf. Baldwin 1999/2000:98).

The two case topics—the Pinnacle Islands dispute and bilateral investment politics—were thus selected without any bias to the possibility of interpreting Japan's China policy in terms of power. When the issues were selected as cases, there was also no reason to make any certain assumption with regard to the variables 'policy instrument' and 'policy-maker'.

One could of course argue that relational power is bound to be in situations where interests are not identical and bargaining ensues, and thus that the cases are banal. All actors will at least try to further their interest and their action will necessarily display some relational power. Still, even if such situations are bound to involve influence attempts, it cannot be taken for granted that influence attempts are successful. Nor does such a situation involve any certain assumption on the variables 'policy instrument' and 'policy-maker'.

### **Two central observations**

The aim of this section is to argue that the two selected issues—investment politics and the dispute over the Pinnacle Islands—indeed qualify as case studies. The quest for significance, moreover, continues: What are the most central instances of such issues? In other words, what concrete observations should be made? Later, the two observations are compared and it is argued that some important differences make them very suitable for comparison on the above-mentioned how question. The question is, does Japanese behavior in two equally significant and central, albeit otherwise dissimilar, observations display any similarities?

### ***Negotiations for the Japan-China Bilateral Investment Treaty***

Subsequent to Japanese-Chinese rapprochement in 1972—especially after Deng Xiaoping put an end to the Cultural Revolution and initiated the Open Door Policy<sup>18</sup> in 1978—Japanese economic interests in China have grown steadily. Huge market potential, cheap labor and access to crucial natural resources that Japan had thus far been importing from more distant locations, all held promise of great economic gains. Yet, at the same time there was growing anxiety that Chinese commodities would start to flood the Japanese market and drive domestic companies out of business (cf. Ogura 1996:165).<sup>19</sup> To meet this potential threat, while simultaneously taking advantage of the opportunities provided by the Chinese market, Japanese firms slowly started to invest in the country. FDI-related issues have since been salient in Japan's China policy (e.g. Pearson 1991; Arnold 1992; Chen 1992; Ono 1992:17–44; Potter 1995; Harwit 1996; Taylor 1996: Chapter 3; Deng L. 1997; Chai J.C.H. 1998: Chapter 9; Sun 1998; Zhang D.D. 1998a, 1998b; Kaku [Guo] 1999; Wu Y. 1999; Wang H. 2000; Wang Y. 2002).



Substantial Japanese resources in capital and technology and Chinese abundance of labor and natural resources suggest that the two countries' economies are complementary (Taylor 1996:108; Huo 1997:160; Roy 1998:161; Zhang D.D. 1998a: 148; Zhang D.D. 1998b: 61), and that Japanese investment in China represents a 'win-win situation'. However, not just market mechanisms determine the extent to which such an assumption holds. Since completely free competition has yet to emerge—in particular since there has been no real 'separation between politics and economics' (*seikei bunri*)—political factors also call for serious attention.<sup>20</sup> This is the perspective in which the relevance of investment laws and bilateral investment treaties (BITs) stands out.<sup>21</sup> Hence, the final stage of bilateral negotiations for the 'Agreement between Japan and the People's Republic of China concerning the Encouragement and Reciprocal Protection of Investment' (Japan-China Bilateral Investment Treaty, JCBIT) in 1988 makes up an appropriate observation. There is one possible objection to this design: 'Neither domestic laws nor international agreements provide reliable mechanisms for foreign investors to minimize transaction costs and protect their business interests' (Wang H. 2000:531). Instead, the importance of informal institutions (informal, personal, reciprocal relationships of mutual trust—*guanxi*) could be emphasized. However, the observation that formal institutions provide investors with insufficient insurances does not downplay the political importance of negotiations for the improvement of such institutions.

The significance of the observation is underlined by several circumstances: over the years, the uncompleted negotiations turned into 'a pending problem' (*kenan*) in bilateral relations (Kuniya 1989:69; Higure 1989:81); once the JCBIT was concluded it was seen as 'epoch-making' (*kakkiteki*) and central to the post-normalization development of Japanese-Chinese relations (AS-E 27 August 1988:2; AS-M 27 August 1988:2); and, most importantly, the treaty was followed by a boom of Japanese FDI in the country (Arnold 1992:242; Ono 1992:23–4; AS-M 18 September 1992:36).<sup>22</sup> Since its provisions were advantageous both to the states that had thus far concluded BITs with China, i.e. through most favored nation treatment (MFN), and to those who were still in the midst of negotiations (for example, the USA), its significance moreover transcends the Japanese-Chinese relationship.

### ***The Pinnacle Islands dispute: Japan's reaction to the Territorial Waters Law***

Lam Peng Er argues that Japan's attitude to the conflict over the Spratlys, to which it is not a claimant state, 'may be seen as a litmus test of Japanese foreign policy in the post-Cold War era', because it is destabilizing, it concerns vital Japanese sea lanes, and 'it has implications for the Senkaku Islands' (1996:996). However, if implications for the *Senkaku*, *Diaoyu* or Pinnacle Islands are deemed important, why not examine that dispute directly?<sup>23</sup> It is undeniably also destabilizing, it concerns vital Japanese sealanes and, moreover, Japan is a

claimant state. In fact, academic accounts as well as official sources treat the Pinnacle Islands dispute as one of the most burning matters in Japanese-Chinese relations and even in East Asian politics at large (e.g. Cheng 1974:265; Whiting 1989:200; Zhao Q. 1996: 195, 238; Chiu 1996/97:28; Huo 1997:156; Nathan and Ross 1997:93; Klein 1998:143; Kato 1999:2; Blanchard 2000:122–3; Valencia 2000:1; Katada 2001:52; Yang D. 2002:11; cf. Ministry of Foreign Affairs 1997: 38). Nowhere is this expressed as dramatically as by Unryu Suganuma: ‘if there is a flash point to ignite a third Sino-Japanese War, it will be the ownership of the Diaoyu Islands in the East China Sea’ (2000:151; cf. *ibid.*: 162).

The Pinnacle Islands consist of five islets and three barren rocks situated about 300 km (180 miles) west of the main island of Okinawa and 200 km (120 miles) north-east of Taiwan, approximately between 25°44′ and 25°57′ north latitude and 123°30′ and 124°35′ east longitude (Ministry of Foreign Affairs 1972:3).<sup>24</sup> On a map the islands seem so insignificant that one wonders if this dispute is really that big an issue after all (see [Figure 2.1](#)). Yet, it is indeed crucial, and mainly for two reasons. First, if one country gives up its rights to the islands, its bargaining position in other territorial disputes may deteriorate. This is probably of greatest concern to China, which is involved in several controversies, for example, over the Spratly and Parcel Islands in the South China Sea (see Whiting 1998:297). China also faces pro-independence movements in Taiwan, Tibet (in Mandarin Chinese, *Xizang*) and Uygur (*Xinjiang*). Japanese irredentist ambitions for the Kuriles (in Japanese, *Hoppō Ryōdo* or ‘Northern Territories’), which have been under Soviet/Russian occupation since the end of WWII, and for the Liancourt Rocks, which is effectively controlled by South Korea, entail that it too cannot publicly accept any territorial disintegration (cf. Deans 1996:11–12; Deans 2000:126). Second, the islands may hold tremendous value as base points for generating claims to Exclusive Economic Zones (EEZ) rich in natural resources—not only fisheries,<sup>25</sup> but possibly also oil, gas and sea-based minerals.<sup>26</sup> The potential reserves of hydrocarbons arguably hold more promise than those in the South China Sea—indeed a matter of great importance to Japan and China, both of which are dependent on foreign energy supplies (Roy 1998:60; Whiting 1998:290, 293).

After being treated almost as a non-issue for over ten years after the conclusion of the Peace and Friendship Treaty in 1978 (Kimura 1997:54; cf. Drifte 2002:54), the sudden end of the Cold War brought new heat to the dispute. In February 1992, for example, China promulgated the ‘Law on the Territorial Sea and Contiguous Zone’ (Territorial Waters Law, TWL),<sup>27</sup> incorporating the Pinnacle Islands as well as the entire South China Sea and announcing China’s right to use military force to prevent violations of its territorial waters and adjacent areas. This move was China’s most explicit in regard to the Pinnacle Islands thus far. Admittedly, some events in 1996–97 got larger media exposure, but the actors involved then were mostly individuals. The PRC expressed support for such private protests; it declared the islands to be Chinese territory and Japanese counteractions to be inexcusable. Still, apart from

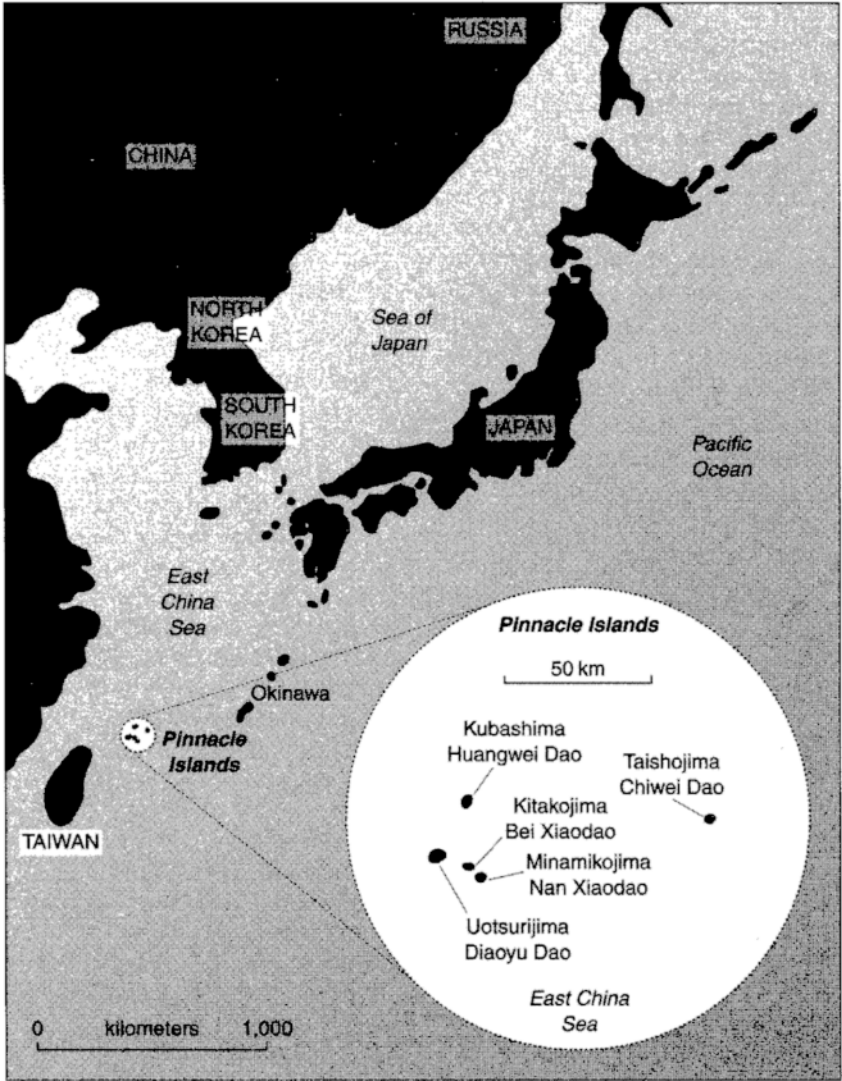


Figure 2.1 Map of the Pinnacle Islands.

such statements, the PRC was not directly engaged. The adoption of the TWL in February 1992 therefore marks the beginning of the concrete observation in the second case study. The TWL may be ‘irrelevant’ to the settlement of the Pinnacle Islands dispute (Matsui 1997:8), but it was certainly not irrelevant to Japanese-Chinese relations in 1992 (cf. Suganuma 2000: 143).

### *The observations compared*

Despite being chosen on the same criteria, all of which relate to the ifquestion of the purpose, this sub-section will demonstrate that the empirical observations in Chapters 3 and 4 represent two rather different kinds of international interaction. As argued above, such dissimilarity makes them suitable for comparison on the how-question. First, both issues are indeed significant. Yet, while negotiations for an FDI agreement are situated in the borderland between routine and political issues, the Japanese reaction to China's TWL seems better placed in between Michael Minor's (1985) political and crisis categories (Rose C. 1998:217, n. 2).<sup>28</sup> It is a fair objection that neither of the issues really pertains to war and peace, i.e. the subjects most fundamentally attracting other kinds of power analysis. However, most instances of international interaction in fact do not concern war and peace. Hence, the two issues are well suited to understand statecraft in Japan's daily interaction over significant issues with large counterparts like the PRC. Second, the two issues evolved in quite different time contexts: the final stages of the negotiations for a bilateral investment protection agreement, on the one hand, took place in 1988, right before the end of the Cold War and before the Gulf War, i.e. while Japan was still seen largely as an economic player. The controversy over the Pinnacle Islands in 1992, on the other, evolved in the midst of the process where Japan allegedly started to change into a more assertive actor in world politics (see the Introduction).

Such differences could contribute intriguing diversity with regard to dimensions and instruments of statecraft, degree of success, involved policy-makers, interests, etc. Indeed, variance in intrinsic factors is advantageous when the aim is to perform systematic cross-case comparison between two or more cases (cf. George 1979:60; George and McKeown 1985:25). Although the purpose of this study is rather to enhance within case understanding, any similarity in Japan's policy with regard to two such different matters would still be intriguing. Finally, neither of the two issues is presently on the agenda. Yet, to the extent that related or similar events have occurred more recently, and are likely to keep cropping up in the future, both have retained their relevance over the years.

### **Japanese foreign policy-making<sup>29</sup>**

This section introduces some central ideas about Japanese foreign policy-making. It not only provides the quest for primary sources in the next section with some logic. It also serves as a background against which the analysis in Chapters 3 and 4 partially unfolds. Indeed, although *A* and *B* represent state actors in this study, due to the process-tracing element of the methodology, a focus on the very policy-makers also becomes central to relational power analysis.

### *Schools of Japanese policy-making*

Accounts of Japanese policy-making are generally attached to a number of labels: Depending on whether the phenomenon is criticized, defended or taken to be an ideal, they are called 'revisionist' or 'Japan-bashing' (e.g. van Wolferen [1989] 1993; Johnson 1995; Lehmann 1997), 'apologist' (e.g. Curtis 1995) or 'supporter' (e.g. Vogel 1979), and depending on the number of actors deemed relevant to it, 'elitist' (e.g. Johnson 1995), 'elite-led pluralist' (e.g. Lehmann 1997; Hughes 1999), 'pluralist' (e.g. Abe, Shindō and Kawato 1994; Curtis 1995; Scalapino 1995; Zhao Q. 1995; Calder 1997) or 'patterned pluralist' (cf. Rose C. 1998:29).<sup>30</sup> Some, finally, believe that Japanese policy-making is fundamentally 'enigmatic' and that it is quite futile to try to trace it. The image of government, or of any actor, as ultimately responsible for decision-making in Japan is 'fiction' (e.g. van Wolferen 1993). Yet, regardless of their position relative to the two dimensions, scholars largely agree as to what actors are involved in Japanese policy-making. They moreover tend to describe the relationships among them in a similar fashion, i.e. metaphorically as an 'iron triangle' (Iwanaga 1996b: 5), a 'tripod' (Zhao Q. 1995:11), 'Japan, Inc' (Watanabe A. 1989:5; Rose C. 1998: 157), or simply as 'a tripartite power elite' (Fukui 1977a: 22). In brief, this is the idea that bureaucrats, parliamentarians from the usually incumbent Liberal Democratic Party (LDP) and organized business (*zaikai*) form a closely interlinked network.

The disagreement between different schools is rather a matter of emphasis and focus. According to one interpretation of elitism, the elite consists of all the actors in the tripod (Zhao Q. 1995:22). Others have argued that the bureaucracy makes up the real elite; it takes the lead over politics, business and other spheres (Johnson 1995; Zhao Q. 1995:52). Pluralists similarly depart from the image of an iron triangle, but they object to the idea that it is a unique feature of Japanese politics (Curtis 1995:23–4). They also stress its fragmented character (Emmott 1992:53; cf. Hughes 1999:162), and focus on actors outside of it as well as informal mechanisms in the policy-making process (e.g. Zhao Q. 1995). During the past decade it has moreover been in vogue to picture Japan's policy-making regime in the spirit of Karel van Wolferen above, i.e. as a network of overlapping hierarchies, lacking an institution with ultimate jurisdiction over everything (Calder 1991:611; Vargö 1992:19; Drifte 1996:5, 28). Nowhere is this idea as elaborate as in van Wolferen's own landmark volume. Although he acknowledges the existence of an iron triangle (1993: 143), he does not believe that power is ultimately in any of its corners, or to be found at all: 'Japanese power, in short, is highly diffuse' (ibid.: 27; cf. ibid.: 35, 54, 55, 63, 65, 386, 538, and *passim*).

### *Japanese foreign policy-makers*

This sub-section reiterates the main points made about the three major sets of actors in the iron triangle and their relationships. It also presents a number of other actors that are at times claimed to be involved in Japanese foreign policy-making. This distinction is not the same as that between formal and informal actors. Indeed, both formal and informal actors are found both within and outside of the tripod.

#### *Bureaucracy*

Although the bureaucracy is constitutionally subordinate to the Cabinet, and LDP's policy-making role is arguably growing (Nester 1990:167; Scalapino 1995: x), there is plenty of evidence that top-level bureaucrats still play a crucial role in planning, formulating and implementing Japan's foreign policy (Ahn C.S. 1997:379). The major bureaucratic actor in foreign policy-making is the Ministry of Foreign Affairs (MOFA). The Defense Agency (JDA), moreover, shares responsibility for security policy. Other ministries, most notably the Ministry of International Trade and Industry (MITI),<sup>31</sup> the Ministry of Finance (MOF), the Ministry of Agriculture, Forestry and Fisheries (MAFF) and the Economic Planning Agency (EPA),<sup>32</sup> are also involved.

The practice of circulating documents for approval (*ringisei*) tends to unify bureaucratic organizations in Japan. This system implies that policy plans and proposals are written by well-informed administrators at the very bottom of bureaucratic hierarchies—with regard to China policy usually by an official (*tantōkan*) at the China Division (*Chūgokuka*)—and then passed around to everyone concerned, for example, the deputy director (*shuseki jimukan*) and/or director (*kachō*) of the relevant division, the director general of the Asian Affairs bureau (*Ajia kyokuchō*), and, depending on the issue, the administrative vice-minister (*jimujikan*) (and/or his deputy, the *shingikan*) and Cabinet members such as the chief cabinet secretary (*kanbōchōkan*) and foreign and prime ministers in ascending order (cf. Tanaka 1991:194–6; Sasajima 2002:83). Sometimes as many as ten different levels of decision-making are involved before a matter can be concluded in this bottom-up model (Abe *et al.* 1994:37; Zhao Q. 1995: 121–2). In cases where an issue transcends the jurisdiction of one single organization, policy is moreover coordinated. Due to the prevalence of cleavages within and across groups and organizations, coordination often becomes an arduous task (Ahn C.S. 1997:368; Ahn C.S. 1998).<sup>33</sup>

#### *Party politics*

The relationship between bureaucrats and politicians in Japan has been succinctly characterized as 'politicians reign, but bureaucrats rule' (Hague *et al.* 1992:347). However, bureaucrats cannot ignore the ruling party (most of the

time the LDP) in day-to-day policy-making. To be efficient they have to involve relevant members of the parliament at the earliest stages of policy initiation (Curtis 1995:111, 150–7; Rose C. 1998:163). Moreover, when major, controversial issues arise, MOFA's role becomes more peripheral to the benefit of the LDP, or, rather, policy-making becomes more top-down oriented (Tanaka 1991:196). Bureaucrats thus seem to make decisions more independently with regard to routine and non-controversial foreign policy, while formal and informal LDP top leaders<sup>34</sup> and the party's Executive Council (*Sōmukai*) handle both broad guidelines and the most urgent issues. Given how the two cases were classified relative to Minor's criteria above, it could thus be hypothesized that in Chapter 3 the role of bureaucrats will be more salient, while Chapter 5 will see more involvement of formal and informal LDP top leaders. Officially, policy-making of last resort takes place in the Cabinet headed by the prime minister (Tanaka 1991:192).<sup>35</sup> Yet, information and advice originating in the bureaucracy—not just the MOFA—may, in turn, influence political decisions. The prime minister, for example, is provided with foreign policy-related information chiefly from the MOFA and the Prime Minister's Office (PMO). People centrally placed in the foreign policy coordination process moreover brief him on a regular basis (*ibid.*). High-level officials also take formal part in the extensive deliberation of the Policy Affairs Research Council (PARC, *Seimu chōsakai*)—with regard to foreign policy, the Foreign Affairs Division (*Gaikō bukai*).

Within the LDP five kinds of informal actors also affect party policy. First, there are top-level *kuromaku*, for example former prime ministers, who can depend on large personal networks (*jinmyaku*) (van Wolferen 1993:145).<sup>36</sup> However, as shown by Zhao (1995), any of the informal actors within and outside of the iron triangle can function as *kuromaku*, not least high-level bureaucrats (*kōkyū kanryō*) (Johnson 1995:161). Then, there are party factions (*habatsu*). However, *habatsu* influence on foreign policy in general, and China policy more specifically, is deemed minimal (Tanaka 1991:200, 202; cf. Fukui 1977b: 101). Third, there are the *zoku* (tribe) politicians who, due to former Cabinet appointments or other experiences, have developed a deep interest in a specific issue. Officially there is no foreign affairs tribe (*gaikōzoku*), 'presumably because this is not a vote-catching area; there are [*sic*] however, a group of politicians who are associated with foreign affairs, and the term *gaikōzoku* is used in reference to them' (Rose C. 1998:219, n. 44). Fourth, there are a number of LDP organizations formed on an *ad hoc* basis, and with regard to foreign policy there is often open polarization. Attitudes towards China in the LDP, for example, largely follow the membership in two groups, one favoring the PRC and the other leaning towards Taiwan (Tanaka 1991: 198–204; Zhao Q. 1995:67, 71). Finally, short of a strong party, each member of the Diet, and prospective members, has his or her own constituency-based organization (*kōen kai*). However, since engagement in international affairs generally pays off



neither in terms of votes nor in terms of money, *kōenkai* are usually not concerned with foreign policy (cf. Calder 1991:613; Drifte 1996:18).

### *Organized business*

Organized business (*zaikai*) consists of the Federation of Economic Organizations (*Keidanren*), the Chamber of Commerce (*Shōkō kaigisho*), the Council for Economic Development (*Keizai dōyūkai*, CED) and the Japan Federation of Employees Association (*Nikkeiren*).<sup>37</sup> Japan's non-governmental sector is richly organized and it plays a 'substantive informal role' in foreign policy-making (Calder 1997:2). Calder even asserts that it 'conducts its own foreign policy', 'and does so in a fashion distinct from that of the Japanese state' (ibid.: 17). In particular, *zaikai* uses lobbying as a means to conduct foreign policy. The non-governmental lobbying apparatus is known for its size and efficiency (Nester 1990:194). The relationship between business and bureaucracy, moreover, is interdependent: business is dependent on, for example, MITI for support and guidance on trade-related issues, whereas the government often depends on intelligence collected by trading houses, banks and manufacturing corporations (Katzenstein 1996a: 36–7).

### *Other actors*

Numerous actors outside of the iron triangle, for example, opposition parties, news media and researchers, also influence foreign policy-making, often by agenda-setting and/or participation in various formal and informal settings, such as, parliament committees (*iinkai*), advisory councils (*shingikai*) or pressure groups (Tanaka 1991:204–5; van Wolferen 1993: 55; Zhao Q. 1995:5, 11, 88, 100, 102; Calder 1997:15–16, 23). As mentioned earlier, US influence on Japan's foreign policy has also been seen as a crucial factor. Yet, many scholars argue that Japan has started to act more independently of the USA. Regardless of such trends, it seems appropriate to assume that the scope of US leverage on Japan's foreign policy—i.e. to the extent that it exists—differs with issues and other situational circumstances. Yet, *ceteris paribus*, the selection of case studies earlier in the chapter was guided by the aim to minimize possible US influence.

### *Policy-making and power*

A connection between policy-making and power is inherent in almost all the books and articles referred to above. The attributive view of power is conspicuous in this literature as well (e.g. Nester 1990:180–2, 193–4; Calder 1997). In this sense, van Wolferen's ambition to face the subject of power squarely is no less than extraordinary, and his criticism of social scientists' failure to make use of the concept of power is very justified (1993: xi, 27). Yet, despite the continuous reiteration of 'power', not once does van Wolferen attempt to define



the term. Moreover, although the purpose is to study how power is exercised in Japan (ibid.: 456), he contends that, ‘Power in Japan is so diffuse that it eludes confrontation’ (ibid.: 68; cf. ibid.: 27, 44). Van Wolferen delineates an intuitive picture of power in Japanese society. Many of his insights are no doubt of great interest, but careful empirical analysis departing from a concept of power would have been preferable. With an enigmatic understanding of power, it is no surprise that Japanese power is found to be an enigma. One book that does include a definition of power (a pluralist one), however, is Zhao Q. (1995). Although power is not really the issue in this work, with a consistent focus on decisions it could very well have been. Quansheng Zhao aims to transcend formal decision-making, and although he opens the door to informal mechanisms—especially *tsukiai*,<sup>38</sup> *kuromaku* and *nemawashi*<sup>39</sup>—emphasis is on more or less *publicized* informal behavior (ibid.: 23).

Unlike van Wolferen (1993), Chapter 1 of this book constructed a conceptual/analytical framework from within which power could be studied as a relational contingency in the domestic context as well, and unlike Zhao Q. (1995) this framework would make the analysis transcend the first dimension of power. However, the fifth research question posed in the Introduction—which actors are ultimately responsible for Japanese policy-making—does not necessitate that the policy-making process is analyzed from the perspective of relational power, although that would certainly be a possibility. Indeed, the analysis of policy-making is itself part of relational power analysis that takes states to play the roles of *A* and *B*. In line with three-dimensional assumptions, it is nevertheless insufficient to investigate only the normal set of policy-makers. In addition to the actors mentioned above, it is necessary to scrutinize both other possible ones and those potentially shut out of the policy-making process.

### Empirical materials

Against the background of Japanese policy-making, and with a view to examining what aspects of it that would be particularly relevant to relational power analysis, the aim of this section is to present the primary sources used in this study. Access to empirical materials is facilitated by the fact that neither issue is presently on the agenda. Yet, although the recent law granting public access to official records in Japan (*jōhōkōkaihō*)—effective from July 2001—presents an advantage, the majority of the documents relevant to analyzing Japanese statecraft are probably still hidden from the public. China, moreover, is completely lacking a system for declassification of government documents. In other words, there is no guarantee that the publicly accessible official documents exhaust even nearly all aspects of policy. Indeed, this is why interviews are conducted as a supplementary source of information.

### Written sources

MOFA's annual account of Japanese foreign policy—the *Diplomatic Blue-book*—and other similar governmental publications are usually quite superficial and non-committal documents. White and colored papers from MOFA, MITI, JDA, SDF, the Maritime Safety Agency (MSA), etc., still provide this study with a baseline in terms of primary materials. Other contemporary sources of words and deeds of potential actors include Diet protocols (*gijiroku*), government declarations, statements at press conferences and other occasions, party materials, media debates, news and magazine materials, materials requested and released under the new law mentioned above, and classified and other documents occasionally presented by interviewees. Since all official Japanese documents should be considered open statements (*tatema*), analysis must proceed in accordance with the notion of 'criticism of the sources', and an attempt must be made to expose intention (*hon*ne), or rather intentionality, through reconstruction.<sup>40</sup> As suggested in Chapter 1, reconstruction should ideally rest on letters, diaries, memoranda and memoirs (Hadenius 1983:126; Moravcsik 1997:544). However, apart from memoirs written by famous Japanese politicians, this kind of material is not readily available to outsiders. Moreover, although the accessible accounts fulfill a number of purposes, none is to provide details about Japan's foreign policy-making process or the relationship with foreign countries, neither of which seem to interest Japanese consumers of books very much (e.g. Miyazawa 1995).

Secondary materials also assist in the process of reconstruction. In a few cases the selection of such sources is clear-cut, for example, when written by people close to the examined events. However, the difficulty of selecting Japanese books and articles is well known: 'the enormous amount of written material in Japan is very difficult to cover, and the difficulty of the Japanese language only enhances this problem' (Drifte 1996:149; cf. Vargö 1992:39). Finally, lack of linguistic ability makes it difficult to incorporate materials in Chinese. Yet, since reconstruction of Japanese action could benefit from a Chinese perspective, some materials from the country—written in or translated into English (e.g. Deng X. 1994; Beijing Review; BBC, *Summary of World Broadcasts*; *Foreign Broadcast Information Service [FBIS]*) and Japanese (e.g. *Chūgoku geppō*)—are used.

### Interviews

In an analysis following Robert Dahl's one-dimensional view it would suffice to turn to overt official sources, such as those mentioned above (cf. Bergström and Boréus 2000:13). However, such materials do not even nearly exhaust the possibility of covert conflicts, non-decision-making and potential and latent issues—all the phenomena that relational power analysis must be directed at to satisfy two- and three-dimensional demands. To rely on interviews is the only feasible way to get supplementary inputs about in- as well as outward aspects of Japan's China policy. All in all, 100 interviews with 94 people were conducted in

Japan (in 2000 and 2002) and China (in 2001). Interview materials have therefore been a rather important source of first-hand information in the present project. The reference list quotes only 52 interviews with 46 people (32/26 of which are anonymous). The rest of the interviews were used to obtain background information and as a strategy to further interviewees.<sup>41</sup>

Qualitative interviews are mostly used to obtain information about the inner lives of certain people (Kvale 1997), but this is not why the method was used here. Clearly, the aim of the study is to interpret Japan's China policy from within—however, not from within the experience of relevant actors, but from within the ideal type of relational power. Interviews have thus merely been used to assist the reconstruction of words and deeds relevant to each case.

### *Strategy to interviewees*

The selection of interviewees was guided by the aim to track down those with most immediate knowledge of the explored aspects of Japan's China policy—preferably the very protagonists of the examined processes. In Japan, this group includes *tantōkan*, *kachō*, *kyokuchō* and other people higher up in bureaucratic ladders (cf. Tanaka 1991:194–7; Ahn C.S. 1998:46), and also potentially involved politicians and non-governmental actors. In China, ideal respondents would include those directly involved in the interaction with Japanese policy-makers in regards to the specific issues, primarily bureaucrats from the Ministry of Foreign Affairs (MFA) and the Ministry of Foreign Trade and Economic Cooperation (MOFTEC), but also relevant policy-makers in China's Communist Party (CCP), the People's Liberation Army (PLA) and the vast, government-sponsored think tank apparatus.

In approaching likely interviewees it was impossible to follow Becker and Meyers' advice to 'avoid habitual use of letters, phone calls, and permission requests' and just 'march right into' the relevant offices (1974/75: 607). Hence, on the one hand, contingencies such as personal network and the goodwill of such people were depended on, but some strategic considerations were also taken. A number of methods were relied upon: credible affiliation, personal introductions and direct contact. The lapse of time in some cases reduced barriers to interviewees—especially when they had retired. In other cases, however, it raised ones that were not previously in place, for example, due to the occasional promotion to top positions. Still, one contact generally led to another, and in the end some directly involved Japanese policy-makers could be interviewed. Overall, it was more difficult to meet relevant Japanese politicians than with bureaucrats. Many of the former have passed away or are just not readily accessible for interviews. Those that could be easily found, moreover, often had only superficial knowledge of the processes under scrutiny. The Chinese policy-making apparatus, finally, is even more closed than the Japanese one. It was tremendously challenging to gain access to directly relevant actors, whether still in service or not, and mostly I failed.

### *Interview technique*

The interview technique I used was semi-structured with regard to the standardization of questions—an ‘interview guide’ approach (Patton 1990: 283–4, 288; Holme and Solvang 1997:100–1; Kvale 1997:121–6; cf. Zuckerman 1972:167)—and open-ended concerning the possibility of interviewees to formulate answers freely (Patton 1990:295). By delimiting in advance the issues to be explored, interviewing became sufficiently systematic and comprehensive (ibid.: 283). The main themes covered in the interviews were derived from the standardized, general questions developed in [Chapter 1](#), as they were transformed into interview guides. Exact questions, however, depended heavily on the expertise of the interviewee in question and on the period of time devoted to the interview. Whenever necessary and possible, repeated interviews were made. The pursued strategies involved that interviews were conducted with people increasingly more knowledgeable about the events covered in [Chapters 3](#) and [4](#). As a result, the more specialized questions I could ask, the more I needed to ask them. Well-informed questions clearly encouraged interviewees to share their knowledge (cf. Zuckerman 1972:164–8).

### *The interview situation*

Interviews lasted between 30 and 120 minutes—on average about an hour—usually in a separate meeting room. Although Becker and Meyers conclude that the length of their hair does not interfere with their ‘information-gathering activities’ (1974/75:608), I found it necessary to adjust appearance, attitude and behavior to the specific context in order to give a serious impression (cf. ibid.: 610–13; Holme and Solvang 1997:105–7). In Japan, a ‘supportive’ attitude was thus more efficient than an ‘assertive’ one (cf. Becker and Meyers 1974/75:613), but in China, on the contrary, the use of assertive strategies also seemed accepted.

With one exception (interviewee 11), all interviews in Japan were conducted in Japanese, while in China Japanese and English were used equally. Interpreting from Chinese into English had to be relied on only once.<sup>42</sup> During a majority of the interviews notes were taken, mostly non-verbatim. They were always written up in direct connection to the interview (cf. Dexter 1970:56). During the most crucial interviews, however, permission was asked to use a mini disc recorder (cf. Dexter 1970:56–60; Zuckerman 1972:169; Patton 1990:347–9; Kvale 1997: 147–9). The request was met on twelve out of fifteen occasions (or with seven out of ten interviewees).

Everything about the interview situation—not least the contents and wording of questions—is apt to influence the behavior of the interviewee, and so are circumstances internal to him or her. When interviewed, for example, protagonists often over-emphasize their own importance and their replies tend to be self-serving (Tanaka 19 October 2000; Sundström 2003:56). One can only

speculate about the extent to which this was the case in concrete interview situations. On a few occasions, however, it was clear that the memory of interviewees had failed. To the largest extent possible, therefore, all crucial information must be triangulated.

### *Use of interviews*

All interviewees were given the choice of anonymity, but not everyone considered it a necessity. In the end I decided to give the names of scholars and politicians but not officials or semi-officials. References to all interviews are based on my notes, or transcription and translation. All, of course, involve acts of interpretation. The reconstructive and interpretative method used to make sense of interviews and other materials was discussed in [Chapter 1](#).

### 3

## Case 1

### Negotiating investment protection

The central aim of this first analytical chapter is to investigate if and how Japan exerted power over the People's Republic of China (PRC or China) when the two countries negotiated the 'Agreement between Japan and the People's Republic of China concerning the Encouragement and Reciprocal Protection of Investment' (Japan-China Bilateral Investment Treaty, JCBIT). Ancillary purposes include scrutinizing the policy instruments used by Japan, and the country's policy-making process with regard to issuespecific China policy. This purpose superficially coincides with that of Zhang Dong Dong (1998b).<sup>1</sup> Yet, unlike Zhang, it does not imply a market-oriented approach to Japanese effects on China's FDI regime. Zhang concludes that (further) liberalization of the Chinese market—in particular the adoption of new investment laws—has correlated positively with increased inflows of Japanese FDI into the country (ibid.: 53, 57, 58, 65, 68; cf. Harwit 1996:983), and inversely that de-liberalization has affected such inflows negatively (Zhang D.D. 1998b: 57, 61, 66). Increased FDI, in turn, is found to have sparked further liberalization (ibid.: 61, 63, 64, 72). Causality of this kind allegedly shows that Japan can influence FDI arrangements in China. Although Zhang's concept of influence could be questioned, his findings will not be re-evaluated here. Instead, [Chapter 3](#) is organized as follows: post-war (WWII) Japanese-Chinese economic interaction is first outlined in terms of trade, official development assistance (ODA) and FDI. Second, there is an analysis of the negotiation rounds that took place prior to 1988. This prelude is succeeded by fully-fledged relational power analysis; bilateral negotiations in 1988 are subjected to the three analytical steps outlined in [Chapter 1](#), namely process-tracing analysis (two sections), interest analysis and intentional analysis, respectively. A sketch of some post-treaty developments follows these sections. Finally, there is a concluding section.

#### **Post-war Japanese-Chinese economic interaction**

This section provides the empirical analysis with a background, incorporating first a brief overview of trade and ODA in the bilateral relationship, then outlining the general characteristics of Japanese FDI in China from the late 1970s throughout the 1980s.

*Table 3.1* Japan and China's bilateral trade, 1980–90 (in millions of US\$)

	<i>Japan's trade with China</i>		<i>China's trade with Japan</i>	
	<i>Exports</i>	<i>Imports</i>	<i>Exports</i>	<i>Imports</i>
1980	5,109	4,346	4,032	5,169
1985	12,590	6,543	6,091	15,178
1988	9,486	9,861	8,046	11,062
1990	6,145	12,057	9,210	7,656

Source: Compiled from Hilpert and Katsuji (2002): 133.

Note

Both import figures include imports through Hong Kong. Export figures, on the contrary, do not include exports through Hong Kong. The fact that both Japan and China thus understate their bilateral exports is the principal reason why their statistical records differ. As a consequence, both countries overstate their bilateral trade deficits or understate surpluses.

### *Shaky trade relations*

The outbreak of the Korean War in 1950 effectively put an end to resurgent post-war Japanese-Chinese trade. Yet, the first of four non-governmental trade agreements could still be concluded in 1952. Bilateral trade was disrupted again when a Japanese rightist burned the PRC flag in a Nagasaki exhibition hall in May 1958. However, it was economically difficult for China to maintain a tough stance towards Japan (Morino 1991: 87–9), and semi-governmental talks for a new trade arrangement ensued. The so-called 'LT Trade Agreement', named after its two signatories, Liao Chengzhi and Takasaki Tatsunosuke, was signed in November 1962. Three years later, with bilateral trade still at a very modest level, Japan became China's top trading partner. The LT agreement was superseded and extended by the 'Memorandum Trade' in 1968, an accord that required annual renewal. Both agreements were negotiated by those—primarily within the non-governmental sector—who wanted Japanese foreign policy to be pursued more autonomously of the USA. They moreover existed in tandem with Friendship Trade, under the provision of which only 'friendly' Japanese firms could engage in trade with China (Soeya 1998). Such firms were selected through the mediation of Japanese Communist front organizations (Taylor 1996: 3). Japanese-Chinese trade was further institutionalized in 1972, just before the normalization of diplomatic relations. It was embodied in a formal trade agreement in 1974 and in a more long-term one lasting from 1978 to 1985, finally extended throughout 1990. [Table 3.1](#) shows the development of bilateral trade from 1980 to 1990, seen from the perspective of both countries.

Table 3.2 Japanese ODA packages to China, 1980–95

No.	Period of coverage	Value in JPY	Value in US\$
1	1980–84	331 billion	1.3 billion
2	1984–89	470 billion	2 billion
3	1990–95	810 billion	5.5 billion

Source: Compiled from Söderberg (1996): 214–15.

### *ODA as an obligation*

In August 1979, about a year after Japan and China concluded the Peace and Friendship Treaty, the PRC informally approached its wealthy neighbor about the possibility of getting economically favorable government loans. Since it had renounced war reparations when relations were normalized in 1972, China since considers ODA as a kind of ‘repayment’ that Japan cannot refuse (Rose C. 1998: 5). The first ODA package to China lasted from April 1980 to 1984, and it was succeeded by a second loan ending in 1988. Together, the two packages added up to just about as much as Prime Minister Takeshita Noboru’s 1988 pledge for a third round (if measured in JPY) (see Table 3.2). ODA was frozen in the aftermath of the regime’s crackdown of popular protests at Tiananmen Square in 1989, but resumed after Prime Minister Kaifu Toshiki’s appearance at the Houston Summit in July the following year.

### *Hesitancy and failed expectations: Japanese FDI in China prior to the JCBIT*

Within a year after the Communist takeover in 1949, most foreign businesses had withdrawn from their operations in China. The new regime had favored harassment over nationalization as a strategy to get rid of them without having to pay compensation under international law (Roy 1998: 80). FDI was later completely banned in the PRC for nearly three decades. This situation only came to an end with the initiation of the Open Door Policy in 1978. The new aims were to expand hard currency earnings from export-oriented FDI projects and to introduce advanced technology to China (Ross 1994:448). However, neither the adoption of a joint venture law in 1979, nor the establishment of Special Economic Zones (SEZ) on China’s south-east coast in 1980, immediately translated into increased activity on behalf of Japanese investors.

The ‘Baoshan Shock’ 1979–81—i.e. China’s unilateral announcement that due to a budget shortfall it would suspend large-scale plant contracts with companies in Japan, West Germany, the USA and other countries—was particularly instrumental in shaping Japanese perceptions of a volatile Chinese investment environment.<sup>2</sup> The country’s willingness to grant China a \$1.3 billion low-interest loan settled the case in late 1981, and construction on the Baoshan steel



plant resumed (Kokubun 1986:20; Arnold 1992:242; Rose C. 1998:53–4; Roy 1998:161–2; Zhang D.D. 1998a: 150). However, Japanese investors arguably remained disillusioned about more serious engagement in China. General skepticism towards the country's investment law<sup>3</sup> and the investment environment at large<sup>4</sup>—in the last event the long-term profitability of joint ventures—made a large segment of Japan's business community prefer just to go on with trade (Zhang D.D. 1998a: 150).

Some Chinese observers have agreed to the existence of shortcomings in the country's investment climate (e.g. Ma 1982:68), but in this period there was still frustration that Japan did not contribute more to Chinese development. The low level of private engagement not only 'failed to match up to the close economic relations between the two countries' (BR 38, 1983:10), it also did not meet PRC expectations on FDI along the same lines as ODA, namely as a Japanese obligation towards the country (cf. Rose C. 1998:5, 54). Indeed, the early and mid-1980s were characterized by the predominance of small-scale Japanese investment mainly in the service sector (Ono 1992: viii, 19–20; Zhang D.D. 1998a: 149; Zhang D.D. 1998b: 58–61).

### **The negotiations, 1981–87**

This section first discusses what is known about the negotiation process up to and including 1987. It then starts to apply the conceptual/analytical framework of relational power to such empirical data, focusing on the process itself, the actors and the issue of Japanese statecraft.

#### ***Years of 'rough sailing': the first seven rounds***

In line with a Japanese proposal, the First Conference of Japanese-Chinese Government Officials (*Nitchū kakuryō kaigi*) in December 1980 in Beijing resulted in an agreement to start negotiations for a JCBIT (Anami 1988:9; Kajita 1988:59; Sakurai 1988:963; Higure 1989:81).<sup>5</sup> Consultations started in May 1981 in Tokyo, and for a couple of years they were held alternately in the two capitals (see Table 3.3). Both parties soon expressed satisfaction 'with the smooth progress of the consultations' (BR 52, 1981:16). After only about a year, there was even some optimism in the China Division of Japan's Ministry of Foreign Affairs (MOFA) that an agreement would be reached during Prime Minister Suzuki Zenkō's September 1982 visit to China. At that point, one involved MOFA official believed 99 percent of the treaty to be settled. However, arriving in Beijing, most of the discussions centered on the 'history problem', mentioned in Chapter 2, and other issues, and the JCBIT hardly even reached the agenda (interviewee 17). After the fourth round of negotiations, there were no formal meetings for over a year.

Table 3.3 Facts on the negotiations for a JCBIT

<i>Round</i>	<i>When?</i>	<i>Where?</i>
1	May 1981	Tokyo
2	February 1982	Beijing
3	July 1982	Tokyo
4	September 1982	Beijing
5	December 1983	Tokyo
6	July 1985	Beijing
7	September 1985	Tokyo
8	June 1988	Tokyo
9	July 1988	Beijing

Source: Compiled from Kajita Yukio (1988:59).

The second interruption occurred between December 1983 and July 1985. It was ascribed to ‘rough sailing’ (*nankō*)—in particular the question whether or not to include ‘national treatment’ (NT) in the treaty, i.e. the principle of giving others the same treatment on the domestic market as one’s own nationals (Diet-HC 101, Gaimu 4, 6 April 1984:20; AS-M 5 July 1985:9). Throughout, this issue continued to be the largest single stumbling block to an agreement (cf. AS-M 11 June 1988:11; Konaga 1988:6). Despite several public commitments to conclude negotiations as soon as possible (e.g. BR 52, 1981:16; CG 284, 6/1982:14; BR 38, 1983: 10; Diet-HC 101, Gaimu 4, 6 April 1984:20; AS-M 10 September 1985: 9; AS-M 11 October 1985:1; AS-E 24 October 1985:1), they kept dragging on. The two sides were arguably close to an agreement again in 1984, when China accelerated its reforms and showed flexibility over NT (Zhang D.D. 1998a: 154).<sup>6</sup> Yet, negotiations were suspended anew in September 1985 over the very same issue (AS-M 11 June 1988:11). One involved Japanese official says that Japan and China fully understood their differences at that point—they just needed to work out a method to deal with them (interviewee 12/1).

### *The strategy of a forked tongue: JCBIT as statecraft*

Problems concerning Japanese FDI in China were conspicuous on the bilateral agenda in the early and mid-1980s. Other major issues included the interpretation of history—most significantly Chinese outcries over ‘the revival of militarism’ or ‘history revisionism’ in Japan, and Japan’s relationship with Taiwan.<sup>7</sup> Although such discord might have delayed the JCBIT, a more direct connection between the issues does not seem to have existed. As demonstrated above, however, China did attempt to make a connection between its renouncement of war compensation in 1972 and what it regarded as Japan’s responsibility to contribute ODA and FDI. Yet, in spite of the fact that China rapidly became a large recipient of development assistance, Japanese investors failed to respond commensurate to Chinese expectations (Anami 1988:10). Japanese companies

arguably did not need a commercial base in East Asia, and they were therefore less willing to take risks than many Western ones (interviewee 8). The need for sites of low-cost production was, moreover, to a large extent already met at other locations, for example, in South Korea and South-east Asian countries such as Thailand. The relative low-key posture of Japanese investors in China thus meant that the government could handle the JCBIT issue with little urgency.

Against such a background, the proposal for a bilateral investment treaty (BIT) could even be interpreted as an attempt to divert Chinese expectations for instantly increasing FDI from Japan. By suggesting negotiations, the country officially took a step towards responding to the PRC demands. However, the very same initiative could also be construed as a means to justify the scarcity of Japanese FDI to the country. In short, by invoking the non-existence of a BIT as the cause of this state of affairs, Japan attempted to rid itself of Chinese complaints. This linkage is clear from a statement by the chairman of the Liberal Democratic Party's (LDP) Executive Council, former Foreign Minister Itō Masayoshi: 'Chinese people often tell Japan to further increase its investment in China...but [first] they will have to promote a JCBIT' (AS-M 2 October 1986:10; cf. Diet-HR 101, Gaimu 5, 4 April 1984:2-3; Diet-HC 101, Gaimu 4, 6 April 1984:19; Diet-HR 104, Gaimu 13, 14 May 1986:14). By then making 'substantial improvements in China's investment environment' a precondition for concluding the treaty, Japan tried to get into a position from which it could control the progress of the negotiations (e.g. Katayama 1988:14).

However, as one Japanese negotiator put it, 'although BITs help, it is not impossible to invest without them' (interviewee 13/1). This suggestion is, for example, supported by the US experience in China (Diet-HC 114, Gaimu 3, 11 April 1989:3). Still, Japanese rhetoric made a JCBIT seem all the more indispensable, and in this respect, 'one of the problems was on the Japanese side. [The country] suggested a treaty, and then it didn't make sufficient effort to conclude it' (interviewee 13/1).

Maybe there was simply too much preparedness that 'negotiations will take time because of objective circumstances [*kyakkanteki na jōkyō*]' such as the different systems of the two countries and Chinese legal maintenance (Diet-HR 101, Ōkura 7, 23 March 1984:36).<sup>8</sup> A negotiator from the Ministry of International Trade and Industry (MITI) substantiates the assumption that the Japanese government was not very actively trying to conclude a JCBIT: 'Neither I nor those [in charge of MITI's North Asia Division] before me were so eager [to conclude the negotiations]. MOFA wasn't eager and we [at the MITI] weren't eager' (interviewee 12/2; cf. interviewee 13/2; interviewee 21). The Chinese government, however, was not discouraged. Instead, it adapted to the Japanese 'reality', and over the years it is possible to discern a subtle change in its attitude.

First and foremost, it made an effort to strengthen the legal framework governing FDI (Diet-HC 114, Gaimu 3, 11 April 1989:2). In particular it started to see BITs as instrumental in attracting FDI (e.g. BR 39, 1984: 18). Second,

although China continued to use rather tough language towards Japan, from 1983 it also began to promote its investment environment more positively, emphasizing comparative advantages and improvements (e.g. BR 40, 1983:4; BR 31, 1984:7; Gu 1984:16–17; BR 3, 1985: 16–19; BR 17, 1985:21). In *Beijing Review* (BR), the official PRC weekly in English, this tendency became most salient from 1986 onwards (e.g. BR 18, 1986:16–17; BR 33, 1986:5; BR 42, 1986:5; BR 43, 1986:26–8; Yuan 1986:14–15; BR 3, 1987:17–21; BR 19, 1987: 27, 34; BR 27, 1987:19; BR 28, 1987:8; BR 32, 1987:26–7; BR 35, 1987:25–6).<sup>9</sup> China's changing approach towards Japan was perhaps best epitomized in a statement by Vice-Premier Gu Mu. He explained that 'it was not a matter of disappointment' that Japan invested so little in the SEZs and elsewhere in China, because 'it was always up to the investors to decide whether to invest' (Yang X. 1986:6). In sum, the PRC gradually started to accept the plausibility of the Japanese argument.

Japan's establishment of causality between 'bad Chinese investment environment', 'no JCBIT' and 'limited Japanese investment' was contrary to China's revealed interests to the extent that it justified a continuously low level of Japanese FDI to China. True, Japanese representatives never expressly exploited this logic, and the constitutive effects of the measure might also not have been totally clear to the parties concerned. Yet, two things should have been obvious to the Japanese government: (1) constant Chinese calls for more Japanese FDI; and (2) the proportionally small share of such at the present stage.

### ***Political intervention and informal consultation: on actors***

Negotiations were held at a 'working level' (*jitsumuteki* or *jimuteki reberu*).<sup>10</sup> However, whenever a critical point was reached, minister-level coordination ensued.<sup>11</sup> During the interruption 1983–85, opinions 'continued to be exchanged informally' (AS-M 5 July 1985:9) 'whenever suitable' (Diet-HC 102, Gaimu 5–1, 4 April 1985:12). Such exchange was focused on whether or not to include NT in the treaty. There is no documentation of any informal consultations, but it is clear that government officials made regular visits to each other's countries—trips that were probably used for such a purpose (*ibid.*). The patterns of interchange vouch for yet another observation: a large number of individuals and delegations not directly related to the Japanese government visited China to discuss economic issues throughout the 1980s—until about 1983 by far outnumbering those going in the opposite direction. Such visits often involved prominent politicians,<sup>12</sup> individuals and groups affiliated with the Japan-China Economic Association (JCEA) and other Japan-China-related organizations.<sup>13</sup> Although seldom on dispatch from the Japanese government, they all had good access to the most high-ranking PRC leaders.<sup>14</sup> Given the prominence of informal consultations in Japanese-Chinese relations (cf. Zhao Q. 1995), and although the negotiations for a JCBIT arguably were conducted entirely between governments

(interviewee 13/2), it could be hypothesized that non-governmental actors played some role. However, such a hypothesis cannot be put to the test here.

### **Process-tracing analysis 1: the agreement**

This section reconstructs the last stage of the negotiation process, scrutinizing the treaty itself and its reception. The aim is to stage a search for answers to the questions outlined in [Chapter 1](#) under the heading of ‘Step one: Process-tracing analysis’.

#### ***The unexpected agreement***

After being suspended since September 1985, negotiations were reopened in Tokyo on 20 June 1988. While brought to a temporary end four days later, consultations were resumed in Beijing on 11 July (AS-M 25 June 1988:11). It was still difficult for Japan and China to agree whether or not to include NT into the treaty. Hence, some of the involved negotiators believed that there would be no agreement to sign in time for Prime Minister Takeshita’s August visit to China (interviewee 11/2; interviewee 14). However, during the last day of negotiations, on 16 July, the Chinese government suddenly decided to include NT into the treaty, and a ‘basic agreement’ (*kihonteki na gōi*) was reached (AS-M 17 July 1988:1). Eight years of consultations were formally brought to an end a little more than a month later when Takeshita visited China to mark the tenth anniversary of the Peace and Friendship Treaty.<sup>15</sup> After review by the Cabinet Councilors’ Legal Bureau (*Naikaku hōseikyoku*) (Anami 1988:9), and ratification by the Foreign Affairs Committee (*Gaikō iinkai*) of both chambers of the Japanese Diet and the Standing Committee of the Chinese National People’s Congress (NPC), the JCBIT was effectuated by the exchange of protocols on 14 April 1989, during Prime Minister Li’s visit to Tokyo.<sup>16</sup> It officially went into effect on 14 May the same year, covering all investment made in the bilateral relationship after 29 September 1972, when the two countries normalized their relations (AS-M 15 April 1989:2; SWB FE/0436 17 April 1989: A3/8).

#### ***Characteristics of the treaty***

The JCBIT was the twenty-first PRC-foreign BIT to be concluded since 1982.<sup>17</sup> Japan, on the other hand, had thus far made only two such agreements, with Egypt (1978) and Sri Lanka (1982). Like earlier PRC-foreign BITs, the JCBIT consists of articles covering five broad subject areas: scope of coverage, type of treatment, standard of compensation in the event of expropriation or nationalization, transfer of foreign exchange and settlement of disputes. In addition to the main text, it includes a Protocol, which is an indispensable part of it, and Agreed Minutes ‘of less legal effect’ (Bates 1988:10). This sub-section basically outlines some of its distinguishing features *vis-à-vis* the BITs that Japan

and China were already parties to. The discussion centers on the concept of NT and some other issues that were allegedly difficult to agree on, namely compensation (for confiscated or nationalized investments), capital transfers and disputes (Kajita 1988:60). The question whether the treaty itself, or parts of it, was contrary to PRC interests is further discussed in following sections.<sup>18</sup>

### *National treatment*

As mentioned earlier, just as in other PRC-foreign negotiations for BITs, NT became the single largest stumbling block throughout the present consultations. In the end, the countries settled for what has been described as ‘conditional NT’ (*jōkendzuki no naikokumin taigū*) (AS-E 2 September 1988:13). On the one hand, Japanese companies were granted the right to nondiscriminatory treatment *vis-à-vis* PRC ones. Article 2, for example, stipulates that:

Nationals and companies of either Contracting Party shall within the territory of the other Contracting Party be accorded treatment no less favourable than that accorded to nationals and companies of any third country in respect of the admission of investment and the matters in connection therewith.

(Article 2, 2§)

Article 3, moreover, specifies that:

The treatment accorded by either Contracting Party within its territory to nationals and companies of the other Contracting Party with respect to investments, returns and business activities in connection with the investment shall not be less favourable than that accorded to nationals and companies of the former Contracting Party.

(Article 3, 2§)

Yet, on the other hand, exceptions are permissible, ‘in the case it is really necessary for the reason of public order, national security or sound development of national economy’ and ‘in accordance with...applicable laws and regulations’ (Protocol, 3§). Still, the JCBIT contains the strongest language on NT to date, and the articles are therefore considered the ‘most significant breakthrough’ of the JCBIT (Bates 1988:10; cf. AS-E 2 September 1988:13). Laurence W. Bates notes that the treaty ‘represents a substantial improvement over previous BITs in that it fleshes out in detail the types of business activities that cannot be subjected to discriminatory treatment’ (1988:11).<sup>19</sup>

The basic principle of NT is that foreign investors should be treated no less favorably than domestic ones under all legal and administrative procedures (Wang Y. 2002:194, n. 5). Hence, in principle, it allows them access to the same cheap raw materials, labor and bank loans as domestic companies. Since the JCBIT

also includes Most Favored Nation treatment (MFN)—i.e. right to the same preferential treatment as that awarded companies in other foreign countries—‘whichever is more favorable’ of NT and MFN applies in the end (Bates 1988:11).<sup>20</sup> The access to courts of justice, administrative tribunals and agencies (Article 4) conforms to the same standard.<sup>21</sup>

### *Other characteristics of the treaty*

The JCBIT identifies five kinds of protected investments (Article 1).<sup>22</sup> The second most contentious issue during the negotiations was arguably whether or not to recognize assets of representative offices as such (Diet-HC 101, Gaimu 4, 6 April 1984:20). This matter was resolved in Japan’s favor in the Agreed Minutes—arguably an advantage *vis-à-vis* earlier PRC-foreign BITs (Bates 1988: 10). The fact that the JCBIT grants protection to investment made that was *not in violation* of the host country’s present laws and regulations (Article 1) is also considered a substantial step forward. Indeed, previous treaties generally protected investment that had been established ‘in accordance with the laws and regulations of the host country at the time of the investment’ (ibid.). Hence, investment without legal basis prior to the BIT potentially lacked protection in such accords.

Another difficulty was how to compensate foreign investors for expropriated or nationalized property. In the end, Japan and China agreed that ‘compensation shall be paid without delay’, ‘be effectively realizable’, and ‘freely transferable’ (Article 5, 3§). Japanese media firmly believed that a ‘definitive agreement’ (*kakuyaku*) could be reached on the matter (AS-E 2 September 1988:13). The treaty moreover adopts a new and comparatively simple approach to the transfer of capital profits (Article 8). The basis is ‘free transfer’ (cf. BR 39, 1984:19), but the permission to host governments to impose ‘exchange restrictions in accordance with...applicable laws and regulations’ (2§) would seem to make the JCBIT less effective than earlier PRC-foreign BITs in regard to assuring repatriation of returns. Yet, according to Bates’ estimation, a statement in the Protocol (7§) gives evidence that ‘the Japanese seem to be banking on the PRC’s recent participation in the IMF [International Monetary Fund] to eventually [*sic*] overcome the country’s cumbersome exchange control restrictions’ (1988:12).

In the 1980s, Japanese companies allegedly feared that the Chinese investment environment would undergo dramatic change. The fact that the JCBIT established ways to solve possible future investment disputes was therefore also held in high esteem (AS-M 17 July 1988:1). At the request of either party, disputes over compensation are to be submitted to a conciliation or arbitration board. The submission of other disputes, however, requires mutual consent (Article 11). Disputes between Japan and China over the interpretation or application of the JCBIT, which cannot be solved otherwise, are also to be referred to such a board (Article 13) (Bates 1988:12–13). At Japan’s proposal (Sakurai 1988:966), moreover, China agreed to establish a Joint Committee (JC),



composed of bureau chief level representatives from the two governments (Article 14). The committee is required to meet alternately in Tokyo and Beijing at the request of either party. The purpose is to review the implementation of the JCBIT as well as legal developments in general—especially whether the conditional NT is properly adhered to—and to make policy recommendations (Anami 1988: 11; Diet-HC 114, Gaimu 3, 11 April 1989:11, 14). The JC allegedly demonstrates both sides' recognition that the treaty is not merely an empty document: 'the JC continuously helps us make improvements for Japanese business in China. So this committee put a soul into the JCBIT. It makes [the treaty] unique' (interviewee 11/2; cf. interviewee 13/1). The JC is therefore considered 'one of the major accomplishments' of the JCBIT (Bates 1988:13)—'in reality more important than NT' (interviewee 11/2).<sup>23</sup>

### *An 'epoch-making' treaty: public reactions to the JCBIT*

At a press conference in Beijing in August 1988, Prime Minister Takeshita described the JCBIT as 'epoch-making' (*kakkiteki*). He expressed appreciation of China's efforts to improve the efficiency of enterprise management and to tackle problems with taxation, infrastructure, etc., while at the same time pronouncing his hope for an even better Chinese investment environment in the future. Against such a background, he added, Japan will increase its FDI in China; the country's small and medium-sized enterprises are particularly willing to invest there (AS-E 27 August 1988:2; FBIS-CHI-88-167 29 August 1988:11-13). In talks with Chinese leaders, Takeshita further clarified that the JCBIT will independently promote Japanese FDI in China (AS-M 26 August 1988:2; Macpherson 1988:3). Yet, since there had been complaints about the unwillingness of Japanese companies to expand their investment, the government would also take measures to encourage such (FBIS-CHI-88-164 24 August 1988:11; Tan 1988:14; Zhu and Tan 1988:8).<sup>24</sup>

The MITI and Japanese business circles likewise praised the JCBIT. The treaty was associated with a clear improvement of the business environment for Japanese investors in China, and believed to spur increased FDI to the country. The inclusion of NT into the treaty was interpreted as an event of particularly epoch-making significance. However, it was simultaneously pointed out that the JCBIT is merely a first step, and that China needs to do more to accelerate the inflow of Japanese investment (e.g. ASM 17 July 1988:1; AS-M 4 August 1988:9; AS-M 10 August 1988:2; FBIS-EAS-88-167 29 August 1988:3; FBIS-CHI-88-168 30 August 1988: 10; FBIS-EAS-88-169 31 August 1988:4; AS-E 2 September 1988:13; cf. Kajita 1988:67; Konaga 1988:6-8; Watanabe Y. 1988:4-5; Diet-HR 114, Gaimu 2, 11 April 1989:9; Diet-HC 114, Gaimu 3, 11 April 1989: 14).

Chinese representatives, on the other hand, welcomed Japanese investment—especially from small and medium-sized enterprises—and pointed out that China is, or should be, working hard to improve its investment climate



(e.g. FBIS-CHI-88-166 26 August 1988:6; BR 36, 1988:6; Zhang X. 1988:27; Zhu Y. 1988:8). Deng Xiaoping even emphasized that FDI and technology transfers are ‘much more important’ to China’s development ‘than granting loans’ and he expressed the hope that the Japanese side would adopt specifically supportive measures to encourage investment (Chai S. 1988:8; cf. Torii 1988:9; Zhu Y. 1988:8).

### **Process-tracing analysis 2: the breakthrough**

The aim of this section is to expand further on Japan’s policy during the last stage of negotiations, focusing particularly on the policy-makers and possible policy instruments. The first sub-section elaborates on why the negotiations resumed. The next few deal with the question why China all of a sudden accepted to include NT into the treaty. The final sub-section further develops that question by closer focusing on the interplay between different actors in the Japanese policy-making process.

#### ***Steps towards restarting negotiations***

The first public sign of a Japanese will to restart negotiations was displayed in October 1987, when the outgoing ambassador to China, Nakajima Toshiyirō, clarified that he ‘want[ed] to make positive progress’ ‘concerning the conclusion of a JCBIT, that China demands so strongly’ (AS-M 23 October 1987:2). Despite claiming that he had not previously given the JCBIT very much thought, and although he lacked authorization from higher levels, when asked what he would do with the suspended talks, he said he wanted them resumed and concluded during his time in Beijing (interviewee 14). Nakajima’s self-confidence allegedly derived from the fact that he had spent most of his career in MOFA’s Treaties Bureau (*Jōyakukyoku*), both as division director (*jōyaku kachō*) and bureau director general (*jōyaku kyokuchō*): ‘Since [he] had made a commitment to the public, they [the people in the Treaties Bureau] paved the way for [him]’ (ibid.).

Nakajima’s ambassadorial appointment coincided with another change of personnel in MOFA, which was likewise favorable to the restart of formal consultations: Anami Koreshige, who took part in the negotiations as deputy director (*shuseki jimukan*) of the China Division 1982–83, became the division’s director in August 1987. In early November, on the way back from the airport after seeing off Ambassador Nakajima together with Nakajima’s *kōhai*,<sup>25</sup> the director general of the Treaties Bureau, Saitō Kunihiko, he found a good chance to promote the JCBIT (interviewee 17). Saitō and his bureau, however, took a rather cautious stance at first:

At that time [Saitō] thought that neither were Chinese laws kept in good condition, nor was the ‘rule of law’ very well established in China...If such a country makes proper guarantees it’s okay, but...China didn’t really try

to give us the kind of guarantees we had in mind, or sufficient guarantees [e.g. NT]...[This is why Saitō] questioned if we really had to conclude the treaty at any cost [*soko o muri shite*].

(Interviewee 20)

In brief, Saitō found no reason to negotiate as long as China was not even willing to discuss NT—in his opinion, a non-negotiable request. However, he became more cooperative after learning about Nakajima's support for resuming the negotiations (interviewee 17):

Ambassador Nakajima was a kind of boss of the Treaties Bureau as he had served as both director of the Treaties Division and director general of the bureau. Even if he had quit such posts...it should have carried some weight if a person like him said that he insisted [that the treaty be concluded] [*zeshi yaritai to ieba*]... Maybe it's not correct to say that [his statement] was the reason [for the restart]...In the end it was Japan's government policy...Yet, if Ambassador Nakajima had not made such [a statement], *maybe* [the JCBIT] would not have been concluded.

(Interviewee 20, emphasis in original)

The effort of the Treaties Bureau is therefore not unrelated to the director general's private opinion, but, on the other hand, it is the duty of all officials to cooperate to implement Japanese government policy (*ibid.*).

The next public sign surfaced in April the following year at a meeting between Itō Masayoshi, Chairman of LDP's Executive Council, and Wan Li, Chairman of the NPC Standing Committee. Itō, on dispatch as special envoy (*tokushi*) of Prime Minister Takeshita, 'requested' (*yōsei*) that China 'cooperate to conclude the JCBIT...for the sake of promoting the advancement of Japanese companies in China' (AS-M 19 April 1988:2). In a meeting with Deng Xiaoping, he 'expressed Japan's hope for a better investment climate in China' and said 'the Japanese government will do its best to encourage Japanese business people to invest [there]' (BR 18, 1988: 8). Itō seems to have prepared the ground for Foreign Minister Uno Sōsuke who, during his visit to Beijing a couple of weeks later, suggested a restart 'in order to support PRC maintenance of its investment environment' (AS-M 4 May 1988:2). The proposal gained the consent of Foreign Minister Qian Qichen: '[We] want to reopen [the negotiations] with a settlement in mind' (*ibid.*). Both Qian and Prime Minister Li Peng expressed their will to reach a conclusion before Takeshita's August visit to Beijing (AS-M 11 June 1988:11; Kajita 1988:59).

### ***Common explanations for the breakthrough***

As mentioned above, China's sudden acceptance of NT in July 1988 brought an end to eight years of 'marathon negotiations' (Anami 1988:9). The breakthrough

was regarded as particularly spectacular as protracted disagreements over NT had prevented an agreement throughout the process. Yet, as pointed out earlier, the Chinese concession was conditioned; Japan's acceptance of some exceptions to NT has been interpreted as one enabling factor behind the agreement. It arguably reflected the country's acknowledgment that instant implementation of equality on the Chinese market would be difficult to accomplish anyway:

There is a gap between paper and reality, so there was not so much to gain from concluding the kind of *perfect* treaty already in place between Japan and Sri Lanka and Japan and Egypt. This [circumstance] is key to the breakthrough on the Japanese side. We [recognized] some exceptions [to NT] that really reflected the reality in China.

(Interviewee 11/1, emphasis in original; cf. Diet-HC 114, Gaimu 3, 11 April 1989:14; interviewee 11/3; interviewee 13/2)

As a more practical solution to the insecurity arguably presented by China's investment environment, Japan proposed the establishment of a Joint Committee (JC)—a suggestion which gained PRC approval (interviewee 11/1; interviewee 13/1).

Others ascribe the breakthrough to circumstances more exclusively on the Chinese side: the domestic pressure for reforms was huge in the late 1980s—as symbolized by the student revolt in 1989—and July 1988 was clearly the last chance to make an agreement before Takeshita's visit to China (interviewee 13/1; interviewee 21). Japanese participants, as well as observers in both countries, therefore believe that Chinese top-level intervention brought an end to the deadlock (interviewee 7; interviewee 11/2; interviewee 22; interviewee 23). Indeed, 'there is a high level of consistency to the pattern of the end-game phase of a negotiation with the Chinese' (Solomon [1995] 1999:150). According to Richard H. Solomon, it habitually comes 'at the eleventh hour of some deadline that is part of the structure of the negotiating context', just as in this case, and it typically involves the intervention of a senior Chinese leader either to 'cut the knot of an apparent deadlock or bless an agreement the negotiators have constructed (with his behind-the-scenes direction)' (ibid.; cf. ibid.: 7, 147, 149). Since decision-making is highly centralized and personalized in the position of the senior leader in the Chinese system, actual negotiators are not in a position to take any major decisions by themselves (ibid.: 50; interviewee 22; interviewee 23).<sup>26</sup> However, it has also been argued that there is a more general tendency of radical breakthroughs requiring negotiations to be brought to the highest political level (Østerud 2002:317).

### ***Linkage recycling: more on ideational statecraft***

It was hypothesized above that the Japanese government tried to legitimize domestic business' limited will to invest in China in the early 1980s with

reference to the non-existence of a JCBIT. Similarly, further non-engagement was justified with reference to the idea that a BIT could only be concluded when the PRC investment environment had been ‘properly maintained’; *inter alia*, not without the country’s acquiescence in including NT into the treaty. This idea helped sustain the flow of Japanese investment to other locations in East and South-east Asia to the detriment of Chinese expectations. Throughout, China tried to influence the Japanese government to make private entrepreneurs increase FDI anyway, especially in long-term productive ventures with a high level of technology transfer (cf. Arnold 1992:242). However, ‘Needless to say, not only [did] these pressure tactics fail to accomplish their goals but, as is shown by Japanese public opinion polls and officials, they eventually arouse[d] an irritated response’ (Whiting 1989:8).

The situation started to change only in the mid-1980s, and for various reasons. FDI laws in the PRC were, for example, gradually but spasmodically strengthened and the Japan-China Taxation Agreement was signed in September 1983.<sup>27</sup> More importantly, however, the Plaza Agreement in 1985, where the G-5 countries (France, West Germany, Japan, the UK and the USA) agreed on the need to adjust current exchange rates, and relaxed Japanese controls on foreign exchange and capital outflows, resulted in sharp appreciation of the yen (*endaka*) from the mid-1980s onwards (Pearson 1991:32; Arnold 1992:242; Deng L. 1997: 118). To sustain high export levels, Japanese industry needed to keep production costs low. As wages rose in the newly industrializing economies (NIEs)—especially Taiwan and South Korea—where a large part of the Japanese firms had previously invested, China eventually became a viable option (FBIS-EAS-88-167 29 August 1988:3; Diet-HC 114, Gaimu 3, 11 April 1989:3; interviewee 12/1).<sup>28</sup> Investors from other countries were moreover rapidly advancing into the Chinese market, and there might have been Japanese fear of lagging behind or losing position. With more investment thus flowing into China, Japan increased its effort to have the negotiations concluded (interviewee 11/3; interviewee 13/2; interviewee 21).

Yet, in an attempt to gain concessions from China, Japan kept reinforcing and exploiting the linkages established earlier. In the words of then (1985) Prime Minister Nakasone Yasuhiro: ‘If [we] make [an agreement on] JCBIT, it also becomes easier to do joint ventures. The advancement of small and medium-sized Japanese corporations will benefit China’ (AS-E, 24 October 1985:1; cf. Diet-HC 114, Gaimu 3, 11 April 1989:3). The reiteration of ‘a bad Chinese investment environment’ also continued throughout and beyond the negotiations. This evaluation rested on the causality established in the early 1980s, and it depended on ‘market economic logic’ and the widely accepted norms and practices of the international investment regime—a context ‘more amenable’ to Japanese interests than to Chinese ones (Ogura 1979:550). Indeed, these were the ‘rules of the game’ that China was not originally part of, but nevertheless had to accept or even internalize in order to attract FDI (Pearson 1991:8). The Japanese negotiators continued to emphasize the importance of NT during the last stage,

asking the PRC counterparts whether the 20 BITs concluded thus far had actually resulted in any new investment. The answer was allegedly ‘almost none’ (interviewee 17). The Chinese negotiators were then urged to tell Deng Xiaoping that if the reform policies were ‘seriously meant’, China should agree to such a level of treatment (*ibid.*).

As shown above, Japan’s way of defining the problem became more widely accepted by the PRC in the mid-1980s, and its position was further reinforced by the fact that other countries were making similar claims. Apart from eventually accepting NT, the PRC change in attitude was reflected in numerous attempts to ‘improve’ the situation, for example the large number of new laws (*cf.* BR 25, 1988:25–8; BR 35, 1988:4–5). During the summit in 1988 Prime Minister Li, for example, welcomed Japanese investment, saying that the PRC was working hard to make further improvements of its investment climate. Observers remarked that, ‘These concessions should allay some of the concerns of Japanese investors—who have perceived themselves as *unfairly* discriminated against in their business activities in China’ (Bates 1988:9, *emphasis added*). The tediousness of the negotiation process, on the other hand, was ascribed to ‘China’s *unrealistic* expectations when it first opened its doors to the outside’ (Holloway 1988:117, *emphasis added*). In this sense, Japanese—or at least non-PRC—ideas were obviously successful in defining the limits of reality. Hence, Japan’s policy with regard to the matter could be interpreted in terms of ideational statecraft.

### *From non-investment to investment*

The preceding sub-section clarified that Japan’s use of ideational statecraft in the early and mid-1980s was substantiated and reinforced by reliance on non-investment. Such a policy could have been just a spontaneous reaction to ‘problems’ in the PRC investment environment. Yet, it could also be hypothesized that the Japanese government actively dissuaded companies from investing in certain sectors in the Chinese economy, especially subsequent to the ‘Baoshan Shock’. Indeed, close coordination between MITI and Japanese business with regard to FDI has been observed in several studies (*e.g.* Lardy 1994:119; Deng L. 1997:118), and it could have facilitated the compliance of the business world in the present study. Liping Deng and Akiyo Mukai, for example, write that, ‘there was a linkage between Japan’s industrial policy and Japanese direct investment...Japan’s industrial policy and its ODA were jointly used to guide its direct investment allocation in China’ (1996:171; *cf. ibid.*: 170). Zhang, moreover, notes that ‘the readiness of the Japanese government to come to the aid of its business sector in dealing with China placed Japan in a strong position to receive better investment terms in China’ (1998b: 53; *cf. ibid.*: 73). Japanese industrial policy could thus be construed as the mechanism that translated ‘economic logic’ into ‘real economics’. As demonstrated above, non-investment was later increasingly rephrased in more positive terms: a JCBIT on terms

acceptable to Japan (for example, including NT) will lead to increased Japanese investments into China.

The first page of this chapter stated that the present case study is different from Zhang's analysis. Yet, it shares one conclusion with Zhang: 'active involvement by the Japanese government' and 'lukewarm response' of Japan's private sector to investment in China, 'forced China to sign an investment protection pact with Japan giving more favourable terms to Japan than to any other industrial countries with whom China had signed similar pacts' (1998b:72–3). Walter Arnold, moreover, notes that this 'extraordinary effort by the Chinese government to start the process of improving China's investment environment in 1988 was one of the most significant factors causing Japanese firms to consider China for their overseas investments' (1992:243).

Soon after the JCBIT had been concluded, the Japanese side started to take concrete measures to promote FDI in China. In October 1988, for example, a large-scale Japanese 'investment environment research delegation' toured China.<sup>29</sup> After thoroughly examining the investment environment in Beijing, Tianjin, Dalian and Shanghai, and meeting several VIPs, the mission proposed the establishment of an investment promotion organization (AS-Aera 27 September 1988:66; CG 359, 9/1988:12–13; CG 360, 10/1988:8; Ministry of International Trade and Industry 1989:685; Zhang D.D. 1998a:159).<sup>30</sup> The formation of the Japan-China Investment Promotion Organization (*Nitchū tōshi sokushin kikō*, JCIPO) was publicly announced in March 1989. It was launched with the purpose of performing investment-related investigations, collecting information and helping Japanese business invest in China.<sup>31</sup> Due to such measures or independent of them, Japan's promise that the JCBIT would encourage Japanese FDI to China could be fulfilled. A relative boom followed upon its conclusion (see Table 3.4).<sup>32</sup> On the whole, therefore, Chinese officials believe that the treaty has 'been very beneficial for Chinese economic development' (interviewee 23; cf. interviewee 24).

### *The third ODA package and JCBIT*

While it is clear that the promise of increased FDI functioned as an economic policy instrument in the negotiations for a JCBIT, it is more ambiguous to what an extent ODA played a similar role. The official conclusion of the treaty certainly coincided with Japan's pledge for a third yen-loan for fiscal years 1990 through 1995, and David Arase writes that the country 'did not sign the 1990–95 bilateral aid agreement until China had passed a foreign investment law containing guarantees desired by Japanese investors' (1993:949). Although it is unclear if this 'law' is synonymous with the JCBIT, amounting to ¥810 billion it was in any case the largest ODA package that Japan had ever extended to a single country (Shida 1988:3).

New Japanese ODA packages are generally presented to recipients as a kind of *omiyage* or 'souvenir' by a visiting Japanese prime minister (cf. Söderberg

Table 3.4 The flow of Japan's direct investment to China, 1979–89  
(cases/millions of US\$)

	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989
Cases	3	6	9	4	5	66	118	85	101	171	126
Value	14	12	26	18	3	114	100	226	1,226	296	438

Source: Compiled from Kaku Shishi [Guo Sizhi] (1999): 82.

Note

The statistics are reproduced in current figures. If a gigantic oil project is excluded in 1987, the value of Japanese FDI to China ends up more or less in between the values noted for 1986 and 1988.

2002b:116). Yet, negotiators reiterate official policy when they reject the idea that the third yen-loan was used to secure China's acceptance of NT in a more direct fashion: 'Unlike the US...Japan does not make any linkages between its ODA and other issues' (interviewee 17; cf. interviewee 11/2; interviewee 12/1; interviewee 13/1; interviewee 19). Tachigi Hiroshi of Japan's Communist Party (JCP) raised the same question in the Diet:

This is the first time that China [accepts] NT, right? I suppose the Chinese side did not set off to do so without giving it considerable thought. Did Japan take a strong stance saying that without NT [we] won't conclude the treaty, according to some report showing off ¥810 billion? I don't want to believe that; I believe that this [treaty] was established by way of mutual agreement, but since there are reports [of the opposite], I would like you to clarify these details.

(Diet-HC 114, Gaimu 3, 11 April 1989:11–12)

Tanino Sakutarō, who led the Japanese delegation through the last stage of the negotiations as deputy director general (*shingikan*) of MOFA's Asian Affairs Bureau, replied:

Not even once did [we] ask China to yield with regard to NT [while] showing off economic cooperation [ODA], that you seem to worry about. We discuss the merits of these things separately, economic cooperation as economic cooperation, and BIT as BIT.

(Ibid.: 12)

The possibility of such a linkage is just as vehemently denied by some observers on the Chinese side. They emphasize that 'China cannot be bribed' (Pan 14 March 2001), and that 'China's integrity cannot be bought for money' (interviewee 22).

The importance of ODA for the treaty's conclusion, however, is not wholly denied (cf. interviewee 11/2; interviewee 13/1; Pan 14 March 2001). One interpretation is that the two matters were connected rather on the Chinese side:

[A] guess is that China took the JCBIT as a set together with the yen loan [the third ODA package]...Japan is not supposed to have made such a connection. But [the Chinese side] might have thought that since we've come this far, and now that the Prime Minister is going to visit, it's okay to yield. So, if it were only for the JCBIT, there is absolutely no reason [for China to have given up its resistance to NT].

(Interviewee 12/1)

This statement emphasizes the possibility of a dual and mutual *omiyage* aspect of the ODA package and the JCBIT (cf. interviewee 12/2). In addition to the yen-loan, an agreement on the JCBIT would further reinforce the significance of the visit. The fact that Takeshita was known as a China friend might have facilitated the PRC concession. In any case, there should have been awareness on both sides that it would take yet another few years before there would be such favorable timing again (interviewee 11/2; interviewee 13/1).

ODA has been depicted as Japan's most important foreign policy instrument (e.g. Yasutomo 1995:15; Deng and Mukai 1996:169–71; Zhao Q. 1996:160; Miyashita 1997:220). The Japanese government is, for example, claimed to have used it as a tool to guiding FDI in China,<sup>33</sup> and to negotiating improvements in the country's FDI environment (Deng and Mukai 1996:170; Zhang D.D. 1998b: 53, 72–3). However, this sub-section has not been able to demonstrate that it functioned as a tool of statecraft when the Chinese government suddenly agreed to include NT in the JCBIT. Whether or not the third ODA package helped to bring about the PRC concession thus remains unclear.

### *Case-specific interplay between different actors*

The last part of this section takes yet another step to unraveling the process of Japan's case specific China policy. It scrutinizes the standpoints of and exchanges among relevant actors in the Japanese policy-making process.

#### *Bureaucracy*

MOFA's China Division was 'at the center' (*shudō de*) of all domestic coordination during the negotiations for a JCBIT (interviewee 12/2). However, the process also involved MOFA's Treaties Division (*Jōyaku*), MITI's North Asia Division (*Kita Ajiaka*), the Ministry of Finance's (MOF) International Capital Division (*Kokusai shihonka*), and to some extent the relevant offices of the Ministry of Agriculture, Forestry and Fisheries (MAFF) and the Ministry of Justice (MOJ) (interviewee 19). The China Division, moreover, functioned as the



government's 'window' (*madoguchi*) towards China, and it engaged in informal talks on several details. Such consultations involved, in particular, Anami Koreshige, director of the China Division, and the economic councilor (*keizai tantō sanjikan*) at the Japanese Embassy in Beijing, Hatakenaka Atsushi (interviewee 21). Many Japanese negotiators, moreover, agree that the China Division handled the reopening process by itself, without very much intervention from other branches of the government (interviewee 11/3; interviewee 12/2; interviewee 13/2).

Domestic consultations resulted in a joint ambition to secure better protection for Japanese investment in China (interviewee 11/2; interviewee 13/1). Yet, negotiators from different offices found no unified way of handling the 'dilemma' (*itabasami*) with which they were presented during the last round: make an agreement in time for Takeshita's trip to China, but without yielding up NT (interviewee 12/1). This dilemma rather divided the group: a negotiator from the China Division claims that due to the importance of principle in foreign policy, the Japanese delegation was not planning to make any further concessions (interviewee 11/3). Hence, if China had not accepted NT, 'We would get on the plane and go back to Tokyo. There would have been no treaty during Takeshita's visit' (interviewee 11/2). Another negotiator with long experience from working with China explains that the 'mood' (*funiki*) in Japan made it impossible to give up NT (interviewee 21). The MITI negotiator, however, gives a slightly different picture of the priorities of Japanese government actors:

Given the high level of discrimination [towards FDI in China], I personally believed there was no meaning in concluding the JCBIT without a NT clause...[Yet,] both the MOFA guys in Beijing and those who came from Tokyo were ready to yield to China whenever they believed that there was no other way, so I was very much attacked [*zuibun semerare mashita*] [by them]...They wanted to make an agreement in any case—that was MOFA's judgment.

(Interviewee 13/1; cf. interviewee 12/2)

He dismisses the idea that the Japanese delegation could have returned to Tokyo empty-handed had China not acquiesced:

You know, I don't think it was possible for us to return to Japan without a treaty. They [the MOFA negotiators] probably believed that a JCBIT would be meaningful even without NT, because there's no doubt that it would have spurred further Japanese FDI in China anyway...That's why I believe it's most likely that some kind of treaty would have been concluded even without China's concession.

(Interviewee 13/1)<sup>34</sup>

The split within the Japanese delegation seems to have derived from the different roles of the concerned actors.

MITI, on the one hand, had to consider its relationship with a business world closely monitoring the negotiations and urging better investment protection, symbolized by a viable JCBIT (interviewee 12/1; interviewee 13/2; cf. AS-M 12 March 1986:9; Zhang D.D. 1998a: 155).<sup>35</sup> MOFA's China Division, on the other, had an organizational interest in fostering good relations with China (interviewee 12/1). Hence, a MITI negotiator does 'not believe'

MOFA as a whole was too concerned about the contents [of the NT]... MOFA [negotiators] also had an interest in advancing the negotiations, and in the end they said they wanted to have the treaty signed during Prime Minister Takeshita's visit to China... Since the biggest concern was to have the negotiations concluded—well, this is an exaggeration but—they said they didn't care about the contents [*nakami wa do demo ii to*].

(Interviewee 13/2)

A leading figure in the Treaties Bureau also 'had the impression' that the Asian Affairs Bureau was 'ready to give in on all things it could give in on, in order to conclude the treaty more rapidly' (interviewee 20). While denying such allegations, a negotiator from the China Division still confirms that there was readiness to compromise Japan's 'basic stance', admitting that, 'the regional bureau...put more emphasis on successful negotiation [and] successful agreement' (interviewee 11/3).

MOFA's Treaties Division, however, was arguably less willing to accept a JCBIT without NT, because such a concession on the basic stance would set a dangerous precedent for future negotiations (*ibid.*; interviewee 14; interviewee 20). A MITI negotiator, moreover, suggests that the director of the Treaties Division, Takeuchi Yukio, was the only person in the MOFA who 'stood on his side' (*mikata o shite kureta*) (interviewee 13/2). The fact that Takeuchi became administrative vice-minister of foreign affairs in 2002, moreover, attests to his strong position in MOFA. MOF's involvement in the negotiations, finally, was less noteworthy than that of other government offices, and the ministry was represented at a lower level.<sup>36</sup> The 1988 MOF negotiator states that he doesn't 'think there was any talk of [concluding the treaty] without NT', yet, he ambiguously adds that his 'office negotiated from the point of view that we had to bring home NT or *at least* MFN' (interviewee 19, emphasis added).

In the end, it is difficult to make a conclusive judgment as to what effect the diverging stances within the Japanese bureaucracy had on the final result. What would have happened if China had not agreed to include NT into the JCBIT? In any case, it was Hatakenaka, the economic councilor at the Japanese Embassy, who made the 'great effort' (*hijō ni doryoku o shite kuremasita*) that at last brought about an agreement acceptable even to MITI (interviewee 13/1).<sup>37</sup> According to an LDP official, it is rather evident that MITI was in a stronger

position than MOFA during the negotiations, despite the formal lead of the China Division (interviewee 18). Paired with the Treaties Bureau's final say on all legal matters, it arguably reflected Japan's unbending approach throughout the negotiations. However, in the event that China had not given up its resistance at last, it is highly uncertain whether MITI and the Treaties Bureau would have been able to resist the conclusion of a treaty lacking NT. One reason for such uncertainty was the intervention of political factors.

### *Party politics*

Negotiators and observers generally do not believe that LDP politicians were directly involved in the negotiation process (interviewee 17), at least not 'after they had boiled down the topic' (interviewee 12/1) in the party's Trade and Industry Division (*Shōkō buhai*) and Foreign Affairs Division (*Gaikō buhai*) (interviewee 18). Unlike the negotiations for other treaties in the Japanese-Chinese relationship, where the political involvement has often been very great, the consultations for a JCBIT were allegedly 'handled...at the administrative level' (interviewee 21; cf. interviewee 13/2; interviewee 17). Yet, a behind-the-scenes role for politicians is still discernible.

The actual negotiators do not seem to have taken part in any *nemawashi*.<sup>38</sup> Other bureaucrats in the MOFA handled such activities (interviewee 13/2). The involvement of the Treaties Bureau is, for example, testified by one of its leading figures:

Well, the Treaties Bureau naturally does *nemawashi*, but that's basically the duty of the deputy director general...I remember clearly that he went around all the offices of concerned Diet members. I'm sorry but I cannot quite recall if I went to some [politicians'] office myself, but if I did so...it *might* have been to some of those close to Taiwan...for example Mr Fujio Seikō [Masayuki?], Nakayama Teisoku [Yamanaka Sadanori?]

(Interviewee 20, emphasis in original)

The preceding analysis hinted that the visit to Beijing by former Foreign Minister Itō Masayoshi in April 1988 might have been crucial to the restart of negotiations two months later. Yet, most observers deny that the famous China hand played the role of *kuromaku*.<sup>39</sup> He is simply seen as too 'clean' (*kuriin*) and 'gentle' (*sunao*) to take on such a task (interviewee 12/2; interviewee 18). Still, a more senior bureaucrat believes that Itō was informed about the negotiations: 'in domestic politics he was a powerful politician...who was widely admired by bureaucrats, so it was probably a factor that Mr Masayoshi has such an opinion [was in favor of concluding a JCBIT]' (interviewee 20). Others suggest that the real *kuromaku* was more likely to have been Prime Minister Takeshita himself (interviewee 12/2; interviewee 18).

There are different opinions about Takeshita's role. Some believe that he made a definite effort to have the treaty concluded in time for his August visit to Beijing; that he possibly expressed his wish to make an early settlement with or without NT (interviewee 12/2; cf. interviewee 7; interviewee 24).<sup>40</sup> Others rather emphasize that there was a political target or 'mood' (*funiki*) to conclude the negotiations successfully in time for the visit (interviewee 13/2; interviewee 19): 'A strong force should have worked to make Takeshita's trip more significant by adding things to the yen-loan' (interviewee 12/1). This is again the viewpoint from which an agreement on the JCBIT could be seen as an *omiyage*—this time a Japanese one (interviewee 20). Although Takeshita and other China-friendly Diet members might even have been willing to give up NT, LDP's MITI *zoku* should have been able to produce a counterweight. A MITI negotiator, for example, believes that it would have been difficult for JCBIT to pass the Diet without NT being inscribed into the treaty (interviewee 12/1). However, this assumption is also difficult to verify.

The involvement of opposition parties, finally, seems rather insignificant. Between 1981 and 1987 different Diet committees touched on the negotiations on seven occasions.<sup>41</sup> However, officials customarily told those who brought up the issue that, since it is a matter of ongoing foreign negotiations, they had rather not make any concrete comments.<sup>42</sup> When the treaty was about to be passed, moreover, there was little opposition (cf. interviewee 13/1; interviewee 13/2; interviewee 21); it was unanimously accepted by both houses of the Diet on 11 April 1989, one day before Prime Minister Li's arrival in Japan (Diet-HR 114, Gaimu 2, 11 April 1989; cf. Diet-HC 114, Gaimu 3, 11 April 1989).<sup>43</sup>

### *Other countries*

Sakurai Masao claims that, 'It is unclear whether a third country played a role in the process of including the NT regulation' (1988:967). Accessible sources, however, do support the observation that the Japanese government stayed in contact with the USA and some countries in Europe in regard to the JCBIT. Countries that had already concluded BITs with China benefited from the JCBIT through the MFN clauses of their respective agreements. The JCBIT also gained the ground for such countries, among them the USA, which had not yet concluded a BIT with China (Bates 1988:9, 13; Kajita 1988:62). However, none of those countries were directly involved in the Japanese-Chinese negotiations.

### **Interest analysis**

The interest analysis first traces China's interests in regard to some of the earlier discussed characteristics of the JCBIT, again giving most attention to NT. It then takes a broader view of China's revealed interests, elaborating on their origin and contestation, while demonstrating how different interests were causally affected or possibly even constituted by the previously outlined Japanese statecraft. The

section finally makes an attempt to problematize the analysis of revealed interests further from the point of view of ‘real’ ones, as outlined in [Chapter 1](#).

### *The JCBIT and China’s revealed interests*

As an outside observer, Bates regards the JCBIT as more solid than the twenty previous PRC-foreign BITs: ‘It reflects some important concessions Japan gained from the Chinese negotiating team’ (1988:9). It is, for example, the first such treaty that secures China’s agreement to protect assets of representative offices and, moreover, all investment made not in violation of the host country’s laws and regulations. Initial Chinese opposition to such more inclusive definitions of investment reveals that at some point they were considered ‘contrary to the country’s interest’. The same goes for NT and the ‘Western’ standard for compensation. However, the PRC interest with regard to such matters could also be inferred from other sources.

Ever since it started to negotiate BITs in the early 1980s, China openly opposed NT. Chinese policy-makers were anxious that such a clause would favor foreign investors over domestic ones, and they were therefore determined not to accord such treatment to other countries.<sup>44</sup> There was also an ideological bent to PRC opposition: since developing countries usually did not grant developed ones NT, as a self-proclaimed leader of the developing world, China could certainly not do so (interviewee 17). However, Gu Ming, deputy secretary-general of the State Council, makes it sound as if China resisted NT out of concern for the foreign investors:

China is a socialist country. It carries out a planned economy. Foreign investors cannot adapt to the conditions here if they are accorded national treatment under China’s socialist system. Apart from handing over to the state an integrated industrial and commercial tax, China’s state and collective enterprises must deliver income tax to the state, with the highest rate coming to 55 per cent. They even have to hand over part of their profits after paying taxes. The income tax rates set by law for Chinese-foreign joint ventures and wholly foreign-owned enterprises are lower than those for Chinese enterprises. It would not do if the agreements were to include the clause that Chinese-foreign joint ventures and foreign enterprises enjoy the same national treatment as that enjoyed by Chinese enterprises.

(BR 29, 1984:18; cf. BR 39, 1984:19; Zhang D.D. 1998a:154)

In the place of NT, China’s counterparts in previous bilateral negotiations for BITs accepted the compromise that ‘each contracting state, should, under the condition that its laws and regulations concerning foreign investments are not infringed upon, not discriminate against investments and investment activities<sup>45</sup> of foreign investors’ (BR 29, 1984:18–19). The PRC-Swedish BIT, for example,

states that, 'Each Contracting State shall at all times ensure fair and equitable treatment to the investments by investors of the other Contracting State' (Article 2). Having concluded 'textbook model treaties' with Egypt and Sri Lanka (interviewee 11/2; cf. interviewee 12/1; interviewee 17), however, Japan never publicly gave up its demand for NT. As noted earlier, the Treaties Bureau in particular was concerned that a concession to China on this particular matter would jeopardize Japan's ability to get its way in future negotiations with other countries. On the last day of bilateral negotiations, China eventually accepted to inscribe NT into the JCBIT.

The rules for compensation incorporated into the JCBIT also go against what China had thus far revealed as being in its interest. China's previous BIT counterparts had generally insisted that 'full' (or 'adequate'), 'timely' (or 'prompt') and 'effective' compensation be given whenever one contracting party liquidates or nationalizes investment originating from the other side. Although such terms are common in the West, China opposed them, allegedly because their 'fixed implications...contravene the principles included in the Charter of Economic Rights and Duties of States, which was adopted by UN General Assembly in 1974 and supported by China' (BR 29, 1984:19). Since the Charter only stipulates that 'appropriate compensation' be given, all PRC-foreign BITs have substituted 'full', 'timely' and 'effective' with other phrases. The JCBIT is no exception in this respect, but its replacements are stricter and more in line with such terms than previous PRC-foreign BITs (Article 5, 3§; BR 29, 1984:19; cf. BR 39, 1984:19).<sup>46</sup> Explaining to the Diet how the JCBIT deals with compensation, Assistant Deputy Vice-Minister of Foreign Affairs (*kanbō gaimu sanjikan*) Tanba Hiroshi even said that the treaty stipulates that confiscation be followed by 'prompt' (*jinsoku*), 'adequate' (*tekitō*) and 'effective' (*kōkateki*) compensation (Diet-HC 114, Gaimu 3, 11 April 1989:7), i.e. the very three 'Western' conditions that China had previously opposed. With regard to both NT and compensation, China thus finally accepted the 'international norms', which were completely contrary to the set of interests originally revealed by the country (cf. Ogura 1979:550). Such norms were also wholly incompatible with China's steadfast opposition to customary international law as being the product of colonialism (Bates 1988:13).<sup>47</sup> The next sub-section takes a broader view on China's revealed interests.

### ***The contestation of revealed interests: modernization v. sovereignty***

A couple of characteristics of the JCBIT thus totally opposed the interests revealed by the PRC early on in the negotiations, or in the context of previous treaties. Yet, needless to say, other actors do not necessarily affect a government's redefinition of interest, even that which seems radical from the outside. Such change might as well take place as the result of a tradeoff between diverging interests or reflect a learning process (cf. Blaker 1977: 209). Indeed, a

Chinese Ministry of Foreign Affairs (MFA) official claims that, ‘if the benefits of the treaty did not outweigh sacrifices for both parties, it would not have been concluded’ (interviewee 22). Yet, such a perspective on change, on the other hand, fails to take into account that B’s rationality might as well be bounded by A.

In any case, there is striking concordance in how different secondary sources picture the PRC view of its national interest. The most enduring and non-negotiable interest is taken to be state sovereignty.<sup>48</sup> Although the sources of sovereignty are seldom discussed, in a Chinese context the term often and quite conventionally refers to ‘physical control over territory’. In China, moreover, this view arguably owes its prominent place to the experience of ‘one hundred years of sufferings and humiliation’<sup>49</sup> (Chan 1999:75–80, 143; cf. Hinton 1994: 348–9; Wang J. 1994:498; Zhao Q. 1996:127, 130; Deng Y. 1998:308–14; Godwin 1998:171; Johnston 1998:73–4; Kim S.S. 1998:21; Roy 1998:13). Yet, with Deng Xiaoping’s Open Door Policy from the late 1970s, economic development and modernization have loomed increasingly large (Hinton 1994: 348–9; Zhao Q. 1996:89; Chan 1999:81; BR 39, 1984:18), according to some observers, even larger than territorial integrity (e.g. Whiting 1998:289). In 1996 Yan Xuetong published a rare empirical analysis of China’s national interest, *Analysis of China’s National Interest (Zhongguo guojia liyi fenxi)*,<sup>50</sup> where he argued that economic development became China’s paramount national interest after the end of the Cold War, followed by security, and political and cultural interests (Chan 1999:81).<sup>51</sup>

When reform-minded top leaders reviewed the first years of the Open Door Policy since 1978, they arguably found that FDI ‘had not caused major disasters: PRC sovereignty was intact’, and the economy had not become ‘dominated by foreigners’ (Pearson 1991:67). This tendency on the Chinese side is underlined by Deng Xiaoping’s 1987 statement emphasizing ‘that China had been insufficiently “bold” in absorbing foreign investment and technology’ (ibid.: 68):

To settle this problem...we should open the door still wider to the outside world, create a more favorable environment for investment and be bold in using foreign capital; on the other hand it is hoped that foreign parties would be more open-minded in technology transfer.

(Quoted in ibid.)

This mood arguably spurred China’s interest in Japanese investment (Whiting 1989:4; Guo 26 October 2000; interviewee 7). Yet, PRC policy-makers were still torn between the perhaps incompatible goals of trying to attract FDI and maintaining some degree of control over the national economy (interviewee 24).

Many senior leaders were expressly reluctant to granting Japan (and by default all countries with which China had already concluded BITs) NT. Old conservatives, like Chen Yun (cf. Zhao S. 1993), doubted that China could capture its share of the economic benefits generated by FDI, and they feared that



it would be difficult to guard against the negative effects of investment, so that state control over the country's development path, political independence and sovereignty might be jeopardized, and China's traditional and socialist values would be 'contaminated' (Pearson 1991:3; cf. Zhao Q. 1996:155; Roy 1998:85; Wang Y. 2002:43). In the words of another conservative, Prime Minister Li Peng: 'We must never attract foreign investment by sacrificing our spiritual civilization...We must not go down that path. In the course of speeding up the reforms and opening-up, we must thoroughly purge all [social vices]' (quoted in Roy 1998:99, brackets and omission in original). Concerns of this kind were allegedly aggravated when investment came from a former colonizer, like Japan (Wang Y. 2002:36).<sup>52</sup> They also demonstrate a lingering preoccupation with sovereignty among Chinese leaders—a feeling likely to have been reinforced by the memory of having concluded disadvantageous treaties with Japan and many Western countries at the end of the nineteenth century.<sup>53</sup> In short, China's experience in the nineteenth and early twentieth centuries left it 'with a strong legacy of concerns about the potential negative impact of foreign direct investment' (Pearson 1991:37; cf. *ibid.*: 38–46).

Other segments of society vehemently opposed the growing presence of Japanese companies in China in the first place. The mid-1980s saw students demonstrating against Japan's 'economic invasion' or 'second occupation' of China, also alluding to Japan's colonial and expansionist history in the country and the region at large (Pearson 1991:50). Demonstrations were 'sparked off by China's growing trade deficit with Japan, and the flood of poor quality Japanese products onto the Chinese market' (Rose C. 1998:185), and they 'challenged the policy of reliance on Japan for economic modernization' (Whiting 1989:68). Such widespread ambivalence towards both Japan and FDI, and concern that NT would put Japanese business in a far too advantageous position, reinforces the idea that the deadlock between Japan and China was brought to an end by the intervention of a more reform-minded Chinese leader. Many analysts in fact agree that China's national interest is primarily defined by the central leadership—in particular the paramount leader (e.g. Hamrin 1994:79–81; Bachman 1998:38, 48; Chan 1999:80, 83). As suggested earlier, Deng Xiaoping—the father of Open Door Policy—was in favor of reform: 'Our socialist economic base is so huge that it can absorb tens and hundreds of billions of dollars worth of foreign funds without being shaken' (quoted in Zhao Q. 1996:156). Without rapid economic development, Deng and others might have feared the authority of China's Communist Party (CCP) would be seriously threatened, and so would perhaps the cohesion of the PRC. Thus, to such people, 'lack of reform' posed a bigger threat than 'reform' *per se* (Guo 26 October 2000; interviewee 2; interviewee 7; interviewee 8).

Hence, China agreed to NT in order to stimulate FDI and technology transfers, and thereby to spur modernization (AS-E 2 September 1988: 13). A Chinese MFA official argues that:



Many government people *realized* that if China really wanted to open the door, it would have to grant another nation NT sooner or later...Though there was some resistance, many people *realized* that this was the only way for China to open its door more and more.

(Interviewee 22, emphasis added)

In a similar vein, Zhang notes that:

the Chinese government felt pressured to assure corporate Japan about the safety and profitability of investment in China. The Chinese leadership repeatedly assured Japan that there would be no turning back on reform. Chinese policy-makers also *realised* that the provision of a legal framework for the protection of investment was essential in investment protection.

(1998a:153, emphasis added)

A Japanese negotiator from MOFA also emphasizes that China's changing attitude should be attributed to a new awareness rather than to Japanese pressure:

Through the negotiations, or in the process of negotiations, they [China] could *realize* how important this treaty might be [if it were] concluded. So I believe at the first stage...I don't think they could *realize* such an importance too much, and just [thought] Japan tried to protect Japanese investment...But in the latter stages I believe this is very important for China...to invite more investment to China. (Interviewee 11/3, first emphasis in original, second emphasis added)

So does one from MOF:

The reason why [people on] the Chinese side originally disliked NT was because they believed that they would have to take all the loss...I think that [they] *realized* [*wakattan ja nai ka*] that there were merits to [including NT into] the treaty for China. If that's not the case, there's no conclusion to a negotiation.

(Interviewee 19, emphasis in original)

However, PRC 'realization' that modernization was in the last event dependent upon granting Japan NT does imply the earlier discussed causality between the conclusion of a JCBIT on terms favorable to Japan and increased Japanese investment to China—a logic launched by Japan, and interpreted as an ideational policy instrument.

Adopting this idea, Chinese leaders clearly strayed from their previously nurtured reasons why Japanese companies should invest in the country. First, since China abstained from wartime compensation, that Japan has an obligation

to make a contribution. If such an obligation is understood as a *contrat féodal* (cf. [Chapter 1](#)), then Japan's previous lack of engagement could be characterized as an omission. Watson's more inclusive concept of responsibility—*contrat tacite*—second, is implied in a 1988 remark by Chinese Prime Minister Zhao Ziyang: 'As a developed country, Japan has a *responsibility* to cooperate in the economic development of Asia and the Pacific' (quoted in SWB FE/0242 29 August 1988: A3/2, emphasis added; cf. Robinson 1998:201). Japan's choice of not promoting investment in China could thus be interpreted as an omission regardless of one's approach to responsibility.

In sum, reform-minded top leaders regarded further modernization and economic development as a means to secure their own incumbency and FDI as a tool to promote modernization. Yet, 'realizing' that China would not attract sufficient investment without granting Japan NT, they internalized a construction of non-Chinese origin, and thereby abandoned the position that Japan has an obligation or a responsibility to provide FDI to the country. In this respect, there is a link between Japan's ideational statecraft and the carrot of increased FDI, on the one hand, and China's decision to acquiesce to NT for the first time ever in this kind of treaty, on the other. In the process of accepting this logic, the Chinese government replaced many of its previous defining ideas with new ones originating in the West and Japan, for example, fierce opposition to international law with a more accommodating attitude (cf. Chan 1999:175). By doing so, the top leadership gave priority to modernization—and some would say at the sacrifice of sovereignty.<sup>54</sup> However, it tried to give legitimacy to the new policy by phrasing it in terms more acceptable to those favoring sovereignty. In particular, it emphasized the continued primacy of the state plan and the possibility that a 'consolidated socialist state' (Wang Y. 2002:45) can emerge 'to control the negative effects of foreign direct investment' (ibid.; cf. Pearson 1991:3).

Whereas NT had constitutive effects on the interests of reform-minded top leaders to the extent that it alienated them from the idea that Japanese FDI should need no Chinese *quid pro quos*, some consequences of their concession significantly opposed the revealed interest of many of those who did not prevail in defining China's 'national interest'. This group included those who regarded foreign economic presence in China as disturbing or threatening *per se*, for example, older and more conservative CCP cadres, and representatives of other groups not favoring or favored by reforms. Indeed, top-level CCP debates on China's economic strategy took place throughout the 1980s. A meeting in July 1988, for example, was followed by rumors about antagonism within the party, and about the precedence of reformers (Lodén 1998:69). Finally, if the normative framework governing FDI in China changed as a result of the JCBIT, it most likely continues to affect China on a long-term basis. It does so either causally, used by Japan or other actors as an ideational policy base in the bilateral interaction over FDI, or constitutively, so that the Chinese who first opposed 'international norms' may now prove to be more accommodating towards them.

*Perspectives on revealed interests: 'real interests'*

As noted above, Japan made its agreement to the JCBIT conditional on an improved Chinese investment climate—most importantly, the inclusion of NT into the treaty—and then it made a linkage between such an agreement and increased Japanese FDI in China, or inversely, without improvements, no JCBIT and, in turn, a continuously low level of Japanese FDI in China. As discussed earlier, Japanese rhetoric made it seem like the country's acquiescence to NT was the only way that investment would expand. This ideational policy instrument could also be understood in terms of Japan impairing China's scope of options. The idea that FDI would not increase without a JCBIT on terms favorable to Japan conversely implied that China would not be able to use Japanese FDI to spur its modernization, as its policy makers felt entitled to. This policy instrument could thus also be interpreted in terms of Japan harming China's efficiency.

The use of such techniques of statecraft impaired Chinese welfare prior to 1988 and threatened to damage it further and on a continuous basis if China did not agree to the terms of the agreement suggested by Japan. As discussed earlier, it thereby underlay PRC compliance: given the logic reestablished by Japan, it would be economically very unfavorable for the country to maintain its resistance. Of course, it is not clear that Japanese investment had not increased anyway—i.e. even without the kind of treaty favored by Japan and despite all warnings to the contrary. However, the close coordination between MITI and Japanese business seems to have entailed that the government at least to some degree was able to control the flow of FDI to China. On the other hand, the negotiations appear to have left China's capacity for deliberation more or less untarnished. Indeed, various representatives of the country were able to produce alternatives to the Japanese ideas that they were presented and finally accepted. Chinese self-esteem also does not seem to have been at stake, unless Japan's unwillingness to accept that China was the victim of one hundred years of foreign humiliation is considered as an infringement on such.

The view presented thus far in this sub-section has taken FDI to be a desirable good with mainly beneficial effects, for example, contribution to the host country's economic growth 'through an increasing capital supply, technology transfer, training and productivity gains'<sup>55</sup> (Sun 1998:2). Some certainly argue that China has benefited from foreign investment and that Japanese FDI mostly affects the host country positively (Myers 1996: xiv, xxi).<sup>56</sup> They claim that it is indeed such traits that make FDI an effective policy instrument or policy base. Others, however, believe that the effects of foreign investment are fundamentally malign. They regard them as:

a tool of international exploitation by multinational corporations (MNCs). They view investment by MNCs in a developing country as a [*sic*] leading ultimately to economic dependence by the host country on these MNCs,

which undermines the host country's economic authority. This is because MNCs are motivated to invest in order to exploit the natural resources and cheap labor available in the host country. They see the benefits produced by these investments as mainly accruing to MNCs through transfer pricing for imports and exports. As a result, the economic welfare of the host country is not improved.

(Sun 1998:2)

In this vein, it has been insisted that FDI has had mainly negative effects for China or at least no positive ones (Howe 1990:683).<sup>57</sup>

If this perspective is taken into account, the analysis of 'real interests' must be modified. Now, the major encroachment on China's interests did not occur during the negotiation process, but afterwards as Japanese FDI started to flow into the country. In this perspective, the treaty itself has to be regarded as problematic mainly for the reasons advocated by Chinese conservatives, i.e. for robbing the PRC of control over its economic development. Being bound by such an agreement would then significantly limit China's scope of options. It would also manipulate its efficiency, for example, by rendering it extremely difficult for China to reverse the Open Door Policy, or to expropriate or nationalize foreign companies. Since FDI also destroys much of China's traditional culture, it is finally fair to hypothesize that it brings harm to Chinese self-esteem. Hence, according to this view, the major Japanese fault was not to abstain from investing in China and from concluding a JCBIT, but to conclude a treaty on terms that facilitate further exploitation.

Without having to take sides in the debate between those who argue that FDI has positive effects and those who mainly see negative ones, this reflection on 'real interests' could be continued by problematizing yet another factor so far taken for granted in the analysis, namely that 'real interests' must refer to state real interests. The idea that such interests could refer to societal ones as well is counter-intuitive both to most International Relations (IR) theorists and Chinese scholars and bureaucrats, all of whom tend to believe that society and individuals are not proper units of analysis (Chan 1999:86).<sup>58</sup> Yet, if one regards the effects of the negotiations and the JCBIT on society, there are likewise at least two stories. While both acknowledge that China's Open Door Policy has brought about many negative effects for individuals, for example, through lay-offs in national enterprises and increasing regional differences, the first story emphasizes benign effects of such a policy and FDI in particular: People have much more to choose from in terms of commodities; overall, they become more wealthy; in the long run capitalism will lead to democratization and the strengthening of political and civil rights in China. Such a development could be likened from the point of view of a liberal version of 'real interests'. When Japan negotiated the treaty, it may or may not have exerted some pressure on China, but the end result is completely in the 'real interest' of the vast majority of Chinese people. In the other story, finally, the negative effects mentioned above are

further emphasized; foreign economic involvement has brought detriment to the social and cultural rights of a large segment of Chinese society.

Chapter 1 provided rather tangible tools for analyzing ‘real interests’. However, the bottom line of this discussion is that it is difficult to perform even such an analysis without having to make interpretations that are necessarily internal to theoretical and/or ideological perspectives. Moreover, and quite interestingly, the analysis of ‘real interests’ does not add much to the analysis of revealed interests earlier.

### **Intentional analysis**

The purpose of this last analytical section is to investigate whether or not Japanese ideational and economic statecraft can be interpreted in terms of action. In brief, did the harmful consequences for the PRC discussed above correspond to a revealed or reconstructed Japanese choice to affect China detrimentally, or is it at least possible to argue that the country’s policymakers acted carelessly where they should have been able to predict the disadvantages caused to China? Moreover, if Japan’s behavior towards China cannot be construed as undertaken for a reason, purposefulness must also be reconstructed by way of asking if the consequences for China put Japan in a more favorable position than previously.

### ***‘A bad investment environment’***

Talk of ‘a bad Chinese investment environment’—so crucial for justifying Japan’s early lack of effort to conclude the negotiations for a JCBIT, and in the end the low level of Japanese investment to China—was not depicted by the country’s representatives as a strategy. Yet, it is clear from this statement by a directly involved top-level Japanese official that it was indeed strategically depended on:

The biggest obstacle to an early conclusion of the treaty was that in present-time China, there were very few national laws regulating FDI. Still, the Chinese were very hopeful to get lots of investment. This situation finally prompted them to respond positively in the negotiations. All along, the Japanese negotiators tried to *persuade* China by saying that without guarantees for sufficient protection, they would not be able to promise increased Japanese FDI to China.

(Interviewee 14, emphasis added; cf. Katayama 1988:15)

This strategy becomes even clearer when non-investment is taken into account below. At the same time there was awareness in the Japanese government that the kind of changes it favored were contested in the PRC. A negotiator from MOFA, for example, acknowledges that domestic opposition to the Open Door

Policy probably made it difficult for the Chinese to negotiate the JCBIT—and especially so to grant Japan NT (interviewee 11/3).

### *Non-investment*

The Japanese government has not called non-investment ‘an attempt to affect China in a manner contrary to its interests’. However, it should still have been obvious that Japan’s share of investment in the country was relatively small—especially against the background of continuous calls for such by PRC representatives. Japanese policy-makers indeed acknowledge that China’s need for investment increased during the course of negotiations, not least to ensure the success of the Open Door Policy (interviewee 11/3; interviewee 13/2): ‘[This] policy had not been around for so long, so to China FDI was very necessary...I believe that the Chinese side made the judgment that in order to promote Japanese FDI it had to conclude the treaty’ (interviewee 13/1; cf. Kajita 1988:66; interviewee 3/2; interviewee 11/2; interviewee 11/3; interviewee 19). In other words, ‘there was recognition that if the PRC government does not make a bold start like that [i.e. “signs such a positive treaty”], in reality [*genjitsuteki*] there won’t come any investment’ (Anami 1988:10). China’s eventual willingness to include NT into the treaty was thus a reflection of its ‘warm expectations on Japan’ (Konaga 1988:7; cf. interviewee 19).

There was also awareness among Japanese policy-makers that the PRC demand for Japanese FDI was not merely based on market economic logic, but rather on the idea that such investment was a substitute for war compensation, or that it was Japan’s responsibility as a developed country (interviewee 11/3; interviewee 12/2; interviewee 13/2).<sup>59</sup> Finally, if there had been enough resolve to increase investment to China, MITI guidance—perhaps instrumental in *not* channeling Japanese FDI to the country in the early and mid-1980s—could have facilitated the translation of a political will into enhanced flows of capital.

### **Epilogue to the JCBIT**

A boom of Japanese FDI to China followed the conclusion of the JCBIT. However, this frenzy, which entailed a shift in the focus of Japanese FDI from service to manufacturing, and increased large companies’ interest in the Chinese market, ended abruptly with the bloodshed in Tiananmen Square in June 1989 (Arnold 1992:242; Ono 1992: viii, 23–4; AS-M 18 September 1992:36). Japanese investment began to recover only when martial law was lifted in January 1990 (Arnold 1992:243). A second momentum, with the total number of approved inward FDI jumping more than 377 percent, occurred subsequent to Deng Xiaoping’s spring 1992 ‘Southern Tour’ and his call to open up the Chinese economy further (Chai JCH. 1998:6, 159–60).<sup>60</sup> Investment from Japan continued to fluctuate; decreasing in the mid-1990s and even more so after the Asian financial crises in 1997, then surging again after Japan concluded its WTO

*Table 3.5* The flow of Japan's direct investment to China, 1988–96  
(cases/100 millions of US\$)

	1988	1989	1990	1991	1992	1993	1994	1995	1996
Cases	171	126	165	246	490	700	636	770	365
Value	296	438	349	579	1,070	1,691	2,565	4,473	2,510

Source: Compiled from Kaku Shishi [Guo Sizhi] (1999): 82.

Note

The statistics are reproduced in current figures.

negotiations with China (as the first country to do so) in 1999 (see [Table 3.5](#)). Since 1989, Japanese FDI has become more concentrated in industries such as 'food, textiles, garments, chemical products, general machinery, electric machinery, home electronics, electronic equipment, and precision machinery' (Abe and Lee 2001:312).

Concerned Japanese policy-makers emphasize that the JCBIT became a kind of 'impetus' (*hazumi*) for China to deal with its investment environment 'positively and constructively' (*maemuki ni*) (interviewee 12/1), and that this environment was in a 'fairly good condition' around 1992 (interviewee 7). Still, many of the actors on the Japanese side have continued to complain about legal and other deficiencies on the Chinese market, and then linked such circumstances to decreasing Japanese investment (e.g. interviewee 3/1).<sup>61</sup> Some of them emphasize that it may soon be time to renegotiate the treaty in order to strengthen the protection of Japanese FDI in China (*ibid.*; interviewee 3/2; interviewee 7; interviewee 8; interviewee 15). Of course, with the PRC entry into the WTO in 2001, there should no longer be a need for a JCBIT, because all unequal treatment is formally prohibited under the provisions of the organization. Yet, related Japanese policy-makers believe that there will be a long transitional period before the large WTO rule system permeates all parts of Chinese society, and they therefore emphasize that the JCBIT must be revised alongside the implementation of the WTO rule system (interviewee 15).

## Conclusion

The analysis of the first seven rounds of negotiations showed that rather than using certain policy instruments to conclude the JCBIT as fast as possible, Japan attempted to justify presently low levels of Japanese FDI in the PRC by pointing to the lack of a JCBIT. It then made the conclusion of such a treaty dependent on changes in the Chinese investment environment, many of which were difficult for the PRC to accept—most significantly that Japanese investors be granted NT. Japan thus rebutted the Chinese idea that FDI either replaced wartime compensation, or was simply Japan's responsibility as a developed country. Japan's approach made the negotiations drag on, but it did not discourage China.

Still, PRC adaptation to the Japanese 'reality' was reflected by its gradual acceptance of the Japanese argument, revealed in an effort to strengthen its legal framework governing FDI, and the more positive promotion of its domestic investment environment. In sum, Japan's establishment of causality between 'a bad investment environment', 'no JCBIT' and 'scarce FDI' was contrary to China's revealed interest in getting more FDI from Japan. Still, insofar that China slowly adapted to the Western world-view, so that its definition of interest itself changed, Japan's policy had constitutive effects as well.

However, with wages rising in the NIEs, where many Japanese firms had previously been investing to sustain low-cost production, and China becoming a more attractive site for investors worldwide, Japanese FDI to China started to increase quite naturally. Due to such a development, Japan's interest in concluding the JCBIT grew larger, and so did the effort the country made to reach an agreement. After being interrupted for almost three years, this situation combined with the tenth anniversary of the Peace and Friendship Treaty, and some personnel changes in MOFA, to promote a reopening of the negotiations. In the bureaucracy, MOFA's China Division was in favor of restarting consultations, while the Treaties Bureau first displayed resistance. The new ambassador to China, however, had long experience in the Treaties Bureau, and the fact that he spoke in favor of resuming the negotiations probably made a difference. Among politicians, on the other hand, Itō Masayoshi played the role of messenger, while the real political will might rather have emanated from Prime Minister Takeshita.

The negotiations were formally reopened in mid-June 1988 and successfully concluded less than a month later in Beijing. China's acceptance to include NT into the treaty finally facilitated an agreement. Yet, an analysis of the interplay between different parties to the Japanese policy-making process rather supports the assumption that MOFA's China Division, which was at the center of the negotiations, was ready to conclude the treaty even without having NT being inscribed into it. Its first priority was allegedly to facilitate smooth bilateral relations. Japanese business' complaints about the Chinese investment environment, on the other hand, made MITI take a tougher position with regard to NT. With its close relationship to the business world and the JCEA, it was moreover in a position to orchestrate the previously mentioned linkages. Being part of MOFA, yet with a strong interest in not making bad legal precedents, the Treaties Division functioned as a kind of broker. Politicians, finally, provided the negotiators with rather contradictory orders: conclude the treaty in time for Takeshita's trip to China, but do not give up the demand for NT. There is reason to believe that Takeshita as a relatively China-friendly prime minister was behind the agreement in one way or another. Diet members closer to Taiwan, on the contrary, were persuaded through *nemawashi* not to oppose the treaty. In summary, despite the fact that it only had a single negotiator, MITI was possibly in a stronger position than MOFA's China Division with its four delegation members. Yet, it is impossible to say what would have happened had China not



yielded on NT. Would MITI and the Treaties Division have prevailed, or would the China Division have been willing and able to conclude a JCBIT anyway? Such a situation would probably have provided the LDP with an incentive to intervene. Prime Minister Takeshita's above-mentioned reputation, paired with the expressed wish to make an agreement before his August visit, could have tipped the scale in favor of the China Division.

In any case, there are different ways to understand why the PRC finally decided to give up its prolonged resistance to NT. Commentators have explained its concession with the fact that NT was given conditional terms. Participants on the Japanese side, in turn, explain that conditional NT attests to Chinese recognition that it would have been difficult for the country to provide foreign investors with the exact same conditions as domestic ones in 1988. Although NT was an important principle, the establishment of a Joint Committee was launched as a more substantial way to protect Japanese investment in China. The same people, moreover, hypothesize that China's agreement to NT was brought about by lastminute, top-level intervention. Since such a negotiating style has been depicted as typically Chinese, it is perhaps a reasonable assumption.

However, neither participants nor observers seem to have contemplated the possibility that PRC acquiescence to NT had any ulterior motives. Yet, the analysis shows that Japan continued to rely on the causality established during the first seven rounds of negotiations; namely, that it was quite natural for increased FDI not to materialize as long as there was no JCBIT—a treaty which in turn could not be realized without guarantees for a better investment environment—NT in particular. However, Japan started to formulate such 'market economic logic' in increasingly positive terms: an 'improved' investment environment—particularly Chinese acquiescence to NT—would lead to an agreement on JCBIT, and such an agreement would in turn spur even more Japanese FDI to China. In the end, such reasoning successfully defined the limits of 'reality', so that China's previous stance was portrayed as 'unrealistic' whereas Japan was described as being 'unfairly discriminated against'. Japan's ideational policy instrument relied on the policy base of other countries making similar claims towards China. Hence, although such an instrument might not solely have originated from Japan, the country reproduced ideas that were previously believed to be contrary to China's interests.

This instrument was also substantiated and reinforced by non-investment until the mid-1980s, and then on promises of increasing FDI. MITI guidance seems to have provided the means through which the 'market economic logic', as launched by Japan, was translated into 'real economics'. However, non-investment was soon rephrased in more positive terms, so that Chinese policy makers had reason to believe that if it agreed to conclude a JCBIT with NT, Japanese FDI in the country would increase. After the agreement had been reached, moreover, MITI took steps to promote such investment more actively, *inter alia* through the dispatch of an investment environment research delegation and the establishment of JCIPO. In the end, a boom in Japanese FDI, lasting

until the crackdown of protests in Tiananmen Square in June 1989 followed the conclusion of the treaty.

The process-tracing analysis inquired into the possibility that the third ODA package that Prime Minister Takeshita took to China during his August 1988 visit functioned as another economic policy instrument. Although observers agree that ODA has been Japan's most important policy instrument, and Arase even seems to make a connection between the third yen-loan in 1988 and the JCBIT, such inquiries were quite inconclusive. Some Japanese policy-makers suggest that a connection between the JCBIT and the ODA package was made rather on the Chinese side; the PRC concession on NT could thus be understood in terms of an *omiyage*, and as such quite unrelated to any possible Japanese influence attempts.

The investigation of China's interests first demonstrated that parts of the final treaty—in particular, NT and ways of dealing with compensation in the case of nationalization or confiscation—totally contradicted what had thus far been revealed as such interests. In short, China accepted the 'international norms' it had previously resisted. The reason for its changed stance was arguably the 'realization' that its modernization in the last event depended upon granting Japan NT. Needless to say, such a 'realization' clearly implies the Japanese ideational policy instrument of establishing causality between a JCBIT and increased investment discussed earlier. Adopting this idea, Chinese leaders strayed from their previously nurtured position that it is a Japanese obligation or responsibility to provide FDI *anyway*. The interest analysis suggested that the proponents of modernization and economic development were constitutively affected by Japan's policy, so that they became more accommodating towards NT and other Japanese demands previously resisted. Since reformists around Deng Xiaoping prevailed in domestic policy-making, however, conservatives continuously emphasizing sovereignty were causally affected, meaning that their revealed interests were significantly contradicted by the terms of the JCBIT.

Although [Chapter 1](#) provided rather tangible tools for the empirical investigation of 'real interests', next, the analysis clarified that such an endeavor is necessarily internal to theoretical and/or ideological perspectives. First, there was a cleavage between two different perspectives to FDI in general, roughly corresponding to the split between reformists and conservatives, and then there was a division between macro and micro perspectives. Hence, macro analysis turned out to be yet another way to organize the themes first discussed under the heading of 'revealed interests'. From an individual perspective, there are likewise two stories depending on whether FDI is seen as good or bad. On the one hand, Japan may or may not have exerted pressure over China, but the end result is more or less in the 'real interests' of a vast majority of the Chinese people. On the other, foreign economic involvement brought detriment to the social and cultural rights of a large segment of Chinese society.

The intentional analysis, finally, concluded that Japanese policy-makers strategically depended on the idea of 'a bad Chinese investment environment',

and that they knew about the domestic contestation of the Open Door Policy. They moreover understood China's increasing need for FDI, and were aware that the country regarded investment as a substitute for Japanese wartime compensation. Since market mechanisms do not function perfectly in Japan, MITI should have been able to use administrative guidance to fulfill China's wishes if it only had wanted to.

## 4

### Case 2

#### Interaction over the Pinnacle Islands

The central aim of this second analytical chapter is to investigate if and how Japan exerted power over the People's Republic of China (PRC or China) in response to the latter's 'Law on the Territorial Sea and Contiguous Zones' (Territorial Waters Law, TWL), promulgated in February 1992. Ancillary aims again include scrutinizing the policy instruments used by Japan and the country's policy-making process with regard to issue-specific China policy. The first section of the chapter provides an overall background to the dispute, both in terms of empirical data and statecraft.<sup>1</sup> It is immediately succeeded by relational power analysis of Japan's reaction to the TWL from late February 1992 onwards. Japanese-Chinese interaction is, in other words, subjected to the three analytical steps outlined in [Chapter 1](#), namely process-tracing, interest and intentional modes of analysis. Next, there is a section attempting to understand subsequent events in light of earlier findings, and finally a conclusion is drawn.

#### **Pre-1992 analysis**

This section presents both governments' arguments and counter-arguments together with what has been taken as historical facts about the islands and the dispute over them.<sup>2</sup> It then starts to apply the analytical framework developed in [Chapter 1](#) to such a material. This interpretative endeavor continues in the third subsection, where instances of direct collision over the islands are analyzed. The story ends in February 1992—the juncture from which more fully-fledged relational power analysis ensues.

#### ***Parallel arguments: history v. international law***

On the basis that they had been annexed as part of Ryūkyū kingdom in 1879, Japan's Meiji Cabinet formally decided to incorporate the Pinnacle Islands in Okinawa Prefecture on 14 January 1895.<sup>3</sup> However, it is fundamentally disputed whether at that point the islands were *terra nullius* (unclaimed land), as argued by Japan, or an integral part of Chinese territory. Given the contemporary modes of acquisition, many sources give reason to believe that there is indeed substance to China's historical claim. The history of Chinese contact with the islands is

traced back to 1372—the fourth year of the Ming Dynasty (1368–1644) (Blanchard 2000:101)—or substantially earlier (Suganuma 2000:42–4). The bulk of such an argument is that the islands were used as shelters by Chinese—especially Taiwanese—fishermen, that they were part of the dynasty’s coastal defense system against Japanese pirates and smugglers, and that until 1866 they functioned as navigation aids for some twenty-four imperial investiture missions bound for Ryūkyū to give legitimacy to new kings. Empress Dowager Cixi, moreover, allegedly granted three of the islands to a Chinese businessman in 1893. In short, circumstances like these are taken to refute the idea that the Pinnacle Islands were ‘no man’s land’ in 1895 (Cheng 1974:253–60; Chiu 1996/97:19–20; Matsui 1997:11; Suganuma 2000: Chapter 2).

Many Japanese authors, however, reject such arguments. Yoshiro Matsui concludes that even if they were to be taken seriously, they make up ‘far less than the standard required by international law at that time’ (1997:13; cf. Cheng 1974:260–1). He therefore considers China’s title to the islands as ‘inchoate’ (Matsui 1997:13).<sup>4</sup> Japan’s claim, on the contrary, is based on the ‘principle of discovery-occupation’ in international law.<sup>5</sup> Japanese businessman Koga Tatsushirō (re)discovered the Pinnacle Islands in 1884, and they were incorporated into the country’s territory allegedly only after having been surveyed for more than ten years.<sup>6</sup> Japan has since ‘controlled’ the islands ‘effectively’ since 1895—of course by US proxy between 1945 and 1972 (*ibid.*: 23–30).<sup>7</sup> ‘Occupation’, in this context, means that Japan has ‘possessed’ and ‘administrated’ the Pinnacle Islands for more than a hundred years.<sup>8</sup>

This is where the Chinese side typically interjects that 1895 marks China’s defeat in the Sino-Japanese War (1894–95). It points out that the Treaty of Shimonoseki of 17 April 1895 forced China to cede Taiwan together with all islands ‘appertaining or belonging’ to Taiwan, the logic being either that this phrase incorporated the Pinnacle Islands, or that China’s overall decay had provided Japan with a chance to seize control over them just three months earlier (Cheng 1974:249, 253; Chiu 1996/97: 21; cf. Matsui 1997:21–2). Against the background of confidential letters being circulated among Meiji officials, Han-yi Shaw moreover argues that there was awareness in that group that the islands were part of ancient Chinese territory (1999:70–111; cf. Cheng 1974:248–9; Zhong 1996: 17).<sup>9</sup> Yet, since Chinese protests were delayed another seventy or so years, Japanese writers have suggested that Japan’s claim could at least be considered as consolidated through ‘the principle of acquisitive prescription’ (Shaw 1999:35).<sup>10</sup>

How to interpret the events in 1895 is particularly difficult since Japan was defeated in World War II (WWII). The 1943 Cairo Declaration and the 1945 Potsdam Declaration unanimously ordered the country to surrender all territories annexed during its imperialistic era, and it also did so as it signed the San Francisco Peace Treaty on 8 September 1951 (Article 2). The question, therefore, is whether or not the Pinnacle Islands belong in this group. The Japanese government, of course, argues that they were not part of the territory relinquished

by China in 1895, because the Treaty of Shimonoseki did not specifically refer to them in any language (Suganuma 2000:118). It also points out that they were not mentioned in any of the wartime declarations or in the San Francisco Peace Treaty, and that no Chinese government raised any objections to such omissions (Matsui 1997:21–2; Suganuma 2000:120–1).

The PRC and the Republic of China (Taiwan, ROC) also failed to denounce the fact that the San Francisco Peace Treaty (Article 3) forced Japan to transfer the islands' administrative rights to the USA—a circumstance further complicating the picture.<sup>11</sup> Although neither of the regimes was allowed to take part in the peace conference, protests on their part would nonetheless have been registered. ROC silence is explained by way of arguing that it believed the islands to have been retrieved with the nullification of the Treaty of Shimonoseki after WWII. US military use of the islands in subsequent years was then understood in terms of the country being an ROC ally (Chiu 1996/97:24; Shaw 1999:112–13). The PRC, moreover, claims that Foreign Minister Zhou Enlai lodged 'a strong protest' against the San Francisco Peace Treaty, implying the relevance of such an objection to the present dispute (Zhong 1996:18; cf. Shaw 1999: 121–2). However, Greg Austin argues persuasively that:

Given the PRC's very strident defence of its territorial claims during the whole of its existence, especially the first twenty years, it is difficult to believe that the PRC would not have uttered one word in official protest had it believed that the Senkaku Islands were Chinese territory given that they were occupied by what had commonly been characterised by the PRC as US imperialists.

(1998:174)

There might thus be reason to doubt the PRC logic.

The US Civil Administration later reinforced the link between Okinawa and the Pinnacle Islands, for example, in publications by botanists and forestry personnel. US military, moreover, used some of the islands for training exercises (Suganuma 2000:121–2), and it 'forcefully insisted on grouping *all* islands together and objected to any actions (such as partial reversions) that might endanger this monolith' (Blanchard 2000:121, emphasis and parentheses in original). Yet, at the return of Okinawa Prefecture to Japan in 1971–72, US policy *vis-à-vis* the islands had become increasingly ambiguous. In the words of Secretary of State William Rogers, 'this [reversion] treaty does not affect the legal status of those islands at all. Whatever the legal status was prior to the treaty is going to be the legal situation after the treaty comes into effect' (quoted in Blanchard 2000: 120; cf. Chiu 1996/97:25). The USA probably took a neutral stance because the PRC had suddenly started to claim the islands, and in particular because improved relations with the country was a main objective of the Nixon administration.

Taiwan first officially challenged Japan's *de facto* control of the islands early in 1971.<sup>12</sup> The PRC waited yet another few months until 30 December before declaring them to be Chinese territory (Chiu 1996/97:15). In any case, both Chinese governments' interest in the Pinnacle Islands surfaced after May 1969, when the Committee for Coordination of Joint Prospecting for Mineral Resources in Asian Offshore Areas, under the auspices of the United Nations Economic Commission for Asia and the Far East (ECAFE), reported that given the area's relatively thick neogene sediment, the seabed *might* contain one of the richest oil and gas deposits in the world (Chiu 1996/97:10–11), *possibly* 10–100 billion barrels of oil (Downs and Saunders 1998/99:124). The Japanese Ministry of Foreign Affairs (MOFA) construes a connection between the discovery of possibly lucrative hydrocarbon reserves and Chinese assertiveness (Ministry of Foreign Affairs 8 March 1972; Ministry of Foreign Affairs 5 March 1992; Diet-HR 123, Gaimu 7, 22 April 1992:26),<sup>13</sup> but the PRC denies such reasoning (interviewee 24).<sup>14</sup> From that time on, the Chinese history argument was supplemented by a geology one emphasizing 'natural prolongation'. The bulk is that the Pinnacle Islands rest on the East China Sea continental shelf and that the Okinawa Trough separates them from the Japanese continental shelf and the Ryūkyū archipelago. The islands would thus naturally belong to China (BR 39, 1996:10). Japan, on the other hand, claims that the continental shelf should be divided along a median line between the two countries (Downs and Saunders 1998/99:124, n. 40).<sup>15</sup>

### *The conspicuousness of ideational statecraft*

From the perspective of the one-dimensional view of power, the previous sub-section may seem to give little evidence of Japanese influence attempts, let alone instances where the country has exerted power over China. From the viewpoint of the conceptual framework developed in [Chapter 1](#), however, it is possible to argue that the very same summary reflects nothing but continuous Japanese attempts to influence China and the other way around. The aim of this sub-section is to shed some light on the previous one by putting it into the perspective of statecraft. It is thus evident that both sides have tried to influence each other as well as world opinion by means of ideational statecraft. Even without doubting the factual correctness of China's 'historical claim' and the original innocence of Koga and the Japanese government as the islands were 'found', 'surveyed' and declared to be '*terra nullius*', all such allegations construct realities of their own, which, linked to other circumstances—in Chaïm Perelman's terms 'pre-agreements' (1963, quoted in Kivimäki 2002)—are aimed at justifying one party's claim over that of the other.

China, on the one hand, has tried to enhance the legitimacy of its argument—in particular, to explain why it kept silent until the early 1970s—by reasoning that it lost the Pinnacle Islands to Japan through the Treaty of Shimonoseki, or that foreign incursions had at least weakened the Chinese

government to such an extent that it was unable to object (interviewee 24). Protests continuously failed to appear because of protracted domestic disarray caused by the ‘one hundred years of sufferings and humiliation’ (see Chapter 3). From a Chinese viewpoint, such circumstances constructed a Japanese policy base, which, despite the country’s capitulation in 1945, remained in place until the 1970s. Japan, on the other hand, has based its title in another, and perhaps stronger, ‘preagreement’, namely international law. Chapter 3 clarified that because such law originates from ‘the West’, China has maintained that there is a capitalist and imperialist bias to it: ‘From the Chinese viewpoint...international law has served as a tool for Western imperialists to colonize and conquer countries in the third world, including China’ (Suganuma 2000: 22–3; cf. Matsui 1997:14; Shaw 1999:105, 110, 112). The PRC therefore cannot abide by such legal standards indiscriminately. Qing officials, ROC ones in the early 1900s, and PRC ones after the end of the Civil War in China (1945–49), were moreover too unfamiliar with international law to be able to produce a sufficient objection to Japan’s occupation of the islands (cf. Shaw 1999:106, n. 125).<sup>16</sup>

### *Three controversies: more on civilian statecraft*

US and Japanese decisions in 1972 to sacrifice formal diplomatic relations with Taiwan in favor of the mainland, and the PRC takeover of the Chinese seat in the UN, effectively put an end to Taiwan’s ability to play any major role in the Pinnacle Islands dispute. Newly awakened PRC assertiveness, increased by student demonstrations, however, came to a temporary end with the normalization of diplomatic relations between Japan and China in September that year. Negotiators thus bypassed the Pinnacle Islands issue in order to reach an agreement (Shaw 1999:15).<sup>17</sup> It is not too far-fetched to interpret such PRC calm as a concession to Japan for its switch in recognition. There was possibly also concern that a bolder approach to the dispute might endanger Japan’s ‘economic cooperation’.

The issue soon became contentious again. Negotiations for the 1978 Peace and Friendship Treaty reportedly dragged on because of it. In March and April that year, right-wing and pro-Taiwan Liberal Democratic Party (LDP) Diet members tried to condition the inclusion of an ‘anti-hegemony clause’ into the Peace and Friendship Treaty on PRC acceptance of Japan’s sovereignty over the islands. China reacted against this instance of diplomatic statecraft by dispatching about a hundred armed fishing boats to the islands—the only clear-cut instance of military statecraft in this study. It allegedly threatened that if Japan did not agree to the anti-hegemony clause, the Pinnacle Islands ‘would become an endless territorial dispute’ (Zhao Q. 1996:194). A Japanese right-wing nationalist group with possible mob ties (Shirouzu 1996: A14), *Nihon Seinensha* (Japan Youth Federation), retaliated in turn by building a lighthouse on Uotsuri/ Diaoyu Island, the largest of the islets. The People’s Liberation Army (PLA) Navy (PLAN) Commander at that point reportedly planned a major naval exercise to



intimidate Japan—a strategy that was later overruled by then Vice-Premier Deng Xiaoping (Bachman 1998:40).

In the end, Japan did accept the anti-hegemony clause, and, as a result, Deng Xiaoping proposed that the territorial dispute had better be ‘shelved’ for a while:<sup>18</sup>

It does not matter if this question is shelved for some time, say, ten years. Our generation is not wise enough to find common language on this question. Our next generation will certainly be wiser. They will surely find a solution acceptable to all.

(Quoted in Suganuma 2000:138)

The linkage between the two issues resembles that deliberated within the LDP, but it appears to have been made on the Chinese side, for strategic reasons. Yet, since the quiet that followed favored status quo, and thereby Japan, the compromise could as well be interpreted as an instance of Japanese power. From the point of view of the negotiations for a Peace and Friendship Treaty, however, it might just as well be seen as a Chinese one. Indeed, these were the two most contentious issues in Japanese-Chinese relations in 1978 (cf. Zhao Q. 1996:193). In any case, whereas the trade-off favored Japan in the short run, Deng Xiaoping launched it so that it worked to China’s advantage in the longer term. Many high-level Japanese policy-makers, for example, Nakasone Yasuhiro, head of the Executive Council in 1978 and Prime Minister 1982–87, initially accepted Deng’s suggestion that ‘the dispute’ ‘be postponed’ because they saw this statement as a signal of China’s tacit acceptance that the Pinnacle Islands belonged to Japan (Hiramatsu 1992b: 48–9). However, by taking this interpretation, they also accepted a world-view of Chinese creation, i.e. that there *was* a dispute over the islands in the first place.

The issue flared up next in 1990. The controversy started on 29 September, when Japan’s Maritime Safety Agency (MSA), allegedly made preparations to recognize the lighthouse built in 1978 as an ‘official navigation mark’. Taiwan reacted instantly, and Taiwanese athletes and journalists attempted to ascend the islets with an Olympic torch, but they were driven away by Japanese coast guards. Such a reaction served the idea that the islands were rightfully under Japan’s ‘control’, and so did the reiteration that they were privately owned and that the government therefore could not stop rightist activities on them. The first PRC response was delayed until 18 October and the country did not make a formal protest until the 27th (Andō and Kotake 1994:231). Erica Strecker Downs and Phillip C. Saunders draw the conclusion that PRC hesitancy was due to the fact that an agreement for Japanese development loans—indeed the first thaw of ODA by any state in the aftermath of the crackdown of protests in the Tiananmen Square a year earlier—was to be signed on 3 November (1998/99: 128). Although it is possible that the linkage was again made rather on the Chinese side, the country abstained from taking more severe measures due to its

dependence on Japanese ODA and diplomatic support, thus adding up to instances of Japanese statecraft with economic and/or diplomatic instruments. If the official PRC response was muted, however, public protests in Hong Kong and Chinese communities abroad were not.<sup>19</sup>

### **Process-tracing analysis 1: the TWL and Japan's reaction**

Starting with China's adoption of the Territorial Waters Law (TWL) in late February 1992, this section reconstructs Japan's reaction to the law and China's response to the Japanese reaction. The first sub-section briefly introduces the law itself, and outlines the countries' interaction during the first few days after its promulgation. The following two sub-sections present the next couple of occasions where the issue attracted public attention through Japanese protests.

#### ***The Territorial Waters Law and protests in February***

A draft of the TWL was first deliberated at the twenty-second session of the seventh National People's Congress Standing Committee (NPCSC) in October 1991, and it was then circulated throughout the PRC leader stratum for opinions. On 20 February the following year, at the twenty-fourth session of the seventh NPCSC, Song Rufen, Deputy Director of the NPC Commission of Legislative Affairs, announced proposed amendments of the law (SWB FE/1314 26 February 1992: C2/2). One such modification was the inclusion of the Pinnacle Islands (Hiramatsu 1992b: 43). The TWL was finally accepted by majority vote on 25 February, and signed by PRC President Yang Shangkun (Chang H. 1992: 19; FBIS-CHI-92-038 26 February 1992:20). As mentioned in [Chapter 2](#), the law reconfirms China's claim to the Pinnacle Islands and other islands arguably under Chinese sovereignty (Article 2). In addition it covers adjacent bodies of water, including 12 nautical miles (nm) of territorial sea and another 12 nm of contiguous zones (Articles 3 and 4). However, according to Hiramatsu Shigeo, the law's main characteristic is that it takes the trouble of pointing out what should be obvious, namely the right of PRC military to remove by force any incursion on such territories, and to continue to chase offending ships in the open seas (Article 14) (Hiramatsu 1992a:21; 1993:6).<sup>20</sup>

Despite China's effort to maintain its legal system during this period, and the global inclination to clarify territorial water boundaries, the promulgation of the law took Japan by surprise. There was so little preparedness that the government failed to react until reports in Taiwanese media caught the eye of a Japanese diplomat stationed in Taipei (interviewee 16; cf. interviewee 4). The large number of Japanese protests, however, perhaps redeemed such initial inertia.<sup>21</sup> In any case, the contents of the law were interpreted as an important departure from China's earlier position that 'the issue' 'be shelved' (Wu X. 2000:305), and the leadership of MOFA's China Division saw it as 'clear infringement of Japan's sovereignty' (*akiraka ni shuken shingai*) (interviewee 10; cf. interviewee 6/1). It

therefore instructed the embassy in Beijing to protest. Hence, on the evening of 26 February, Saitō Masaki, Minister in Charge of Political Affairs, made a verbal protest to the Director General of the Treaties and Legal Bureau at the Chinese Ministry of Foreign Affairs (MFA):

There is no doubt that *Senkaku Shotō* are uniquely Japanese territory, [both] historically and from the point of view of international law, and our country actually controls these [islands] effectively. The present Chinese act is very regrettable and [we] demand correction.

(Ministry of Foreign Affairs 27 February 1992; 5 March 1992, emphasis added; cf. AS-M 27 February 1992:3; FBIS-CHI-92-039 27 February 1992:15-16)

The following morning, on 27 February, Administrative Vice-Minister of Foreign Affairs (*Gaimu Jimujikan*) Owada Hisashi sent for China's ambassador, Yang Zenya, to restate the protest.<sup>22</sup> According to MOFA, Yang responded by expressing his hope that the issue would not harm the countries' 'friendly bilateral relations' (SWB FE/1316 28 February 1992: A3/1; cf. AS-E 27 February 1992:2; Ministry of Foreign Affairs 27 February 1992; 5 March 1992).

On the same morning, Prime Minister Miyazawa Kiichi was also asked to comment on the TWL. He told journalists waiting outside his official residence that 'Japan claims that (the islands) are its indigenous territory' (quoted in SWB FE/1316 28 February 1992: A3/1, parentheses in original), that the country cannot accept the new law, and that it has protested. He added that 'the question was settled with Deng Xiaoping many years ago', according to one source (quoted in AS-E 27 February 1992:2), and that there was 'an arrangement with Mr Deng Xiaoping' on the question of the Pinnacles Islands, according to another (quoted in SWB FE/1319 [3] 3 March 1992:i). In any case, MOFA afterwards issued a correction that Miyazawa's statement 'invites misunderstanding; there was no such *arrangement*' (quoted in *ibid.*, emphasis added). Chief Cabinet Secretary Katō Kōichi next declared that 'Japan cannot accept China's claim' (FBIS-CHI-92-039 27 February 1992:16), but he did not expect any disruption of bilateral relations, because 'In the past both sides have maintained different positions' (quoted in SWB FE/1316 28 February 1992: A3/1). Overall, Katō voiced his understanding of China's publicly expressed reason for making the law.<sup>23</sup> The Chinese MFA, on the other hand, dismissed all Japanese protests, pointing out that its sovereignty over the islands is 'indisputable' (FBIS-CHI-92-039 27 February 1992:16).

On 27 February, MOFA made yet another comment on the TWL. Spokesman Hanabusa Masamichi basically reiterated Saitō and Owada's points, regretting the law, demanding its rectification, and noting that apart from the fact that the Pinnacle Islands are Japanese territory on the grounds of history and international law, the country 'exercises effective control' (FBIS-EAS-92-040 28 February 1992:1). Not quite in accordance with the view cherished in the

China Division, Hanabusa also noted that, ‘another country’s insistence (of territorial ownership [*ryōyūken*]) cannot be called an infringement upon Japanese sovereignty’ (quoted in AS-M 4 March 1992:2, parentheses in original). He continued: ‘It is quite difficult to solve this kind of (territorial) problem in a way that Japan will be completely satisfied’ (*Kono shu no (ryōdo) mondai ga Nihon no kanzen ni manzoku suru katachi de kaiketsu suru no wa nakanaka muzukashii*) (quoted in AS-M 4 March 1992:2, parentheses in original). Hanabusa thereby implicitly acknowledged that there is ‘a territorial problem’ ‘to solve’—certainly also quite contrary to Japan’s official policy.

### *Protests in March*

During the Japan-China Joint Committee for Fisheries (*Nitchū Gyogyō Kyōdō Inkaï*) in Beijing on 10 March, another minister and Deputy Head of the Japanese Embassy in Beijing, Matsumoto Kōichi, aired a ‘strong complaint’ (*tsuyoi mōshiire*) of the law:

This time, a law for territorial waters and contiguous zones has been adopted and promulgated in China, and *Senkaku Shotō*, which is the unique territory of our country, has been regulated as if being Chinese territory, and uneasiness among our country’s fishermen that such [a step] is connected with infringements into the safety of their operations has increased, and this is regrettable [*ikan ni omou*]. Hereafter, [we] would strongly like to demand [*yōbō*] that friendly and cooperative relations between Japanese and Chinese finishing industries are not harmed.

(Ministry of Foreign Affairs 10 March 1992, emphasis added; cf. Diet-HR 123, Yosan, 5 Bunkakai 1, 11 March 1992:3)

A week later, during the twelfth regular Japan-China Diplomacy Meeting (*Nitchū gaikō tōkyoku kyōgi*) in Beijing, in a summit with China’s Foreign Minister Qian Qichen, Deputy Minister of Foreign Affairs (*gaimu shingikan*) Saitō Kunihiko took the opportunity to deliver Japan’s third formal protest. The Japanese delegation explained the justification for Japan’s claim (history and international law), and reiterated the country’s ‘displeasure’ with China’s move (FBIS-EAS-92-043 4 March 1992:1). However, after the meeting, Saitō told Japanese reporters that Qian ‘had assured him that the new law did not change Beijing’s position’ and that he had ‘accepted Beijing’s “clarification” of its position’ (FBIS-CHI-92-052 17 March 1992:6; cf. Ministry of Foreign Affairs 18 March 1992). Chinese Vice-Minister of Foreign Affairs, Xu Dunxin, was also quoted as saying that China has decided to ‘refrain for the present from pressing its claim’ to the Pinnacle Islands (quoted in SWB FE/1332 [4] 18 March 1992: i). PRC top foreign policy-makers thus decided to restate the ‘original position’ formulated by Deng Xiaoping, namely, that the issue be put aside for the time being, so that

it did not become an obstacle in bilateral relations (AS-M 18 March 1992:2; cf. FBIS-CHI-92-052 17 March 1992:6; SWB FE/1332 [4] 18 March 1992: i).

### *Protests in April*

Before his upcoming state visit to Japan, in an interview with Japanese correspondents stationed in China, China's Communist Party (CCP) General Secretary, Jiang Zemin, confirmed that the PRC would continue to shelve its territorial claim to the Pinnacle Islands in line with Deng's 1978 statement. At the same time, however, he reiterated China's 'historical title', and explained that the TWL is in line with the country's 'consistent stand' (FBIS-CHI-92-064 2 April 1992:7-8; cf. FBIS-CHI-92-063 1 April 1992: 8; SWB FE/1345 [3] 2 April 1992: i; CG 402 4/1992:24): 'Deng Xiaoping once made an all-round exposition of the Chinese Government's stand on and proposal concerning the *Diaoyu* Islands issue. This stand and proposal remain unchanged' (FBIS-CHI-92-064 2 April 1992:8, emphasis added). This was also the issue in the limelight of the summit between Prime Minister Miyazawa and CCP General Secretary Jiang. During their 150-minute talks, Miyazawa regretted China's reassertion of sovereignty over the islands, and requested that it have no adverse effects on overall Japanese-Chinese relations. In response, Jiang again recalled Deng's visit to Japan in 1978, and said that the stand conveyed by the then vice-premier remained unchanged. He thus once again indicated China's willingness 'to shelve' the matter (AS-M 7 April 1992:1; Ministry of Foreign Affairs, 8 April 1992). Chinese MFA spokesman, Wu Jianmin later concluded that the leaders of the two countries had '*agreed* the dispute should not affect relations' (FBIS-EAS-92-066 6 April 1992:7, emphasis added). The *Beijing Review*, moreover, made only scarce reference to the Pinnacle Islands issue in its reporting from the summit, but also noted in passing that it 'is still hard to be cooled down, although the two sides *agreed* to leave aside *the dispute*' (BR 16, 1992:7, emphasis added). The Japanese government would hardly have accepted such allegations, which could well be interpreted as an ongoing PRC influence attempt.<sup>24</sup>

### **Process-tracing analysis 2: behind Japan's reaction**

As shown above, Japan formally protested against the TWL on four separate occasions. Related policy-makers and observers largely agree that protests made up Japan's whole response to the Chinese law. The number of protests, however, is interpreted as a comparatively strong reaction, and so is the fact that they were made by policy-makers in increasingly high positions. Prime Minister Miyazawa's protest, for example, is described as the 'highest expression of Japanese resolve' (*saikō no ishi hyōji*) (interviewee 10). It was arguably accomplished because China's action was 'just too inexcusable' (*amari ni mo keshikaran*) (interviewee 3/2; cf. interviewee 6/1). All Japanese protests

demanded China ‘repeal’ the law (e.g. Ministry of Foreign Affairs 1992:188). Yet, since it remains in place, their effectiveness has been questioned.<sup>25</sup> Nevertheless, from the point of view of the conceptual/analytical framework developed in Chapter 1, such analysis of Japan’s response is more inadequate than the response *per se*. There are two main problems with this.

First, although Japan demanded that China correct the law, the effectiveness of Japanese measures must not solely be evaluated on such grounds. The 1992 leadership of MOFA’s China Division knew that ‘there is almost no chance that protests [will] affect the Chinese stance’ (interviewee 10). Public expressions of disapproval instead communicated the government’s standpoint to domestic and international audiences. Countries protest ‘for the record’ and ‘for future purposes’ (ibid.; cf. interviewee 6/1), because if *B* does not protest there is a risk that *A*’s interpretation becomes ‘a fact’ under international law. The chapter’s first section demonstrated how Japan has attempted to present the Pinnacle Islands issue in a light favoring its own position. The four protests and other similar comments could well be interpreted along similarly ideational lines; as means to reinforce the image that Japan legitimately exercises ‘effective control’ over the islands. Second, both MOFA officials and Chinese observers emphasize that no other measures were considered or undertaken in response to the TWL (Diet-HC 123, Yosan 2, 16 March 1992: 23; AS-M 29 March 1992:2, 5; interviewee 3/1 and 3/1; interviewee 6/1 and 6/2; interviewee 10; interviewee 23). Although Japan’s public reaction mainly consisted of protests, it is nevertheless possible to discern the existence of other policy instruments. The aim of the following sub-sections is to demonstrate the relevance of the second point by outlining a number of Japanese instruments of statecraft. With the aim of disclosing the process of Japan’s China policy in the case, the final subsection finally scrutinizes the Japanese policy-making apparatus.

### *The policy of effective control*

The analysis of Japan’s reaction to the TWL must be preceded by the recognition that the law itself could be interpreted as Chinese statecraft, namely, as an attempt to construct the PRC claim as the most legitimate one. There was vigilance against this strategy in Japan. In the words of LDP Diet member, Miyazawa Hiromu: ‘Since there is a risk that [this law] becomes like an established fact [*kisei jijitsu*], I would like for [the Japanese government] to pay sufficient attention’ (Diet-HC 123, Gaimu 1, 27 February 1992:3). Conversely, all Japan’s protests conveyed the message that the Pinnacle Islands were Japanese territory, that the country exercised ‘effective control’, and that its sovereignty claim was based on historical facts and international law. The TWL was thus portrayed as a ‘clear infringement of Japan’s sovereignty’, with which the country was ‘very dissatisfied’ (*hanahada fuman*) (interviewee 10; cf. interviewee 3/1).<sup>26</sup> Someone in charge of coordinating Japan’s response still says that the law did ‘not really challenge [the country’s] effective control [*jikkō*’

*shihai*'] (interviewee 10; cf. interviewee 6/1; interviewee 3/2). It also did not spur any increased Chinese activity with regard to the islands, and there was consequently no need for more defensive action (Ministry of Foreign Affairs 5 March 1992; Diet-HR 123, Yosan 15, 9 March 1992:6; Diet-HR 123, Gaimu 5, 10 April 1992:17).

Although it is believed that Japan just protested verbally, and that such expressions had no causal effect on Chinese policy, the potentially constitutive effect of ideas cannot be overruled *a priori*. It remains to be seen if the notion of 'effective control' can be as forceful as, for example, Deng's 'shelving' policy and perhaps even find its way into the vocabulary of Chinese policy-makers. Due to its connection with 'occupation', there is a sovereignty implication to the term that could then be exploited. Protests could also function as a means of gathering international support. Japan's adherence to a Western notion of sovereignty with a basis in international law might then achieve legitimacy for its claim outside of Japan. Transcending such an ideational aspect of 'effective control', Japan moreover does exercise a degree of control over the islands that goes beyond at least that of the PRC. Although nothing that takes place beyond the 'critical date' of a territorial dispute affects judicial judgments (Austin 1998:40),<sup>27</sup> the longer this situation continues, the more likely that Japan's title is solidified through the principle of 'acquisitive prescription' mentioned earlier.

### *A non-existing dispute*

So Japan made protests to convey the image that it rightfully controls the Pinnacle Islands. However, the ulterior reason behind such action might as well have been to communicate that there is no territorial dispute over *Senkaku Shotō* (e.g. SWB FE/1316 28 February 1992: A3/1; FBIS-CHI-92-066 6 April 1992:10). According to MOFA, Japan protested verbally 'not to stir things up' (*koto o aradatenai tame*) (quoted in Hiramatsu 1992a: 21). Such protests could then be seen as part of an attempt to downplay the issue altogether, as exemplified by this frequently repeated phrase: 'There does not exist any territorial problem with China in the first place' (*Chūgoku to no aida ni ryōdomondai wa somosomo sonzai shinai*) (Ministry of Foreign Affairs 5 March 1992; cf. Defense Agency 16 October 2000; interviewee 10).<sup>28</sup> The Japanese government has maintained the policy of 'no dispute' since the early 1970s (Shaw 1999:27).

While it should have been reassuring for Japanese policy-makers to hear that the TWL did not represent a change in China's policy with regard to the islands—indeed, such a 'clarification' might even have been the kind of concession that they were hoping for—JDA officials claim all Chinese comments to be 'irrelevant' (*kankei nai*) (interviewees 1). Hence, while they were probably satisfied to learn that China continues to cling to the 'shelving policy' (cf. Kim Y.C. 2001:232), Japanese representatives have become increasingly wary of the term 'shelving' itself. In the words of former Foreign Ministers Uno Sōsuke and Watanabe Michio, there is simply 'no evidence that the Pinnacle Islands



[*Senkaku Rettō*] problem has been shelved' (quoted in Ishii 1990:222), because 'our country hasn't agreed to it' (Diet-HR 123, Yosan 15, 9 March 1992:6). Former minister of state and Defense Agency Director General, Nukaga Fukushima, explains that this means 'the issue of sovereignty should not even be discussed with the PRC' (13 October 2000). This stance embodies another means of ideational statecraft used by the Japanese government to counter the lingering influence of Deng's 1978 phrase. In 1992 MOFA thus stated that, 'it is not possible to "shelve" the problem' (*mondai o 'tanaage' suru to iu koto wa arienai*) (Ministry of Foreign Affairs 5 March 1992; interviewee 10; interviewee 3/1; interviewee 6/1), adding that there is no evidence that Japan has agreed to such a policy (Ministry of Foreign Affairs 18 March 1992).

MOFA's adherence to the policy of 'no dispute' seems comparatively consistent, and it is reflected in its ignoring of Chinese proposals for 'compromise' and 'joint development'. However, as demonstrated earlier, even Prime Minister Miyazawa had to be corrected by foreign ministry officials when he referred to 'an arrangement' with Deng Xiaoping, implying acceptance of China's shelving strategy, and thereby the existence of a dispute *per se*.<sup>29</sup> In summary, Japan's response to the TWL was double-edged. On the one hand, it emphasized the legitimacy of its own claim in several protests, while on the other it continued to de-emphasize the existence of a dispute altogether. Many analysts, however, fail to appreciate ideational statecraft and the statecraft of non-action. Instead they portray Japan's policy with regard to the Pinnacle Islands as the lack of strategy (e.g. Okabe 11 November 2000; Suganuma 11 November 2000; Hiramatsu 4 December 2000).

### *Japanese caution: cowardice or positive statecraft?*

Analysts and others also criticize the Japanese government for showing too much 'cowardice' (*koshinuke*) in dealing with the Pinnacle Islands (interviewee 21; cf. interviewee 10; e.g. Hiramatsu 4 December 2000). Japan refrains from drilling for oil in the area to avoid provoking a conflict with China (interviewees 1), and the MSA handles all related matters with care (interviewee 9/1). For instance, two applications (in 1989 and 1996) from individual fishermen for permission to repair beacons on the islands were rejected because, 'if permission had been given, it was expected that it could have exerted serious influence on international relations [*kokusai kankei ni jūdai na eikyō o atae*], and done harm to Japanese people [abroad] [*hōjin ni kigai ga oyobu*]' (Maritime Safety Agency 30 November 2000). Likewise, in the wake of the TWL, a *Kōmeitō* ('Clear Government Party') politician from Okinawa, Tamaki Eiichi, took the opportunity to promote a port of refuge on the Pinnacle Islands, but officials did their best to avoid the issue (e.g. Diet-HR 123, Okinawa-Hoppō 4, 10 March 1992: 28; Diet-HR 123, Yosan, 2 Bunkakai 2, 12 March 1992:34; Diet-HR 123, Okinawa-Hoppō 5, 12 March 1992:14).



Japan's moderate approach could be taken as evidence that China is exercising power over the country. Indeed, the anticipation that a more straightforward line of action would provoke the PRC could have constrained its autonomy in policy-making and, since it cannot drill for oil, its economic well-being. However, from a different perspective Japanese caution stands out as creative policy rather than reactive behavior. On a direct question from another Okinawa politician, Furugen Kinuyoshi, of Japan's Communist Party (JCP), as to whether the government is not showing too much restraint as a result of China's attitude, the Director General of the Asian Affairs Bureau, Tanino Sakutarō, replied that 'there is absolutely no Japanese diffidence [*enryo*]' in the area (Diet-HR 123, Gaimu 5, 10 April 1992:17). Rather, if Japan's primary goal is to keep controlling the islands without too much fuss, i.e. in the spirit of the policy of 'no dispute', a careful approach to China could be construed as positive diplomatic statecraft: 'It is...effective control...to be able to decide not to do certain things on the islands because they would provoke China' (interviewee 6/2; cf. Diet-HC 123, Yoson 2, 16 March 1992:23). In summary, some concessions may seem to indicate Japanese cowardice, but since they probably facilitate the country's continuous occupation of the Pinnacle Islands they could as well be construed as 'strategic non-action', i.e. an instance of positive diplomatic statecraft.

### *Ambiguity with regard to bilateral visits*

1992 marked the twentieth anniversary of normalized Japan-China ties. Such occasions are usually accompanied by an upswing in top-level bilateral visits.<sup>30</sup> CCP General Secretary, Jiang Zemin, was thus scheduled to pay a friendly visit to Japan in early April 1992. The PRC had moreover repeatedly invited Emperor Akihito since his enthronement in 1989, and the visit finally seemed close to realization in early 1992.<sup>31</sup> In the end, both visits were indeed undertaken. However, in his first public comment to the TWL, MOFA spokesman, Hanabusa Masamichi, said it was 'unfortunate' that China asserted its claim to the Pinnacle Islands during the anniversary, and he declined to comment on how the incident might affect anticipated state visits:

It may not be appropriate to speculate about the Chinese intentions and their possible effects on our bilateral relations...The visit of dignitaries will be decided upon, taking into consideration the conveniences of the people involved and appropriateness of the visits.

(Quoted in FBIS-EAS-92-040 28 February 1992:1)

Since uncertainty replaced certainty with regard to Jiang's visit, it at least implied that some kind of sanction was not, *not* considered. As for the imperial visit, on the other hand, since the Japanese government had yet to make a decision, the statement hinted at the possibility of non-action. During the next

couple of months, the LDP engaged in a lively debate on the suitability of such a visit.

'Hawks' (*takaha*) within the party had expressed concern about the emperor's visit to China already prior to the TWL, for example, at an Executive Council meeting on 21 February 1992 (AS-M 3 April 1992:4). PRC adoption of the law revived such opposition. Or, rather, it seems to have functioned as a 'policy window' for such forces (cf. interviewee 4; interviewee 10).<sup>32</sup> Namely, after 25 February, the re-emergence of the Pinnacle Islands issue was referred to as one—if not *the*—major obstacle to an imperial visit. Opposition within the LDP also voiced concern about PRC support for civilian claims for Japanese compensation for damages and injuries inflicted before and during WWII (FBIS-EAS-92-066 6 April 1992:3, 6-7; AS-M 8 April 1992:2; AS-M 22 April 1992: 11; AS-M 21 May 1992:4; Nakajima 1992:22; Kim Y.C. 2001:232). It was arguably apprehensive that the emperor would risk becoming entangled in such political issues, for example that 'China might try to use such a visit to reassert its claim to the *Senkaku* Islands' (FBIS-EAS-92-067 7 April 1992:2, emphasis added; cf. Diet-HC 123, Gaimu 1, 27 February 1992:1; Diet-HC 123, Yosan 13, 8 April 1992:3; AS-M 3 April 1992:4; Tanaka 1994:145; Tow 1994:153).

During his April visit to Tokyo, Jiang Zemin again reiterated China's invitation to the emperor. However, Miyazawa's reply reflected lingering disagreements within the LDP: '[We] want to consider [this issue] continuously and seriously [*shinken ni*]' (AS-M 7 April 1992:1; FBIS-EAS-92-066 6 April 1992:3, 5). At the same time Japanese leaders 'discreetly' let the Chinese counterparts know that 'offensive remarks', for example, with regard to the Pinnacle Islands, would make it difficult to mobilize popular support for the imperial visit (Kim Y.C. 2001:239-40). Jiang replied that his government would not try to take political advantage of a trip to China by the Japanese Emperor, for example confronting him with any contentious issues (FBIS-EAS-92-067 7 April 1992:2). Deep-rooted resistance within the LDP, however, delayed the decision to accept China's invitation until late August that year.

### *Case-specific interplay between different actors*

Japan's reaction to the TWL was settled with the director of MOFA's China Division, Tarui Sumio, at the center of policy coordination. Needless to say, Tarui hardly took all, or even most, major decisions by himself. Yet, the influence of division directors over actual foreign policy is greater in Japan than in comparable countries (Sasajima 2002:82). This sub-section elaborates on the involvement of different actors: bureaucracy, party politics, domestic opposition and other countries.

*Bureaucracy*

Although there are no fixed rules for the coordination process, there is a relatively shared understanding of it. The director of the China Division stayed in regular contact with the director general of MOFA's Asian Affairs Bureau. There was also coordination with appropriate sections of the Cabinet Councilors' Office for External Affairs, the Maritime Safety Agency, the Maritime Products Agency and the Okinawa Development Agency (Ministry of Foreign Affairs 5 March 1992; cf. interviewee 10; Sasajima 2002:83). Related policy-makers moreover point to the involvement of the Prime Minister's Office, the Defense Agency and the Cabinet Councilors' Office for Security Crisis Management (*Naikaku anzenhoshō kiki kanrishitsu*) (cf. interviewees 1; interviewee 5). All agree that the Pinnacle Islands belong to Japan, but opinions sometimes differ as to what strategy the country should pursue in regards to them (interviewee 9/1). The policy of 'no dispute', for instance, originated from MOFA's 'legallyminded' Treaties Bureau (interviewee 21). However, in an article on the imperial visit, Tanino Sakutarō, Director General of the Asian Affairs Bureau in February 1992 and later Japan's ambassador to China, speaks of 'the territorial dispute over the *Senkaku* Islands' (1992:11, emphasis added). More 'Asian-minded' officials like him argue that, 'it's a minus that Japanese-Chinese relations [become too focused] on these kinds of things' (interviewee 21).

MOFA also played an active role in promoting the imperial visit, both in Diet committee discussions, and, as shown later, through *nemawashi* with Diet members and molders of public opinion.<sup>33</sup> Although there was a dissenting view in the ministry favoring caution, 'from the result, [it seems] that...everyone moved in the direction of realizing [the visit]' (interviewee 6/2; cf. interviewee 21). Representing the dominant view, the Asian Affairs Bureau argued that an imperial visit would be in Japan's own interest. Young C. Kim writes that its director general, Tanino, 'played a most critical role' in the formulation of Japan's China policy at the time, 'including the issue of the imperial visit' (2001: 237). Tanino and others thus did their best to persuade Diet members that the TWL was not the result of a power struggle between hard-liners and more reform-minded Chinese officials, as supposedly reported by some Japanese media. Since such an explanation would not strengthen the case for going ahead with the imperial visit, MOFA claimed that the TWL was spurred by overall legal maintenance. The evidence used in favor of such reasoning was that 'this legal step [the TWL] simply does not stop at the Pinnacle Islands [*Senkaku Shotō*]' but includes several disputed islands in the South China Sea as well (Diet-HC 123, Yosan 2, 16 March 1992:24; cf. *ibid.*: 23; DietHR 123, Yosan, 5 Bunkakai 1, 11 March 1992:3; Diet-HR 123, Gaimu 7, 22 April 1992:10, 19, 26).

*Party politics*

Japan's response to the TWL was not only coordinated within the bureaucracy. Although all parties represented in the Diet, including JCP, adhere to the policy that the Pinnacle Islands are Japanese territory (cf. Cheng 1974: 264; Deans 2000:126), the incumbent LDP was split over how to react, especially in connection to Emperor Akihito's possible visit to China. The two issues thus called for political involvement. Foreign policy coordination within the LDP usually takes place in the Foreign Affairs Division (*Gaikō buhai*). This is a forum for interaction between bureaucrats and Diet members. Since minutes are not taken, it is difficult to say whether or not such a meeting took place after the TWL had been promulgated, let alone how the issue might have been discussed. Yet, the fact that the TWL kept being brought up in different party organs in connection to the imperial visit does indicate that any potential deliberation in the *bukai* must have been inconclusive (interviewee 18). How to react to China's repeated invitations was, for example, the major topic of an informal LDP General Affairs Gathering (*Sōmu kondankai*) on 6 March,<sup>34</sup> a meeting for the 'supreme advisors' of the LDP (*Saikō komonkai*) on 18 March (Kim Y.C. 2001: 225),<sup>35</sup> a General Affairs Meeting (*Sōmukai*) on 28 July, a more informal meeting for the supreme advisors to the party (*Saikōkomon kondankai*) on 5 August, and finally two meetings between LDP President Miyazawa and the other formal leaders of the party on 29 July and 10 August 1992.<sup>36</sup>

The dividing line within the party, however, is not very easily drawn. Kim, for example, does not find evidence that a factional struggle was underway in relation to this issue (2001:231). The most strident combatants had perhaps better been categorized according to their membership in two associations for Diet members. Critics of government policy tended to be concentrated in the grouping with a pro-Taiwan agenda (*Nikka kankei giin kondankai*), which traditionally has been strong with the Mitsuzuka faction (Tanaka 1991:200–2). Centrally placed members fervently criticized China and took a negative stance on the imperial visit (cf. interviewee 20).<sup>37</sup> There was moreover an overlap with the membership in *Seirankai* (Clear Storm Group).<sup>38</sup> Some 'emotional and childish' 'eccentrics' on the LDP right-wing even demanded that Japan bring out its warships (interviewee 21). Hayashi Yoshirō, a key person in the association for PRC-friendly Diet members (*Nitchū yūkō girenkai*), on the contrary, defended MOFA's plan to realize the visit. Other famous proponents included former Prime Minister, Takeshita Noboru and Minister of Finance, Hata Tsutomu (ASM 3 April 1992:4; AS-M 22 April 1992:11).<sup>39</sup> Foreign Minister Watanabe Michio's commitment to the trip, moreover, arguably went back to his January visit to Beijing, when in an informal meeting with Chinese Foreign Minister Qian Qichen he even inquired about specific dates for a possible visit (Nakajima 1992:22; Kim Y.C. 2001:225). He thus called on the critics to drop their opposition: 'I want them to view the future of Japan-Sino relations from a higher standpoint...As Foreign Minister, I am making wholehearted efforts to

(realize the emperor's visit)' (quoted in FBIS-EAS-92-067 7 April 1992:4, parentheses in original).<sup>40</sup> Still, as a result of lingering intra-party disagreements, senior LDP officials such as Secretary General Watanuki Tamisuke expressed the view that an imperial visit would be premature, and advised the government to take a 'cautious' (*shinchō na*) stand (AS-M 3 April 1992:4). In Japanese political lingo, this means that they were recommending a negative response (Lam W.W. 1992: 14). Some forces within the party even warned that a careless approach might split the party (AS-M 22 April 1992:11).

In the end, the debate within the LDP calmed down, and those in support of the imperial visit gained the upper hand. Asai Motofumi writes that the problem was solved by *nemawashi* (1993:82).<sup>41</sup> It was most crucial to get the consent of senior party members, including faction leaders and former Prime Ministers (AS-M 21 May 1992:4; Kim Y.C. 2001:233):

The biggest [obstacle] was [the former leader of the Fukuda faction, which was called the Mitsuzuka faction in 1992], Mr Fukuda Takeo ... Since Mr Owada [Hisashi, the Vice-Minister of Foreign Affairs] used to be Mr Fukuda's official secretary [*hishokan*] all along, Mr Owada took care of him. One more [person] favoring a careful approach [*shinchōha*] was... Nakasone. [Mr Tanino] went to him.

(Interviewee 21)

However, one of those involved in the *nemawashi* process complains that the prime minister was not very much to rely on in the talks within the LDP (interviewee 21). After Jiang's visit he did not comment on the issue except occasionally reiterating that he was 'waiting for the natural flow' (*shizen na nagare o matsu*) (AS-M 29 July 1992:3).

That a solution was drawing nearer was therefore demonstrated by a change in Miyazawa's stance. After declaring his support for the visit on 17 June (AS-M, 18 June 1992:1), he immediately started to take a more active part in the coordination process. A private meeting between Miyazawa and Fukuda was, for example, arranged with the intention of affecting Fujio Masayuki's stance (Kim Y.C. 2001:233). At the General Affairs Meeting on 28 July, Nakasone and other top-level party members, including several former prime ministers, continued to call for a 'cautious approach' but at the same time they expressed their understanding of Miyazawa's position: The prime minister should do this [make the decision] taking all the responsibility' (AS-M 29 July 1992:3; cf. AS-M 30 July 1992:5; AS-M 6 August 1992:5).<sup>42</sup> Miyazawa finally announced his affirmative decision on 10 August in a meeting with the other formal LDP leaders (AS-M 11 August 1992:1).<sup>43</sup> A Cabinet decision was finally taken on 25 August (AS-M 26 August 1992:4), but only after Deputy Cabinet Secretary General (*Naikaku kanbō fukuchōkan*) Ishihara Nobuo had taken the initiative to hold hearings with selected opinion leaders in the prime minister's official residence (*kantei*). Since this meeting was held as late as 17–18 August, it had no

real effect on the final decision. It was merely an occasion for people to 'let out their frustration' (*gasunuki*) (interviewee 21; cf. Kim Y.C. 2001:235).

### *Domestic opposition*

Individuals and groups on the extreme right (*uyoku*) also criticized the Japanese government's way of handling the Pinnacle Islands issue and the proposal for an imperial visit to China in 1992 (Valencia 1992:23; AS-M 18 June 1992:1). In the sense that such forces want to attract public attention to the islands, they have the same aim as Chinese nationalists. Japanese right-wing extremists typically even admit that there is 'an issue', and that Japan should handle it by military means. Although many observers argue that there are links between *uyoku* and (certain members of) the LDP (Deans 2000:124) or even the government itself (Chung 1998), their opposition in this case probably influenced Japanese policy only marginally. Since the Japanese public is still largely ignorant as to the existence of 'a territorial dispute', or even of the islands themselves (Arai 1996: 21), the general agenda-setting ambition of *uyoku* also seems like a failure. However, Kim notes that these groups exerted 'a substantial constraining influence on the process of policymaking' with regard to the imperial visit (2001: 242).<sup>44</sup> Some more moderate politicians and intellectuals share the right-wing view that there is indeed a dispute and that Japan should deal with it actively rather than just trying to ignore it. They request the government to tackle the issue with everything from clearer counter-arguments to an upgrade in military capability and preparedness (Hiramatsu 1992b: 51–2; Okabe 11 November 2000; Nakano 28 November 2000), for example, by stationing a platoon on the islands (Nishimura 17 November 2000). However, the official strategy of non-action has not changed.

Local politicians also reacted strongly to the TWL. On 9 March, Okinawa Prefectural Assembly unanimously adopted a resolution asking the Japanese government to 'protest to China dauntlessly [*kizentaru taido de*]', strengthen guarding around the islands and take steps to ensure the safety of fishermen in the prefecture (AS-M 10 March 1992:30; cf. DietHR 123, Okinawa-Hoppō 5, 12 March 1992:14). The following weeks saw contributions to various Diet committees where fishermen were described as being concerned about the law and in need for a more secure environment, for example, through enhanced guarding (e.g. Diet-HR 123, Yoson, 5 Bunkakai 1, 11 March 1992:3; Diet-HR 123, Yoson, 2 Bunkakai 2, 12 March 1992:34; Diet-HR 123, Gaimu 5, 10 April 1992: 16–17; Diet-HR 123, Okinawa-Hoppō 6, 16 April 1992:21; Diet-HR 123, Gaimu 7, 22 April 1992:25). As mentioned earlier, the TWL provided Diet members from Okinawa with a 'policy window' to promote a port of refuge (e.g. Diet-HR 123, Okinawa-Hoppō 4, 10 March 1992:28; Diet-HR 123, Yoson, 2 Bunkakai 2, 12 March 1992:34; Diet-HR 123, Okinawa-Hoppō 5, 12 March 1992:14). However, government officials did not respond to such initiatives very enthusiastically.

*Other countries*

The countries with which the PRC has territorial disputes in the South China Sea were also affected by the TWL, and, like Japan, they made protests. However, there is no indication of any coordination between such countries and Japan (Hiramatsu 1992a: 22, n. 3). Japan's 'no dispute' policy, however, was quite in tandem with the ambiguous US policy discussed earlier. The US government was arguably reluctant enough to inflame the dispute that it chose not to share advance knowledge of the TWL with Japan. Or perhaps it was simply hesitant to get involved where its alliance with Japan would seem to stipulate otherwise. In any case, the US Embassy in Beijing denied having obtained such advance information on the law (FBIS-EAS-92-040 27 March 1992:4; cf. Hiramatsu 1992b: 43). At the same time one could argue that the Japan-US Security Treaty is always in the background in cases like this, and that US security guarantees extend over the islands.

**Interest analysis**

The aim of this section is to examine whether Japan's response to the TWL (or the country's policy with respect to the islands at large) indeed affected China's revealed or otherwise reconstructed interests non-trivially (causal effects), or if it could be hypothesized that such interests are themselves of Japanese origin (constitutive effects). The first sub-section correlates more or less to the survey of means above. By problematizing the revealed interest as domestically contested, the next sub-section connects to the discussion on sovereignty v. modernization in [Chapter 3](#). The approach to interests in the preceding sub-sections is finally tackled from the perspective of 'real interests' as outlined in [Chapter 1](#).

*Japanese action and reaction, and China's revealed interests*

Japan's policy of 'effective control' was contrary to the revealed PRC interest in 'reuniting' the islands with the mainland, and (whether one accepts the phrase or not) so were all actions that helped to sustain such a state of affairs (cf. Cheng 1974:265). The phrase, first, was used in abundance in Japan's protests to the TWL, and Chinese interviewees are rather vigilant against it:

China cannot recognize [that Japan has] effective control [over the Pinnacle Islands] [*Jikkō shihai wa Chūgoku toshite wa mitomerarenai*]. China objects to such an expression. Moreover, under international law it is simply not possible to have effective control over a territory as long as another state also claims sovereignty over it.

(Interviewee 24; cf. interviewee 23)



Professor Yan Xuetong even claims that Japan cannot claim to be exercising ‘effective control’ without deploying military forces on the islands, and as long as Chinese ships are also in the area (4 April 2001). In the same spirit, a Chinese MFA official emphasizes that Chinese Navy vessels also pass the area on their way to the Pacific and moreover that Chinese nationals sometimes land on the islands. Yet, he also admits that Japan exercises effective control, at least temporarily (interviewee 22). Many Chinese officials and government-sponsored scholars in fact repeat the more uncategorical twist to his argument. Although they tend to be wary of the term ‘effective control’, they acknowledge that Japan practically ‘controls’ or ‘occupies’ the islands for now. However, many of them simultaneously stress that this state of affairs has no implication whatsoever for the sovereignty issue (interviewee 24; Zhang Y. 2 April 2001; Li 3 April 2001; Yang 9 April 2001; cf. interviewee 23).

Chinese expressions of acquiescence in the ‘fact’ that Japan ‘occupies’ or ‘controls’ the Pinnacle Islands just seem to indicate a good grasp on ‘reality’, but this is clearly a ‘reality’ of Japanese origin, backed up by international law. As demonstrated in [Chapter 3](#), and above in the present chapter, this judicial structure is itself much questioned in China, not least since it was used to justify colonial Japan’s design to conquer foreign territories. Whether or not Japan really controls the Pinnacle Islands effectively in a literal sense, it certainly controls them well enough to frustrate PRC policy-makers: ‘There has been no real Japanese infringement upon China’s interests, *but also no compromise*’ (interviewee 24, emphasis added). The formula of shelving and joint development is thus seen as a ‘one-sided love’ (*kataomoi*) on the part of China (Lu 9 April 2001). Japan’s ‘real’ infringement on China’s interests is thus the country’s *de facto* control over the islands from 1895 onwards (*ibid.*).

There is apparently something about Japan’s ‘control’ of the islands that makes it difficult for the PRC to come up with a challenge. Professor Pan Wei argues that Japan is using military force to keep them from China: They [Japan] didn’t just protest [to the TWL in 1992]! That’s just wrong! They are very aggressive and tough’ (14 March 2001). The professor’s comment alludes to Japan’s comparatively advanced military capabilities that by ‘far exceed those of the People’s Liberation Army’ (Wu X. 2000:298; cf. Till 1996:337; Whiting 1996:611; Hiramatsu 2001:40–2).<sup>45</sup> The MSA is in charge of patrolling the territorial sea around the Pinnacle Islands, and the Maritime Products Agency (MPA) supervises fishing-related issues. Yet, the SDF also regularly undertakes ‘guarding missions’ (*keikai kanshi katsudō*) in the area (Defense Agency 16 October 2000). Such operations make up the material side of ‘effective control’.

With this capability as a policy base or not, as mentioned above, Japan also uses rather subtle mechanisms in its Pinnacle Islands policy. Its unwillingness even to discuss the islands with China, let alone to agree that there is ‘an issue’ or ‘a dispute’, is perceived as contrary to the country’s interests: ‘It’s clearly a problem for China that Japan doesn’t admit that the *Diaoyu* issue is a problem’ (interviewee 25; cf. interviewee 24). Yet, although Japan’s low profile frustrates



Chinese policy-makers, they do not seem constitutively affected by it. Rather, they launch counter-attacks with similarly ideational policy instruments, where Japan's approach is exposed as 'a card' (interviewee 23), and where a secret and more honest exchange is insinuated: 'when they speak with us, they admit that there is an issue' (Zhang Y. 2 April 2001; cf. interviewee 22; interviewee 24; Yang 9 April 2001). Some current and former Japanese diplomats also admit to the existence of 'a tacit understanding' (*anmoku no ryōkai/mokunin*) (interviewee 4; interviewee 6/1; interviewee 10). However, where Chinese sources claim there to be a tacit understanding of a dispute, a former Japanese ambassador describes the fact that Japan and China hold different positions as merely 'the factual condition' (interviewee 21). Rather, Japanese interviewees tend to insinuate a tacit understanding or shared feeling 'not to let [the issue] escalate into a real problem' (interviewee 10; cf. interviewee 4; interviewee 6/1; interviewee 21).

An imperial visit, finally, was high on the PRC agenda in 1992. As the first visit of a head of state to China after the crackdown of protests in Tiananmen Square in June 1989, it would be particularly crucial to boost PRC legitimacy and, in turn, the country's economic development. According to Kim's analysis: 'Chinese motivations for their fervent interest in the imperial visit were not too difficult to discern. China would achieve a major breakthrough in its effort to overcome international isolation' (2001:229–30). Japan's rather ambiguous approach in the wake of the TWL was very much contrary to this aim. The Hong Kong newspaper, *Wen Wei Po*, for example, wrote that, 'It is...a regrettable fact that heads of state between the two countries with diplomatic relations for 20 years have not exchanged visits to each other' (Chang C. 1992: 16). Kim notes that the PRC tried its best to convey a favorable impression to Japan. Its criticism of the country became muted and commentaries began suggesting that China would even be ready 'to accept the growing status and role of Japan as a major political power' (2001:240). In retrospect, it seems as if the result of the imperial visit was a boom in Japanese-Chinese relations. In the end China's goal could thus be fulfilled (interviewee 4).

### ***More on modernization v. sovereignty in defining the Chinese interest***

Although the idea that the Pinnacle Islands belong to their own country is more fervently cherished and uncontested in China than in Japan (cf. Shaw 1999:6–7), there is no consensus as to what priority the issue should be given, and how it should be approached. This sub-section argues that the dividing line once again is drawn between those who define the PRC national interest mostly in terms of sovereignty, and those who prioritize modernization and economic development.

As mentioned in [Chapter 3](#), China is known for its unbending opposition to any obvious attempts to infringe upon its sovereignty or territorial integrity. Observers generally hold that the country is particularly likely to resort to

military statecraft in such cases—even if it would have to sacrifice economic interests in the process (Wu and Bueno de Mesquita 1994: 382–3; cf. Wang J. 1994:498; Zhao Q. 1996:71–2, 127, 233).<sup>46</sup> Territorial integrity arguably looms large because, as suggested in Chapter 3, ‘the legacy of the Century of Shame will not be completely overcome until Beijing regains control of all historically Chinese territory’ (Roy 1998:13). Chinese concern with sovereignty might thus stem from a wish to redeem lost self-esteem. In any case, Alastair Iain Johnston notes that the sovereignty norm hinders the PRC ‘from dropping, modifying, or clarifying its territorial claims and from agreeing to multilateral demilitarization of the regions’ (1998:73). The deep-rootedness of the norm could be observed in 1990, as the government was domestically criticized for having failed to defend China’s interests in the Pinnacle Islands (Downs and Saunders 1998/99:126): ‘We Want the *Diaoyu* Islands, Not Yen’ (ibid.: 131).<sup>47</sup> PRC policy, on the other hand, demonstrated that:

the Chinese government proved willing to incur significant damage to its nationalist credentials by following restrained policies and cooperating with the Japanese government to prevent the territorial disputes from harming bilateral relations. *When forced to choose, Chinese leaders pursued economic development at the expense of nationalist goals.*

(Ibid.: 117, emphasis added)

The same kind of tension between sovereignty and economic development was evident in 1992.

MFA sources allegedly report that the draft of the TWL failed to identify the Pinnacle Islands as Chinese territory, but instead mentioned ‘Taiwan and other affiliated islands’ (SWB FE/1316 28 February 1992: A3/1). However, when taken into consideration by a broader spectrum of leaders, the general headquarters of the PLA, the PLAN, the Canton Military Region, as well as conservatives from Shanxi and Hainan Provinces agreed ‘that China could not overlook the fact that Japan had broken its verbal agreements and was in fact dominating the islands’ (ibid.). The MFA countered that bringing up the dispute with Japan at this time might jeopardize the imperial visit and concomitant economic cooperation, and ministry officials thus offered a compromise. However, the military and conservative forces prevailed in the end (ibid.; FBIS-CHI-92-039 27 February 1992:15–16; cf. Garver 1992:1026; Hiramatsu 1992b: 42; Austin 1998:231). According to Denny Roy, this kind of infighting between the PLA and the MFA in particular, where the latter generally favors a more conciliatory position, has been quite common in PRC foreign policymaking (1998:75).<sup>42</sup> PLA and the conservatives thus seem to have favored sovereignty over modernization, where the MFA had its priorities in reverse order. To the PLA, on the one hand, the most severe infringement on China’s interests was Japan’s continuous occupation of the islands together with all actions that reinforce this (state of affairs as a) reality. The MFA, on the other, was probably

more concerned that deteriorating relations with Japan would have adverse effects on China's economic development.

Overall, Chinese politics during this period were characterized by antagonism between conservatives and reformists. Conservative forces within the CCP, who questioned the whole reform policy, gained momentum after the demonstrations in Tiananmen Square in June 1989 (Lodén 1998:81). The TWL could be seen as the result of such a mood. As the father of the Open Door Policy, paramount leader Deng Xiaoping was better situated in the reformist camp, but he also functioned as a moderator between the different groupings. Hence, given his strong standing within the party, the TWL is unlikely to have been adopted without his consent (Hiramatsu 4 December 2000; cf. Lodén 1998:82). Deng possibly thought of the law as a means of placating PLA and the conservative forces.

However, he soon launched a counter-offensive on the very same elements. At the age of 87, after he had formally retired from all party and government posts, Deng made the four-week long 'Southern Tour' (*Nanxun*) from mid-January 1992.<sup>49</sup> The purpose of the trip, where he visited China's most dynamic and prosperous SEZs in the Pearl River Delta, was to bless the economic transformation and combat the 'leftism' (*zuo*) of Chen Yun and his protégés,<sup>50</sup> a tendency he allegedly felt had become a great obstacle to China's modernization.<sup>51</sup> His journey assured that the economic reforms did not reach a standstill, and liberalization and decentralization were spurred as a result of it (Zhao S. 1993; Lodén 1998: 83). After securing the support of PRC President Yang Shangkun and other prominent PLA and government figures, Deng reportedly told his opponents that, 'If the Politburo of the Party is unable to engage in economic and personnel reforms, I will ask all commanders of the seven great military regions to force it to do so' (quoted in Roy 1998:110).<sup>52</sup> This warning helped Deng successfully reassert his agenda at the fourteenth Party Congress in October 1992. Given such an intimate relationship with PLA leaders, the TWL could even be interpreted as Deng's way of returning a favor for their overall support for modernization.

The more moderate inclination of Deng and his followers could also be discerned in China's response to the Japanese protests. The adoption of a law in China does not signal that the policy-making process has come to an end, because the implementation stage involves a 'second campaign' over how to interpret the law and carry it out (Tanner 1995:60). It is therefore intriguing to see that in response to Japan's protests, MFA as well as government leaders tried to downplay the importance of the TWL. As demonstrated above, China refrained from pressing its claim, stated that such a policy was in line with the country's 'consistent stand', restated the 'shelving policy' and expressed hope that the law would not damage the countries' friendly bilateral relationship. This stance was highly evaluated by the leadership of MOFA's China Division:

China tried its best to evade a confrontation. The Chinese MFA in particular understood the gravity of the issue...China behaved moderately [or obediently] [*Chūgoku wa otonashiku shite ita*]. *The People's Daily*, moreover, can be rather nationalistic and chauvinistic whenever it gets a chance, but in this case it was totally calm. The Chinese government tried its best to stabilize Japanese-Chinese relations after it had promulgated the TWL, and that made the situation easy to handle for Japan [*Nihon ni totte, jōkyō toshite yariyaskatta*].

(Interviewee 10)

Also, by not giving much publicity to the TWL or foreign reactions to it, the PRC government tried to suppress domestic upheaval (Wang J. 5 April 2001; e.g. Chang C. 1992:16).<sup>53</sup>

In summary, even if conservative forces prompted the TWL, China's response to Japan's harsh reaction is interpreted as if more reform-minded policy-makers were in charge. A Chinese scholar in a governmental research institute says that it is in neither country's interest to have a serious conflict over the Pinnacle Islands (Li 3 April 2001). China, in particular, avoids confrontation with reference to the negative economic and military effects that such an action would possibly have for the country (Whiting 1998:294). The country's moderate response is thus explained in terms of modernization taking precedence over sovereignty in its relations with Japan (cf. Wang J. 5 April 2001; Abe 13 November 2000). Still, such an order of priority makes sense only from a national interest defined by reformists. Any negative economic implications that the law could have had—for example, impelled by a postponed imperial visit to China—would thus have been very contrary to a reformist definition of national interest, but hardly to a more conservative one. As argued in [Chapter 3](#), conservative policy-makers might even have favored a rupture in economic relations with Japan.

### ***Perspectives on revealed interests: 'real interests'***

Japan impaired the PRC scope of options especially by displaying ambiguity with regard to the imperial visit that China believed to be so crucial for economic reasons, and for boosting the country's legitimacy in the wake of the bloodshed in Tiananmen Square in June 1989. Japan's policy of 'no dispute'—the country's refusal to negotiate about the islands, jointly develop them with China, or even just have formal talks about them—also did not present the Chinese government with many alternatives to the status quo. The PRC fear that it would fail to secure economic cooperation if it challenged Japan's 'effective control' more seriously, limited the country's alternatives to an even greater extent, and so did the idea that its military capability would fall short of Japanese military statecraft. The same conditions, moreover, hampered the range of means that China could use to put the issue on the agenda, or try to 'retrieve' what it thought belonged to it. The

stakes were simply too high for China to defy Japan's 'effective control' more seriously. However, measures taken by the Japanese government did not seem to restrict the ability of central Chinese policymakers to consider the Pinnacle Islands issue squarely. The adoption of the TWL is itself evidence that possible restrictions on the PRC government's deliberative capacity are not likely to have been put there by Japan.

Chinese society, however, was continuously fed with a world-view prearranged by the state, wobbling between chauvinism and restraint. Part of the reason why state organs put restrictions on domestic media from reporting about the islands, and on individuals from demonstrating their opinions, was fear that upheaval—in particular if with an anti-Japan edge to it—would alarm the Japanese government and investors, and jeopardize both ODA and FDI to the country. In this process, the scope of options and efficiency of parts of society were also restricted. Japan affected such a stance only indirectly, so that the PRC government infringed upon significant societal interests partly to evade possible Japanese sanctions. However, at the same time it was probably eager to contain strong public opinion in general, because in the end spillovers from one issue to another might imperil its own legitimacy. This analysis thus comes down to the anticipation that challenging Japan would be too costly for China or, conversely, that status quo benefited the country so much in terms of ODA and FDI that it chose to keep a rather low profile. Japan's economic support to the Chinese economy could thus be interpreted as positive economic statecraft. However, since such a policy alienates China from the goal of developing the hydrocarbon resources that possibly exist in abundance around the islands, it is clear that even positive policy instruments such as economic cooperation could have long-term negative welfare effects.

Since the Japanese government does not usually discuss the Pinnacle Islands issue in an international context, there are not many chances for it to create negative images of China with regard to the matter, of course if not, *not* treating China as the counterpart in a bilateral dispute is seen as incapacitating the country. Japan, moreover, typically argues that China started to claim the islands only after oil was found in the area in 1967–69. However, this claim does not seem to have had much effect on PRC self-esteem. Rather, the country retaliates by claiming that Japan has stolen them. In sum, it turns out that the above analysis practically corresponds to the two faces of revealed or reconstructed interest discussed above, where China had the choice between sovereignty or modernization, and by sacrificing the former facilitated a situation which was completely contrary to the interest of those who were concerned about the *Diaoyu Quidao* but had little faith in 'economic cooperation' with countries like Japan. This sub-section thus argues that since the PRC prioritized modernization over sovereignty, Japan's policy must be interpreted as an infringement not only on PRC autonomy, but indirectly on the autonomy of many of those Chinese who would prefer a reversed order of priority between different components of the 'national interest'. As discussed in [Chapter 3](#), moreover, the effects of

Japan's 'economic cooperation' are not necessarily clear-cut. Depending on perspective, they could even be interpreted as fundamentally harmful to China. In addition, if Japan's present policy helps them eventually to develop possible hydrocarbon resources in the area, the long-term welfare effects of Japan's policy on China may be negative quite independent of one's perspective.

### **Intentional analysis**

The aim of this last analytical section is to investigate whether or not Japanese statecraft analyzed above could be interpreted as action. In short, did the negative consequences for China discussed in the previous section correspond to an expressed or reconstructed Japanese purpose to affect China detrimentally? Or is it at least possible to argue that the country's policy-makers acted carelessly where they should have been able to predict the detriment caused to China? If Japan's behavior towards China cannot be construed as undertaken for a reason, purposefulness must also be reconstructed by way of asking if the consequences for China put Japan in a more favorable position than before.

### ***The strategy of 'effective control'***

The Japanese government did not state that its methods for constituting or sustaining 'effective control' were undertaken in order to affect China 'in a manner contrary to China's interests'. Any such statements would go against Japan's policy of 'no dispute' and the country's insistence that all Chinese allegations about the islands are 'irrelevant'. It thus becomes necessary to ask if Japanese policy-makers could have been able 'to calculate the negative consequences for China of the country's Pinnacle Islands policy'. A number of the policy-makers in 1992 do acknowledge that they are quite aware of the fact that the Chinese government is not very satisfied with the present state of affairs: 'Of course, the Chinese don't accept Japan's "effective control"' (interviewee 21); 'that's the reason it made a thing like the TWL' (interviewee 20; cf. interviewee 6/2). Yet, they add that China is satisfied enough not 'to rock the boat' too severely. Due to its dependence on Japanese economic cooperation, the PRC does not want any trouble in the bilateral relationship only because of the islands. The country is, in other words, practically incapable of challenging status quo: 'they [Chinese policy-makers] accept that they cannot do anything about it [*yamu o enai*]' (interviewee 20; cf. interviewee 21).

### ***The 'no dispute' strategy***

The policy of 'no dispute' was also not expressed as a strategy. Still, after some prying, policy-makers interviewed do admit that they are aware that Japan's reiteration of 'no dispute' and other non-action contradict Chinese interests. A former Japanese ambassador says there is 'no reason for the other side to feel

good' (interviewee 6/2). A MOFA official even calls this approach a 'strategy' (interviewee 3/2).

### *A cautious attitude*

Japanese authorities did not publicly place caution on a par with 'an attempt to affect China in a manner contrary to China's interests'. A cautious Japanese attitude would rather seem to correspond to China's interest in economic cooperation and modernization. However, it simultaneously alienates the country from its sovereignty claim to the islands. As Japan moves closer to consolidating its title at least through 'acquisitive prescription', Chinese policy-makers may be lulled into the expectation that Japanese ambitions on the islands are not so threatening after all. Based on the empirical material it cannot be judged if Japanese policy-makers were able 'to calculate or at least consider the consequences for China of this behavior'. Still, as time goes by, this approach puts Japan in an increasingly favorable position *vis-à-vis* China.

### *Strategic use of the imperial visit*

The Japanese government also never declared that the reason behind the threat to postpone the imperial visit indefinitely was the aim 'to affect China in a manner contrary to the country's interests'. Still, if implemented, it was likely to have had such effects. That risk, moreover, seems to have been quite predictable to Japanese policy-makers, because they were well aware of the high expectations for the visit in China: 'Well—as expected—China valued an [imperial visit] very highly' (interviewee 21), because it would be credit for China 'in terms of its position and image in the international society' (interviewee 20), and 'lead to a peak in bilateral relations' (interviewee 6/2).

### *Underlying economic statecraft*

The Japanese government did not publicly wield ODA and FDI as if they were policy instruments; such linkages were made rather on the Chinese side. Even if Japan were able to employ such measures to gain certain advantages, they were not expressly used as 'an attempt to affect China in a manner contrary to the country's interests' in the case study. It is unclear if Japan considered the consequences for China of its relative economic dependence on Japan. Instead, Japanese policy-makers tend to emphasize the absolute gains that both countries can make from their dynamic economic relationship. Yet, the longer that economic factors deter China from challenging Japan's control of the Pinnacle Islands, the more consolidated (at least through 'acquisitive prescription') and internationally recognized Japan's title is likely to become. In the long run Japan might even be able to develop the hydrocarbon resources that possibly exist in abundance around the islands. Thus, although it is difficult to assess the relative

gains of the two countries in the short term, if Japan manages to sustain the status quo, it is likely to gain more than China in the long run.

### **Post-1992 analysis**

In the years after 1992, the Pinnacle Islands issue slipped off the bilateral agenda for some time. Until 1996 there were only isolated incidents. However, a chain of events from the late mid-1990s has brought the dispute back into the limelight. The activities of Chinese survey vessels and fishing boats in the vicinities of the islands have also attracted Japanese attention. The aim of this section is to outline more recent Japanese-Chinese interaction over the Pinnacle Islands, in light of the preceding analysis.

### ***Incidents 1996–2003***

The cautious approach to the Pinnacle Islands reflected in China's response to the Japanese protests in 1992 was echoed in May 1996, when the PRC ratified the Convention on the Law of the Sea (LOS). In fact, the country refrained from specifying its territorial baseline around Taiwan not to upset its eastern neighbor (Downs and Saunders 1998/99:133). Japan, on the other hand, was allegedly so alarmed by PLA exercises in connection to the elections on Taiwan earlier that year that it deviated from its previously cautious policy (Zhang M. 1998). Ratifying the same United Nations (UN) convention on 20 July, it included the Pinnacle Islands in its 200-nm Exclusive Economic Zone (EEZ) (Maritime Safety Agency 1997:39). The Japanese government made its move only six days after *Nihon Seinensha* had raised a second lighthouse on the islands 'to buttress Japan's sovereignty claim' (Downs and Saunders 1998/99:134). Chinese observers have implied that there was a connection between the two events, and between the Japanese government and right-wing extremist groups like the *Seinensha* in general (e.g. BR 39, 1996:7; Da 1996:8; Zhong 1996:19; cf. Shirouzu 1996: A14; Gilley *et al.* 1996:14).

In any case, the two incidents sparked Chinese fury. On 4 August, for example, a Taiwanese boat packed with journalists tried to enter within 12 nm from the islands, but MSA coastguards turned it away. As a result, Taiwan's Foreign Ministry registered a protest with the Japanese government (Chung 1998). The dispute was aggravated when the so-called Senkaku Islands Defense Association placed a wooden Japanese flag next to one of the lighthouses on 18 August, and when the *Seinensha* returned to the islands on 9 September to repair the new lighthouse, which had been damaged by a typhoon (Downs and Saunders 1998/99:135). Both actions resulted in further official Chinese protests (BR 40, 1996: 12). MFA spokesperson Shen Guofang stated that if the Japanese government does not take measures to prevent right-wing groups from conducting activities on the *Diaoyu* Islands, 'the situation will become more serious and the issue more complicated' (quoted in Downs and Saunders 1998/99: 135). In a briefing



on the same day, MOFA's press secretary clarified that the Japanese government was not engaged in, and did not support, *Seinensha*'s activities. He also reiterated the official stance that since 'the islands are privately owned, the Japanese government cannot be directly involved...and we consider this building as just a physical building and not a lighthouse according to Japanese law' (quoted in Chung 1998). The anger of the Chinese populace, however, was not calmed by this diversion maneuver, and anti-Japanese manifestations took place all over Greater China (Gilley *et al.* 1996:14–15). The PLA, moreover, allegedly set up an 'operational group' for the islands in early September, and on 13–14 September military units conducted large-scale exercises in blockades and landings on islands off Liaoning Province. Such exercises were allegedly based on a scenario that a foreign army had occupied a series of islands. On 18 September, PLAN also conducted a comprehensive supply exercise in the East China Sea, involving a variety of naval vessels and aircraft. According to the *Xinhua* news agency, the two exercises 'demonstrated the PLA's combat effectiveness as well as its determination to defend China's territory' (quoted in Zhang M. 1998).

The 1996 incident culminated on 26 September when Hong Kong activist David Chan drowned after jumping into the water when Japanese coast guards prevented his boat from landing on one of the disputed islands (Downs and Saunders 1998/99:136). The incident sparked more Chinese protests—both official and public ones (cf. Chung 1998). On the day of Chan's funeral procession, Japanese Prime Minister Hashimoto Ryūtarō announced LDP's intention to restate Japan's claim to the islands in the elections later that month. Chien-peng Chung notes that this statement became 'too much' for Beijing (ibid.). In his National Day address, Prime Minister Li Peng 'condemned Japan for violating its territorial sovereignty, and warned the Japanese government that failure to restrain the activities of rightists could damage bilateral relations' (ibid.). It was moreover reported that the Nanjing Military Region and the East Sea Fleet performed vast military exercises over and around the islands on 30 September. Japanese and American military allegedly watched the event, however, 'without precipitating any encounter with the PLA' (Zhang M. 1998). Still, from late September 1996 the SDF dispatched American-made E2C Early Warning Aircraft to patrol the Pinnacle Islands airspace (Chung 1998), and MSA guarding was also enhanced (interviewee 9/1).

As public protests escalated all over Greater China, the PRC leadership became increasingly eager to downplay the controversy, again out of fear that anti-Japanese sentiment might 'damage Sino-Japanese economic relations and turn into antigovernmental protests' (Downs and Saunders 1998/99: 137).<sup>54</sup> In return, it came 'under domestic attack for "kowtowing to Japan"' (Drifte 2003:51). However, the MFA flatly denied criticism that Japanese loans would alter China's sovereignty claim: 'Japanese yen loans are helpful for promoting Sino-Japanese economic cooperation and trade, but as far as the issue of sovereignty is concerned, the Chinese government cannot make any

compromise' (quoted in Downs and Saunders 1998/99:135; cf. Gilley *et al.* 1996: 14). Still, it warned activists not to interfere in China's foreign affairs (Brauchli 1996: A14)—a strategy of self-restraint that the PLA was quite dissatisfied with (Drifte 2003:52). As in 1992, the PRC leadership thus eventually favored economic development over territorial integrity, and played down the issue domestically (cf. Till 1996:343). Chung draws the conclusion that:

the absence this time of any armed fishing boats from China means that, compared to 18 years ago, capital, technology transfer, trade and investment from Japan have a demonstrably higher priority to the Chinese government than any unrestraint contest over sovereignty of a cluster of barren and uninhabited rocks.

(Chung 1998)

The next outbreak of the dispute occurred on 6 May 1997 when Japanese Diet member Nishimura Shingo of the New Frontier Party (NFP)<sup>55</sup> planted a flag on one of the islands. He says the aim of his trip was to heighten public awareness and to prevent the issue from becoming monopolized by extremists (17 November 2000). This visit allegedly embarrassed Prime Minister Hashimoto Ryūtarō, who was just about to exchange visits with his Chinese counterpart Li Peng to mark the twenty-fifth anniversary of bilateral ties. Although the prime minister criticized Nishimura's trip, China raised the stakes by demanding that Japan prosecute citizens who visit the rocks. The public reaction was also not long in coming. Taiwan and Hong Kong activists attempted to land on the islands, but MSA took preventive measures (Valencia 2000:2–3). Still, in the end both governments managed to keep the issue from damaging their relations. In the following years both Japanese right-wing activists and Chinese nationalists continued to land on the islands. On 24 June 1998, for instance, six boats with protesters from Taiwan and Hong Kong advanced towards the Pinnacle Islands. A dinghy was dropped from the ship *Diaoyu* and despite repeated warnings it broke through the restrictions of Japanese patrol boats. Japanese coast guards eventually managed to expel the protesters to outside 12 nm from the islands (Maritime Safety Agency 1998:11). On 5 September 1999, moreover, members of the *Seinensha* undertook yet another landing on the islands, presenting it as a protest to what they portrayed as an increased presence of Chinese survey vessels in the vicinities. China again demanded that Japan take action to punish those who land on the islands and to prevent future landings, but both governments successfully contained the issue from becoming exploited in domestic politics as in 1992 and 1996 (Valencia 2000:3).

In early January 2003, finally, it was learnt that the Japanese government had leased the privately owned islands 'In an effort to strengthen its control' over them (DYO 1 January 2003). Kubashima or Kobishō/Huangwei Dao has been leased ever since Japan agreed to let the USA use it for military training in 1972. The present contract runs until 2012 (TJT 9 January 2003). The ¥22.56 million

contract for Uotsurijima/Diaoyu Dao, Kitakojima/Bei Xiaodao and Minamikojima/Nan Xiaodao, moreover, runs from 1 April 2002 to 31 March 2003, but the Japanese government allegedly plans to renew the contract every year (*ibid.*). According to the news media, the latter lease was intended to prevent a resale of the islands and to block third parties from landing there. The news from Japan sparked protests from China and Taiwan (TJT 9 January 2003).

### *Other related issues: fishing and sea investigation*

Not all ships of Chinese origin that operate within 12 nm from the Pinnacle Islands—which Japan considers to be its territorial sea—carry activists. Regular fishing boats also come in large numbers from China, South Korea and Taiwan. In its annual publication the MSA notes that, ‘Among such boats, some exert significant influence [*jūdai na eikyō o oyobosu*] over Japan’s maintenance of order and preservation of security, so to protect Japan’s rights and interests it is important that the country handles such boats strictly and precisely’ (Maritime Safety Agency 1992:59; Maritime Safety Agency 1995:97). Japanese authorities fear ‘intrusion’ (*shinnyū*) on ‘Japan’s territorial sea’, and to deal with this risk they arrange round-the-clock patrolling by vessels and observation from aircraft, especially during the spring when foreign fishing boats operate in the area in large numbers (Maritime Safety Agency 1993:69). In 1999, 1,548 Chinese fishing boats and 197 Taiwanese ones were recognized as having carried out illegal operations there (Maritime Safety Agency 2000:47). If such boats fail to obey warnings, coastguards force them to leave ‘Japan’s territorial sea’. Those who do not comply run the risk of being arrested (interviewee 9/1).

The Japanese government is also rather provoked by Chinese ‘survey ships’, which have mainly been exploring oil and mineral deposits in the area for more than ten years, and which have increased from seven in 1995 to thirty-three in 1999 (*ibid.*; Drifte 2003:57). Such activities arguably commenced against the background of a heightened awareness of sea development, resulting from every coastal nation’s enhanced jurisdiction in the EEZ, and the improvement of sea-bottom development technology. Japan does not allow such investigations of its continental shelf unless it has given its explicit consent. Therefore, the MSA ‘watches and guards the waters under its jurisdiction with patrol boats and aircraft’ (Maritime Safety Agency 1991:80). This kind of activity has also encountered ‘strong Japanese protests’ (interviewees 1; cf. Whiting 1998:294). However, such reactions have had rather insignificant effects. In a talk with young Diet members educated in the Matsushita Institute of Government and Management (*Matsushita seikeijuku*), Prime Minister Zhu Rongji explained why (Shima 1 November 2000).<sup>56</sup>

China’s top leaders didn’t know about this case [*honken*, i.e. the operation of PRC survey vessels in what Japan considers its ‘territorial waters’]. On the other hand, they believe that it’s an act, which is in agreement with

international law. Furthermore, there is not the slightest hostile intention. Still, [we] had no idea that the Japanese people had become so critical [*hankan o idaku*]. I therefore believe that [we] should not do these kinds of things [send boats to these waters] in the future.

(Zhu R. 12 September 2000)

This statement confirmed the suspicion of observers that Chinese survey vessels are operating by the PLA quite independently of MFA and the rest of the government (interviewee 2; Abe 13 November 2000).

However, before Zhu's visit to Japan in October 2000, the Foreign Affairs Committee of the LDP made a ¥17.2 billion loan package to China contingent on the cessation of activities of Chinese survey vessels in Japanese waters (Drifte 2003:58). An official in MOFA's China Division reports that the Japanese government could use such a sentiment as 'a card' towards China (interviewee 3/2). Sure enough, in the late August talks between Foreign Ministers Kōno Yōhei and Tang Jiaxuan, the latter stated that the 'problem no longer existed' and that discussions should begin to establish a system of notification without prejudice to territorial claims (Drifte 2003:58). As a consequence, the LDP released the loan in September 2000 and the incursions and close movements of Chinese warships stopped for some time. In February 2001 the two parties reached an agreement that Chinese authorities must notify Japan before entering the country's territorial sea, including the waters around the disputed islands. This agreement, however, should not be taken to mean that China accepts Japan's position. It just wishes to avoid trouble in the bilateral relationship (interviewee 23).

### ***Post-1992 statecraft: a consistent pattern of bilateral interaction***

Japanese-Chinese interaction brought up in the post-analysis basically follows the pattern of 1992 and earlier. The most important difference is that the spark in 1996, 1997, 1999 and 2003, but not in 1998, originated in Japan. Much harsh talk and little action characterized the following interaction, at least at an official level. The PRC offered joint exploitation of the region 'on the precondition that China has sovereignty' (BR 39, 1996:7). Japanese authorities, on the contrary, continued to emphasize 'effective control', and repudiated the idea that there is something it could do to stop the activities on 'privately owned land', because the owner of the islands does not 'express his objections to the group landing on his island' (quoted in Chung 1998). This policy implies Japan's sovereignty and thus functions as an ideational policy instrument. A Japanese intelligence officer moreover argues that 'the lack of action is "a strong assertion to China" of Japanese territorial claims' (Shirouzu 1996: A14). Such a policy, however, 'is, of course, unacceptable to China' (Zhong 1996:19). Hashimoto's criticism of

Nishimura in 1997 could moreover be interpreted in terms of cowardice, or, again, positive diplomatic statecraft:

If we were to answer China's protests that would simply lead to escalation... Hashimoto's criticism of Nishimura should probably be understood within such a context. The trip was simply meaningless, since Japan has effective control, and since it just produced complications with China.

(Interviewee 3/2)

The news that Japan leases four of the islands in order to 'strengthen its control',<sup>57</sup> signifies a more proactive Japanese stance. Observers reportedly believe the move 'shows the government's determination to deal resolutely with the issue' (DYO 1 January 2003).

Another difference between 1992 and later events is that most of the latter (clearly with the exception of 2003) involved individuals. Chinese protesters made both successful and unsuccessful attempts to land on the islands. However, intervention by Japan's coastguard sooner or later demonstrated the country's 'effective control' by issuing warnings and expelling protesters. At the same time the Japanese government was cautious not to provoke the PRC. Out of consideration for 'Japan's international relations and Japanese citizens abroad', the Cabinet decided in 1996 not to arrest Chinese activists, as the government would normally have done when encountering 'illegal immigrants' (interviewee 9/2). Japan has also both reiterated and demonstrated 'effective control' *vis-à-vis* Chinese fishing boats and survey vessels.

Individuals have tried to play a role on the Japanese side of the dispute as well. Those in whose interest it is to heighten public awareness and Japan's overall military preparedness clearly welcomed the deeds of right-wing groups and Diet member Nishimura. While such behavior also gave the government a chance to reiterate its sovereignty claim, it contradicted the 'no dispute strategy'. If judged on the final result, however, individual activities on the islands have affected official Japanese policy only marginally. The agreement about 'early notification' from 2000, on the contrary, demonstrates that MOFA can make use of discontent among LDP members to get its way with China. Still, most Japanese statecraft during the past ten years is more similar to the strategies discussed in relation to the events in 1992 than to the kind of sanctions demanded from within the LDP in 2000.

On the Chinese side, however, the tension between moderate forces in the government, for example the MFA, and more assertive ones, for example conservatives and the PLA, remains. The PRC government kindled anti-Japanese feelings in 1996 as long as it could control them. However, when public protests threatened to get out of hand and change into forces critical of the government itself and its modernization policy, it intervened and contained public debate. While the rhetoric of conservatives in the government and PLA leaders continued to be fierce, China's restrictive behavior indicates that reformists

unwilling to jeopardize Japanese economic cooperation have continued to gain the upper hand in Chinese foreign policy-making (cf. Nathan and Ross 1997:92). This was the case both in 1996 and 2000.

The only possible change in the pattern of bilateral interaction after 1992 is in the role of the USA. A former Japanese administrative vice-minister of foreign affairs is rather harsh in his evaluation of US policy, but he acknowledges the change:

It's very hard to rely on them, right. They're much disorganized [*mittomonai*]... Well it's better [now] than for a time when they said things like 'this is a problem in the Japanese-Chinese relationship'. That was very dissatisfying for Japan. But I think this [attitude] is changing... We were protesting [about it] to the USA a lot. So now they stopped saying that they're neutral. However, it's not that it was absolutely bad during the Clinton administration and that it changed with the Bush administration as people changed.

(Interviewee 20)

In connection to the incidents in 1996, US State Department spokesman Nicholas Burns, as well as Walter Mondale, US ambassador to Japan, reiterated the stance that the USA takes no position on who owns the islands—a policy adopted on the eve of the Okinawa Reversion twenty-four years earlier (Shaw 1999:126; Suganuma 2000:135). In response to Japanese protests, however, US Deputy Assistant Secretary of Defense for Asian and Pacific Affairs, Kurt M. Campbell, was quoted as saying that, 'the Okinawa Reversion Treaty of 1972 stipulates that the *Senkaku* Islands be placed under the administration of Japan. With regard to this issue, [the United States'] responsibility for the maintenance of security is clearly defined' (quoted in Shaw 1999:126, brackets in original, emphasis added). Because it reaffirmed the US legal obligation to defend Japan's claim over the islands in the event of armed confrontation between Japan and China, this statement 'partly ameliorated' the concern of the Japanese government (Shaw 1999:126). It should have been just as reassuring for Japanese policy-makers to read the bipartisan 'Armitage report' from October 2000, which stated that, 'The United States should reaffirm its commitment to the defense of Japan and those areas under the administrative control of Japan, *including the Senkaku Islands*' (Institute for National Strategic Studies 2000:4, emphasis added). However, it is still too early to say if and how Japanese statecraft with regard to the Pinnacle Islands has changed as a result of less ambiguous and more supportive US policy.

### Conclusion

The pre-analysis demonstrated that the first twenty-some years of parallel Japanese and Chinese claims to the Pinnacle Islands saw mainly nonmilitary

influence attempts from both parties. The bottom line to Japan's policy was the ideational instrument of reiterating that the country 'controls' the islands 'effectively', a stance based on the principle of discovery-occupation mode of acquisition under international law. China, on its part, has relied on similar policy instruments. It referred to 'historical evidence' in support of its claim, and used the idea of 'one hundred years of sufferings and humiliation' to justify the fact that it seemed oblivious of the islands for so many years. On top of the above-mentioned pattern, Japan's policy with regard to the islands took the shape of diplomatic and perhaps economic statecraft. Both the PRC and the ROC started to claim the territory rather vigorously in the early 1970s. Still, when Japan and the PRC normalized relations in September 1972, Chinese assertiveness faded quickly and student demonstrations were also brought to an end. This change in attitude could be interpreted as a concession to Japan for its diplomatic recognition.

In 1978, moreover, right-wing LDP Diet members tried to condition the inclusion of an 'anti-hegemony clause' in the Peace and Friendship Treaty on PRC acceptance that Japan has sovereignty over the islands. China reacted against this instance of diplomatic statecraft by dispatching a hundred armed fishing boats to the islands. Paramount leader Deng Xiaoping, however, did his best to calm down the situation. In the end, there was an anti-hegemony clause and China decided 'to shelve' the dispute. This outcome resembles the one suggested by LDP right-wing politicians, but the linkage seems to have been made rather on the PRC side. Yet, in any case, PRC dependence on Japanese diplomatic support caused the country to take a cautious attitude towards the territorial dispute. In addition, there was possibly also concern that a bolder approach to the dispute might jeopardize Japanese ODA and FDI, which China increasingly was taking an interest in. In 1990, in the wake of protests in Tiananmen Square, Japanese diplomatic support and ODA also quite effectively prevented China from openly challenging the status quo, although the linkage again seems to have been made rather by the PRC.

Turning to the relational power analysis, the conclusion is drawn that in the aftermath of the TWL, Japan kept relying on many of the mechanisms discussed thus far. The strategy of 'effective control' crystallized in 1992 both as ideational/diplomatic statecraft—especially protests—and as the practical maintenance of the status quo through action (guarding) and non-action (no compromise and no joint development). Since the guarding of all governmental agencies fundamentally relies on military capability, it has to be called military statecraft. Eric Hyer testifies that such guarding has become increasingly aggressive in the late 1990s (1995:45). Japan's unwillingness even to discuss the issue, moreover, seems more like a diplomatic policy instrument. Both parts of Japan's policy contradicted the revealed PRC interest in 'retrieving' the islands. Still, although Chinese policy-makers and scholars at times acknowledge that Japan practically 'controls' or 'occupies' the islands for now, they seem causally rather than constitutively affected by the measure. Not least the TWL proves

China's sustained ability to make its own claim heard. Still, the more that China is integrated into international society, and the more it depends on (Western) normative structures, the more difficult it should become for it to criticize the modes of acquisition under international law upon which Japan bases its claim to the islands (cf. Kivimäki 2002).

The strategy of 'effective control' was supplemented in 1992 with a policy emphasizing that since the country 'exercises effective control' there is 'no dispute'. Taken together, the two strategies could be seen as an attempt to rebut Deng's 'shelving policy'. This strategy legitimized sustained Japanese non-action with regard to the islands, and it was therefore contrary to China's revealed interests. Yet, the effects of this ideational/ diplomatic policy instrument were again causal rather than constitutive. Chinese policy-makers have even kept trying to counter it by insinuating that there is 'tacit understanding' of the existence of a dispute. Actors on the Japanese side, on the contrary, have expressed awareness that the PRC does not 'feel good' about the present arrangement, and hence one can draw the conclusion that Japan exerted power over China by means of the strategy.

Third, Japan relied on the positive diplomatic statecraft of maintaining a cautious attitude towards the PRC with regard to the islands. While strongly protesting, on the one hand, the country refrained from taking more provocative action, on the other. The Japanese government's consistent attempt to downplay the issue seems like a concession to the PRC, but since it has kept facilitating the preservation of the status quo, it is not. The longer that this situation continues uninterrupted, the more likely that Japan's 'control' becomes internationally recognized, perhaps in terms of 'acquisitive prescription'. Since this policy favors Japan's position in the long term, it at least constitutes a Japanese attempt to exert power over China.

Fourth, PRC promulgation of the TWL enhanced Japanese criticism of the plans for Emperor Akihito to visit China. Forces within the LDP, centered on members of the pro-Taiwan grouping, soon resisted plans for the imperial visit even more persistently than before. The TWL became a 'policy window' for such forces, and at times they seemed likely to prevail in heated intra-party policy-making (interviewee 21). The infighting brought about a rather ambiguous Japanese approach to China's continuous invitations. Although MOFA officials generally supported the idea of the emperor going to China, they were able to use domestic resistance as a lever towards the country. To the extent that it jeopardized crucial international recognition and economic cooperation in the wake of the crackdown of protests in the Tiananmen Square, this kind of uncertainty was contrary to revealed PRC interests. Statements by Japanese policy-makers, moreover, show that they should have been able to calculate the potentially negative effects for China of a postponed visit. Japanese uncertainty was interpreted in China as a threat, and it thus functioned as an instrument of power.



While 'effective control', the 'no dispute strategy' and positive statecraft were contrary to China's sovereignty interest, ambiguity with regard to the imperial visit contradicted the country's interest in modernization and development. Still, the reason why China chose not to challenge the former instances of Japanese statecraft, as it has done regarding similarly disputed territories in the South China Sea, is that any escalation of the dispute would be detrimental to the interest in economic development. In addition to the probable discontinuation of ODA and FDI, Japan's supremacy in military capability would further enhance the cost of trying to 'recapture' the islands by force. In response to Japanese protests, PRC authorities tried their best not to 'rock the boat' any further. It was even suggested that China would be ready to accept a growing status and role of Japan 'as a major political power'. In short, present Chinese policy, which favors economic development and modernization over sovereignty, is more in line with a reformist definition of national interest than a conservative one. By accepting infringements on the sovereignty interest for the sake of economic development and modernization, the PRC government has contradicted the revealed interest of Chinese nationalists. Japan's ability to raise, maintain or cancel 'economic cooperation' with the country is something that the PRC must constantly take into consideration because a deterioration of economic relations with Japan is what leading Chinese policymakers wish least.

As for the analysis of 'real interests', it corresponded to some extent with the analysis of the revealed ones. Japan confined the scope of options of the PRC as it refused to discuss 'the dispute' in terms of 'a dispute', and presented it with the choice of sovereignty *or* modernization. It infringed upon the PRC efficiency as it successfully conveyed the image that it would not 'cooperate' economically unless China tuned down its approach in regards to the Pinnacle Islands. Although Japan did not seem to restrict PRC policy-makers' ability to deliberate on the issue, due to the aforementioned tension between sovereignty and modernization within the top echelons of PRC policy-making, these capacities have often been withheld from ordinary Chinese, and their scope of options and efficiency were also curbed in the process. Japan is indirectly responsible for such a development only to a certain degree; it is also in the interest of PRC leaders not to allow furious debate. The analysis of 'real interests' moreover assumed that China has chosen not to challenge Japan's claim to the Pinnacle Islands out of fear that it would be too costly, but also that the status quo might benefit Japan economically in the long term if eventually it is able to develop natural resources in the seabed. Japanese policy, finally, has had no seriously negative effects on Chinese self-esteem.

The only topic left to conclude is how Japan's policy with regard to the islands was determined in 1992. The analysis clarified the centrality of the director of MOFA's China Division and the director general of its Asian Affairs Bureau. Given their positions, they were in charge of the overall coordination of Japan's Pinnacle Islands policy and the country's response in 1992. However, the ability of other governmental agencies to let their concerns inform such a policy was

demonstrated by the fact that MOFA's Treaties Bureau launched the 'no dispute' policy partially against the will of 'Asian-minded' top officials. Still, the leverage on Japan's China policy of those 'Asian-minded' bureaucrats again became rather evident in connection to the imperial visit. They were strongly in favor of the trip and managed to carry it through despite ardent domestic opposition. The mechanism through which MOFA top officials managed to secure political support of the visit was *nemawashi* with faction leaders and other high-ranking politicians, especially former prime ministers. The active support of the foreign minister certainly played a crucial role in forming the 'mood' or 'attitude' (*funiki* or *kūki*) in which it started to seem increasingly inevitable that the visit be realized. Still, LDP infighting over the imperial visit is presented as one of two 'remarkable examples of the LDP exerting its influence over China policy' (Sasajima 2002:85). Actors outside of the political and bureaucratic system, however, played only minor roles. As for the involvement of other countries, finally, the USA does not seem to have influenced Japan's actual policy in 1992, even though US restraint may have circumscribed its ability to take other—more assertive—courses of action.

The overview of more recent interaction over the Pinnacle Islands, finally, reinforces the image of a rather consistent pattern of interaction, where the only possible change in later years has been in US policy, which has become more supportive of Japan. Japan has thus carried on with the multidimensional policy instrument of 'effective control', and the positive diplomatic instrument of caution not to provoke China any further. An agreement on early notification in 2000 was moreover reached as a result of MOFA's ability to use the discontent of LDP members (and their linkage between PRC compliance and ODA) as 'a card' towards Chinese authorities. The tension between sovereignty and modernization in China, where proponents of the latter tend to prevail, also remained in place both in 1996 and 2000. Thus, in sum, the story of at least thirty years of parallel claims to the Pinnacle Islands has seen a consistent pattern of Chinese prioritization of modernization. Fear that attempts to challenge Japan's claim to the islands would be detrimental to this interest has facilitated a Japanese policy, which is continuously harming the PRC sovereignty interest. Although China, as a result of domestic policy-making processes, only gives sovereignty second priority, it should be possible to interpret most Japanese action with regard to the islands in terms of relational power.



## 5

# Conclusion

### Intelligible power

The aim of this chapter is not only to conclude the empirical analysis, but also to evaluate the conceptual/analytical framework that underlay and enabled such conclusions. The first section wraps up the findings in Chapters 3 and 4 by way of readdressing the research questions. Although the two cases principally serve the aim of enhancing within-case understanding of Japanese statecraft, there are intriguing similarities between them. Whereas the first section demonstrates that with relational power analysis Japanese foreign policy can be portrayed more intelligibly in terms of power, the second addresses the leverage of the conceptual/analytical framework itself—especially in comparison with the more traditional analysis of power, which was criticized in the Introduction. In particular, it argues that the conceptual framework not only is better suited to the analysis of Japan's foreign policy, but arguably to foreign policy analysis in general. Indeed, it demonstrates how relational power analysis could even be seen as tantamount to its very purpose. It also elaborates briefly how the findings in this book fit into the larger theoretical debates, and points out some implications for future research.

#### **Comparative conclusions**

This section is structured around the research questions and it points to a strikingly large number of cross-case similarities, both in regards to if and how Japan exerted power over China: Namely, how—by what instruments or mechanisms—was Japanese policy undertaken? What were the consequences of such for the People's Republic of China's (PRC or China) interests, i.e. did Japan exert power over China? What actors were responsible for Japanese policy-making?

#### ***Japanese policy instruments***

Both cases demonstrate that even with a 'crucial counterpart' like the PRC, which itself has been called a 'great power', and in bilateral interaction concerning 'significant issues', Japan makes influence attempts. It does so mostly by means of civilian statecraft and along non-traditional dimensions.

By way of summarizing one instrument at the time, this subsection concludes the discussion on policy instruments in the preceding chapters.

### *Ideational statecraft*

In both cases, Japan adhered particularly often to the ideational policy instrument of defining or arranging a situation by means of ideas, norms and symbols. Chapter 3 demonstrated that the country's representatives controlled the negotiation process for a Japan-China Bilateral Investment Treaty (JCBIT) with ideas stemming from the practice of market economy—an instrument also based on the fact that so many other countries were making similar claims towards China during this period. Japan conditioned the conclusion of a bilateral treaty on changes in the PRC investment environment—most importantly that Japanese investors be granted national treatment (NT). This ideational policy instrument consisted in the establishment of causality between 'a bad investment environment', 'no JCBIT' and 'scarce foreign direct investment (FDI)'. Then, as Japanese FDI to China started to increase for various other reasons, the country finally made an effort to bring the negotiations to an end. However, its strategy did not change other than being reformulated in more positive terms, so that an 'improved' investment environment—particularly Chinese acquiescence to NT—would facilitate an agreement on the JCBIT, and that such a treaty would spur Japanese FDI to China.

The quintessence of Japan's Pinnacle Islands policy since the 1970s, moreover, has been the ideational policy instrument of reiterating that the country 'controls' the islands 'effectively'—a position based on the principle of discovery-occupation in international law. Chapter 4 noted that China relied on similarly ideational statecraft in the dispute, where the most efficient policy instrument was former paramount leader Deng Xiaoping's concept of 'shelving'. Deng's statement was first interpreted as tacit recognition of Japan's supremacy over the islands. Yet, subsequent references to the 'shelving policy' by Japanese policy-makers imply that there is 'a dispute' 'to shelve' in the first place, quite contrary to official Japanese policy. PRC adoption of the Territorial Waters Law (TWL) in 1992 could also be seen as an ideational Chinese policy instrument, and it was countered by similarly ideational Japanese measures. Japan thus kept reiterating 'effective control' in its protests. To rebut Deng's shelving policy, it also emphasized the non-existence of 'a dispute' to begin with. In short, since Japan 'exercises effective control', there can be 'no dispute'.

### *Economic statecraft*

Until the mid-1980s, Japan substantiated and reinforced ideational statecraft in the negotiations for a JCBIT with actual lack of investment—money that China was urgently asking for. After an agreement had been reached, on the contrary, dispatch of an investment environment research delegation and establishment of

an investment promotion organization (the JCIPO) were both seen as instrumental to the growth of investment in the country. In the end, following the conclusion of the JCBIT, but lasting only until the Tiananmen Square incident in June 1989, there was a boom in Japanese FDI to China. Although the agreement on investment protection also coincided with Japan's presentation of a third Official Development Assistance (ODA) package to China, it cannot be concluded whether or not those two issues were linked, so that the ODA package functioned as yet another economic policy instrument.

After Japan launched its protests to China about the TWL in the second case study, China's stance grew increasingly muted. Given the political turbulence in Japan, PRC policy-makers had reason to think that a planned visit by Emperor Akihito might be postponed and Japanese 'economic cooperation' might be jeopardized. The unwillingness to endanger Japanese ODA and FDI is also hypothesized to have underlain the development of a more accommodating Chinese attitude in 1978 and its lack of assertiveness during the incident in 1990. Overall, it is arguably the reason behind China's *de facto* acceptance of Japanese control over the Pinnacle Islands.

### *Diplomatic statecraft*

The suggestion that Japan might fail to take action to implement the imperial visit also jeopardized an instance of international recognition, which was deemed particularly crucial in the wake of the Tiananmen Square incident, when China was stigmatized by a substantial part of the international community. The implied instance of non-action fits a larger pattern of diplomatic policy instruments used by Japan with regard to the Pinnacle Islands since the 1970s. When Japan and China normalized relations in 1972, for example, fading PRC assertiveness could well be interpreted as a concession to Japan for its recognition of the mainland government. In 1978, moreover, PRC dependence on Japanese diplomatic support against the Soviet Union again caused the country to take a cautious attitude towards the territorial dispute.

More diplomatic policy instruments were represented in 1992. The policy of 'effective control', for example, also took the shape of Japanese refusals to compromise, develop the islands jointly or even discuss the issue, i.e. additional instances of diplomatic non-action. Japan's cautious attitude towards the PRC, i.e. the country's decision not to take more provocative action with regard to the islands, was also an instance of diplomatic statecraft, and it is likely to favor Japan on a continuous basis. The longer that the country manages to keep the status quo through this positive measure, the more probable it is that its 'control' will become internationally recognized and legally consolidated.

Quite contrary to [Chapter 4](#), although bilateral negotiations for BITs in themselves manifest diplomacy, [Chapter 3](#) provided no evidence that Japan relied on diplomatic *statecraft* in the negotiations for a JCBIT.

*Military statecraft*

While it is not surprising that Japan did not rely on military statecraft in the negotiations for a JCBIT, such instruments were in fact almost equally non-existent in its reaction to the TWL in 1992. One notable exception, however, is that ‘effective control’ not only crystallized as protests and unwillingness to negotiate, but also as the practical maintenance of the status quo through guarding, which fundamentally relies on military capability. A more straightforward instance of military statecraft was executed in 1978, and it consisted of PRC dispatch of a hundred armed fishing boats to the islands.

*Summary*

To conclude, in two unrelated cases, Japan interestingly relied on rather similar policy instruments—mostly civilian statecraft along non-traditional dimensions. It adhered particularly often to ideational statecraft and the strategic use of non-action, and it made not only negative and offensive influence attempts, but equally or more often positive and defensive ones. In both cases, moreover, such instruments often rested on systemic resources of the policy base—the international investment regime in [Chapter 3](#) and international law in [Chapter 4](#). Most instruments were also enabled by economic factors, i.e. they had a policy base consisting of the PRC fear of jeopardizing Japanese ‘economic cooperation’. The impetus of Japan’s economic capability, moreover, may have been enhanced by the way that it was perceived by the PRC. The observed variance was greater with regard to the instruments that Japan used in its Pinnacle Islands policy than those it employed in the bilateral negotiations for investment protection, possibly due to the comparative gravity of the issue. One category of statecraft was not found at all in the material: *e-statecraft*, i.e. influence attempts relying primarily on the manipulation of information technology (IT). However, since both cases evolved well before the IT revolution, its existence in the analysis was arguably theoretically impossible.

*The question of Japan’s power over China*

This sub-section demonstrates that the instruments discussed above affected PRC interests either causally or constitutively. They did so, moreover, quite regardless of whether interests were analyzed in terms of revealed or ‘real’ ones—indeed, it is argued that the discrepancy between the two kinds of interest analysis failed to translate into inherently different results. It is finally shown how intentional analysis adds the missing piece to the investigation of Japan’s exertion of power over China, because it expands on the question whether a connection between Japanese policy and negative effects on PRC interests should be interpreted as Japan’s exercise of power over China.

*Effects on China's revealed interests*

Whether formulated negatively or positively, Japan's ideational policy instrument in the negotiations for a JCBIT invalidated the Chinese idea that FDI and other types of economic cooperation either replaced wartime compensation or were simply Japan's responsibility as a developed country. This approach protracted the negotiations, but without really discouraging the PRC. Instead, the country adapted to the Japanese 'reality' as it gradually accepted the above logic. This change was most importantly revealed in the PRC effort to strengthen its investment laws and promote the domestic environment for investments. In the end, China accepted NT and many other provisions that it had thus far resisted tooth and nail as being contrary to its interest. The reason for the country's changed attitude was arguably 'realization' that its modernization depended upon granting Japan NT. Its previous stance was thus portrayed as 'unrealistic'. Insofar as the idea of how to fulfill the interest in modernization itself changed, Japan's policy had constitutive effects on PRC leaders. Reformers around Deng Xiaoping might even have made a last-minute intervention in the negotiations to break the deadlock. Conservatives, however, were rather causally affected, implying that their revealed interest in sovereignty was significantly contradicted by the terms of the JCBIT.

A similar tension between PRC reformers and conservatives was evident in the bilateral interaction over the Pinnacle Islands. While the bulk of Japanese statecraft negatively affected China's interest in sovereignty, its vagueness with regard to the imperial visit threatened to cause detriment to the interest in economic development and modernization. China, moreover, chose not to challenge the former instances of statecraft, because escalation of the dispute would again be too costly, harming the latter set of interests. While the People's Liberation Army (PLA) and Chinese conservatives managed to have the Pinnacle Islands included into the TWL, more reform-minded elements seem to have been in charge of the PRC reaction to Japan's protests. In short, the country's criticism of Japan faded, and top leaders repeated that the TWL did not demonstrate a change in PRC policy and that the 'shelving policy' would remain unaltered. By accepting infringements on the sovereignty interest for the sake of economic development and modernization—but without being constitutively affected—the PRC leadership made it easy for Japan to contradict the revealed interest of Chinese conservatives. The same pattern has been noticeable in post-1992 Japanese-Chinese interaction over the islands.

*Revealed vs. real interests*

Both chapters attempted to put PRC revealed interests in perspective with the help of 'real' ones, as developed in [Chapter 1](#). However, such attempts demonstrated the difficulty of making a wholly different case even with such an analytical tool. In short, ways of employing a notion of 'real interest' based on



classical liberal thought and Wendt's Constructivism were still found to be internal to theoretical and/or ideological perspectives, roughly corresponding here to differences surfacing during the formation of the PRC revealed interest, i.e. between reformers and conservatives, and between state and society.

From the viewpoint that FDI is predominantly good, the first case study argued that an analysis of state interests turns out as merely another way to organize the PRC revealed interest. It concluded that Japan succeeded in impairing China's scope of options and efficiency by the ideational means discussed above—often because it would be too costly for China not to comply. If FDI is seen as predominantly bad, however, Japan harmed the same Chinese capacities by concluding a treaty that facilitated further exploitation of the country. Being part of an investment regime developed in 'the West', moreover, the JCBIT was also contrary to Chinese welfare and self-esteem. From an individual perspective, there are similarly two stories depending on how FDI is normatively evaluated.

The theoretical distinction between state and individual 'real interest' was maintained in the second case study. Although Japan did not seem to confine the ability of PRC policy-makers to deliberate on the issue, the tension between sovereignty and modernization in such circles meant that ordinary Chinese citizens could deliberate neither on ends nor on means. Japan, moreover, curbed the PRC scope of options and efficiency as it refused to discuss the issue in terms of 'a dispute', and communicated that China would risk Japanese 'economic cooperation' unless it softened its approach to the Pinnacle Islands.

### *Japan's exercise of power over China*

Both case studies exposed Japanese attempts to influence China—attempts that were contrary to PRC interests quite regardless of whether they are analyzed as revealed or 'real' ones. Without intentional analysis, however, it is not possible to evaluate whether such occurrences are to be interpreted in terms of Japan's exertion of power over China.

Intentional analysis in the first case study concluded that Japanese policy-makers depended on the aforementioned instruments strategically, because they were sufficiently aware that the country's policy was contrary to Chinese interests. The second case study likewise argued that most Japanese policy instruments were better interpreted in terms of strategies, because, again, Japanese policy-makers were found to have been quite conscious that such measures countered PRC interests, or such instruments were at least likely to favor Japan at the expense of China in the long run and Japanese policy-makers should have been able to make the necessary calculation to understand that.

### *Summary*

In the end, both case studies demonstrated connections between Japanese statecraft and causal or constitutive effects on China's interests that could be interpreted in terms of relational power. The domain of the effects, however, was facilitated by the fact that leading PRC policy-makers prioritized economic development and modernization over sovereignty. Indeed, PRC fear of jeopardizing Japanese 'economic cooperation' provided Japan with an important economic policy base—a foundation to which many instances of its exertion of power over China could be traced. Such instances often took the shape of infringements on interest defined as sovereignty either by the state itself (because it prioritized Japanese economic cooperation as in [Chapter 4](#)), or by sub-groups (because Japanese economic cooperation was prioritized by the state as in [Chapter 3](#)).

### *The responsible policy-makers*

The final research question concerns the actors responsible for Japan's case-specific China policy. Such empirical findings are perhaps less unequivocal than the other comparative results presented above. However, some similarities stand out.

### *Bureaucracy*

Both case studies suggested that bureaucratic actors were at the center of Japanese policy coordination. Given that the research focused on two instances of Japan's China policy, the leading role of the Ministry of Foreign Affairs' (MOFA) China Division perhaps comes as no surprise. It led the Japanese team in the negotiations for a JCBIT, and its director was also instrumental to the reopening of talks in 1988. This process, moreover, took place against the initially expressed will of the Treaties Bureau director general, but support by the new ambassador to China—himself a 'Treaties Bureau man'—made the Bureau more cooperative. It is more ambiguous to what an extent the China Division was responsible for Japan's policy in the negotiations. The treaty, as it stands, seems more like the result of efforts made by MOFA's Treaties Division and the Ministry of International Trade and Industry (MITI). MITI was also crucially involved to the extent that its guidance of Japanese investors on the Chinese market probably facilitated the efficiency of the above-mentioned ideational policy instrument. Yet, it is not certain what Japanese actors had prevailed had China not eventually given up its resistance to NT. Indeed, unlike MITI and the Treaties Division, the China Division seemed ready to conclude the treaty even without the inclusion of NT, and such a step could have gained the support of influential politicians, who were more focused on the bilateral relationship than on the quality of this particular treaty.

Japan's reaction to the TWL was also settled with the director of MOFA's China Division and the director general of its Asian Affairs Bureau at the center of the coordination process. Their leverage on Japan's China policy was particularly apparent in connection to the imperial visit, which they managed to carry through despite fervent political opposition. Partially against the will of such 'Asian-minded' organizations, however, the Treaties Bureau successfully launched the 'no dispute' policy, and it thereby again demonstrated the ability of other governmental entities to affect Japan's China policy.

### *Party politics*

Although the bureaucracy played a vital role above, Liberal Democratic Party (LDP) Diet members also took part in the process traced in both case studies. First, there appears to have been a political will—possibly emanating from Prime Minister Takeshita Noboru—to reopen the negotiations for a JCBIT in June 1988. The tenth anniversary of the Peace and Friendship Treaty was going to be celebrated in August, including a visit to Beijing by the prime minister himself. Politicians thus seem to have given the negotiators rather contradictory instructions: conclude the treaty in time for Takeshita's trip, but without yielding on NT. As a relatively China-friendly prime minister, it could also be hypothesized that Takeshita was behind the agreement in one way or another. Politicians close to Taiwan, moreover, were persuaded through *nemawashi*, or behind-the-scenes pre-decision, consensus-building activities, not to oppose the treaty.

The line of policy eventually followed by Prime Minister Miyazawa Kiichi in 1992 prevailed in the second case study as well. Yet, *nemawashi* with faction leaders and other high-ranking politicians, especially former prime ministers, was again necessary before hardliners within the LDP gave up their resistance to an imperial trip to China—an issue that they had thus far successfully linked to the 'inexcusability' of China's promulgation of the TWL. Active support of the foreign minister is moreover believed to have been crucial to the formation of a mood in which the imperial visit seemed increasingly inevitable.

### *Summary*

Both case studies demonstrate the centrality of MOFA's China Division and Asian Affairs Bureau to the making of Japan's China policy, and they indicate that MOFA's Treaties Division/Bureau was the highest authority on legal matters in Japan's foreign policy. The first case study, moreover, shows MITI's ability to play a role in Japan's foreign policy independently of MOFA. Both policy outcomes were also in line with the opinion expressed by the prime minister, and in both cases politicians and bureaucrats did *nemawashi* to help close LDP ranks. However, it is fundamentally unclear what was the source of the prime minister's opinion: his own views? The bureaucracy? The *nemawashi*

process? With point of departure in Michael Minor's research (1985), [Chapter 2](#) predicted that bureaucrats would be more salient in [Chapter 3](#), while [Chapter 4](#) would see a more active involvement of formal and informal LDP top leaders. This prediction proved rather correct. Although both sets of actors played similar roles in both cases, the attempt by LDP politicians to use the TWL to obstruct the plans for an upcoming imperial visit to China marks an important difference. Finally, actors outside of the LDP and the bureaucracy played just minor roles both in 1988 and in 1992. Their opinions may at times have had constraining effects, but they hardly altered the final results. Other countries also did not seem to have had any direct influence on Japan's actual policy, but this finding perhaps says more about the success of the second criterion by which cases were selected in [Chapter 2](#), than of the average prevalence of, for example, the USA in other instances of Japan's China policy.<sup>1</sup>

### Reflections on relational power analysis

Many seasoned scholars have been markedly reluctant to the possibility of performing power analysis (e.g. Domke 1989:160; Caporaso and Haggard 1989: 100; cf. Guzzini 2000b: 53), and the Introduction demonstrated that they have been skeptical for good reasons. The seeming messiness of power in academic post-Cold War Japanese foreign policy discourse was cleared with the help of ideas of power originating from Realism and Neorealism in International Relations (IR) theory, but only to bring out just how enigmatically Japanese foreign policy is perceived in terms of power by those who rely on a property concept. The chapter raised four different points on which the appropriateness of such an approach to power was assessed.

First, such ideas of power are too closely associated with capability to need an abstraction like power in the first place. Second, they are too closely associated with *national* capability now that such is increasingly being taken over by transnational or global actors. Third, the Neorealist concept of power is expressly unsuited for foreign policy analysis. Fourth, and most importantly, Japan looks enigmatic from the point of view of Realism and Neorealism, allegedly because it does not develop political and military power commensurate with its economic power. From the perspective of this study, however, such a viewpoint itself is even more enigmatic, because it implies a double standard to the assessment of power, so that Japan is ascribed economic power solely on behalf of its great economic capability while it is hardly ascribed any political and military power at all despite its possession of great capability within those fields as well. Underlying the latter assessment is rather the idea that Japan does not seem to exercise power over other actors with political and military instruments. The enigma of Japanese power as perceived in this book is thus due to the fact that Japan's foreign policy is not coherently portrayed when power is understood as property, i.e. where it is put on a par with capability.

The Introduction proposed that Japan's foreign policy could perhaps be described and assessed in less enigmatic terms if a relational concept of power were used—one that put focus on the exercise of power, i.e. what analysts really seem to use as a measuring rod when ascribing Japan power. Now, was the conceptual and analytical framework developed in [Chapter 1](#) actually helpful to that endeavor, so that more coherent conclusions about Japan's foreign policy could actually be drawn? Did it facilitate that Japanese foreign policy be portrayed more intelligibly in terms of power? [Chapter 2](#) argued that significant instances of Japan's China policy provide the study of statecraft in Japan foreign policy with crucial cases. However, such cases also embody a crucial test of the conceptual/ analytical framework. Although two case studies are inadequate for the formulation even of a preliminary theory of Japanese statecraft, they should be sufficient for an evaluation of the relational approach *per se*. The aim of this section is indeed to reflect on the limits of relational power analysis: How does it stand the task of being employed empirically, especially in light of the above-mentioned enigma of Japanese power? The first sub-section broadly reflects on the pros and cons of relational power analysis, and it identifies some areas for future improvement. The next one continues to do so, but more specifically by reassessing the points raised above in relation to the property concept. In the process, it also draws some important conclusions about the relationship between the framework of relational power, and foreign policy analysis and IR theory, and it indicates some implications for future research.

### ***Pros and cons of relational power analysis***

Overall, I believe that the conceptual/analytical framework has fared well in this study, because it enabled the analytical chapters to draw quite original conclusions about Japan's case-specific China policy in terms of statecraft and power. It did so, moreover, despite its failure to present a satisfying solution to the assessment of significance. Of particular importance was the fact that it accommodated Lukes' idea that *A*'s construction of *B*'s perceptions, cognitions and preferences often exemplifies *A*'s exercise of power over *B*. The introduction of a concept of ideational statecraft, and a distinction between causal and constitutive effects on *B*'s interests, both had consequences for what could be found.

Since a concept of power explicitly connecting to the debates spurred by Lukes' little book never before had been systematically employed to this kind of empirical work, it was attached to a methodology. The three successive steps of relational power analysis were modeled for the purpose of analyzing *A*'s power over *B*. First, process-tracing analysis provided an answer to the question: what did *A* do? As a result, there was a focus on policy instruments and policy-makers (research questions 1, 2 and 5). Interest analysis, next, attended to *B*'s interests: was what *A* did contrary to *B*'s interests (research question 3)? The purpose of intentional analysis, finally, was to determine if what *A* did could be ascribed

with the intentionality of responsibility and purposefulness, i.e. action, and if what *A* did, which was contrary to *B*'s interests, could thus be interpreted as power (research question 4).

Given that process-tracing analysis corresponds to three of the research questions, it is perhaps unsurprising that it occupied a relatively large part of the empirical analysis. In particular, it was a suitable method to reconstruct *A*, and what *A* did towards *B*. Although on one level this study spoke about *A* and *B* as Japan and China, on another, it argued that when process-tracing analysis is applied to corporate actors, the analytical assumption of unitary state actor had better been downplayed in favor of micro-level analysis. The fifth research question, which focused on the bureaucracies and individuals responsible for Japan's case-specific China policy, was the result of such an approach, and it also signified a departure from the assumption that the unitary actor is rational (e.g. Baldwin 1985). Albeit perhaps not a necessary component of relational power analysis, this approach definitely contributed to the process-tracing, because individual policy-makers played a crucial part in each case. Yet, such people may very well have been constrained in their ability to act, for example, by the offices that they embody or by the roles that they play, and future research should develop this distinction (cf. Allison 1971).

The difficulty of accessing centrally placed politicians in Japan was noted earlier, but apart from that, Japanese materials necessary for the process-tracing analysis could be gathered rather easily. More severe obstacles to the material collection, however, inhibited the implementation of a similarly process-tracing analysis of China's revealed interests. This is why the interest analysis primarily relied on secondary sources. Such materials, moreover, conveyed the impression that China's national interest is an arena of contestation between those who give priority to modernization and others who favor sovereignty. Although this distinction is rather simplistic, it was nonetheless very instrumental to the analysis of Chinese interests in the late 1980s and early 1990s.

Relational power analysis dealt with the controversial notion of 'real interest' by reformulating it in classical liberal terms, quite compatibly with how it is used in much of IR theory—in particular, Alexander Wendt's Constructivism. It was later argued that 'real interests' are no more *real* than revealed ones—that the concept is merely an ideal type no different from the relational concept of power itself, and that revealed interests are to be put into perspective with the help of it. Yet, in the end, it was unclear to what extent this analytical tool really contributed a new perspective in this case, and to what extent it could contribute a fresh approach to corporate actors like states more generally. In this case, exposure of the political contestation surrounding China's revealed interests simply covered most aspects of what could otherwise have been addressed in such an analysis. Tensions between proponents of modernization and sovereignty, on the one hand, and between state and society, on the other, were both more or less noticeable in the two cases, and in themselves they encompassed many of the perspectives otherwise provided for by 'real interest'

analysis. Wendt notes that ideas of 'objective interest' could function as the background against which states define their subjective interests (1999:237), and so it is intriguing to find that much contestation over the PRC national interest corresponded to the components of 'real interest'. Future research on corporate actors should develop this finding so that 'real interests' can be methodologically integrated with revealed ones, but without losing the analytical content of the former.

Intentional analysis, finally, was the most challenging part of relational power analysis. In the absence of a confession that Japan attempted to affect China in a manner contrary to the country's interests, intentional analysis mostly came down to a need for assessing whether or not Japan acted carelessly and/or if it had potential knowledge of the harmful consequences of its policy for China. In other words, it was necessary to evaluate if Japan had calculated or at least considered such consequences for China, and whether—given that calculation—the country should have been able to recognize that such behavior was contrary to China's interests. There were some obstacles to this kind of analysis. In short, no written sources provided enough bases to make the said assessment. Such questions were thus generally approached in interviews with the involved policy-makers, but their replies were not really exhaustive and they seemed rather vigilant against them. Yet, intentional analysis is a crucially important part of relational power analysis, and it also needs further elaboration to be used more efficiently in the future. In particular, short of first-hand accounts of the deliberation in the Japanese policy-making regime, it is necessary to work out strategies to approach the questions associated with intentional analysis, and without inviting caution on the part of interviewees.

### *The contribution of relational power analysis*

What are the advantages of relational power analysis *vis-à-vis* the normal usage of 'power' in the discipline, i.e. one inspired by Realist and Neo-realist concepts? Despite some deficiencies pointed out in the previous sub-section, it did comprise an ideal type with an elaborately developed methodology. Weber notes that:

If the historian...rejects an attempt to construct such ideal types...the inevitable consequence is either that he consciously or unconsciously uses other similar concepts without formulating them verbally and elaborating them logically or that he remains stuck in the realm of the vaguely 'felt'.  
(1949:94)

In comparison with much power analysis in the discipline, relational power analysis facilitated a transparent and consistent departure from exactly such approaches to power.

Needless to say, with a new conceptual/analytical framework, new phenomena are perceived and acknowledged. The findings of this book are thus largely constructed by and internal to the ideal types that are parts of that framework (cf. Beronius 1986:46). Without the concept of ideational statecraft, for example, this book would hardly have managed to discern such phenomena. In this respect, power analysis inspired by Realism and Neorealism may seem incommensurable, rather than at odds, with the framework of relational power, because Japan oddly is still not using capability in a more muscular way. Yet, since the latter was developed in reaction to issues raised in opposition to the former, and by focusing directly on what such analysis tries to approximate by way of measuring capability, this is not the case. Relational power analysis should thus be evaluated primarily with respect to how it deals with the four points that were reestablished at the beginning of this section, in particular the last one.

First, now that 'the barrel of a gun', in Mao Zedong's famous statement quoted in the Introduction, no longer solely determines the ascription of power, the term has recaptured some abstraction. This is a circumstance that would seem to provide it with a *raison d'être* alongside mere capability. By making a distinction between power and capability, and by thus following Japanese language in treating tangibles and intangibles separately, English language becomes less ambiguous.

Second, since 'policy base' not merely refers to *A*'s capabilities, but rather to everything that enables *A* to make influence attempts, it is not a problem if the ownership of capability is increasingly transnationalized or globalized. As shown in the analytical chapters, Japan's case-specific China policy derived not only from its own national capabilities, but also from systemic resources like market economic norms and international law, and perceptual ones where the effectiveness of Japan's economic capability may have been further enhanced by the way that it was perceived by the PRC.

Third, with a detailed focus on the mechanism and process through which individual actors exercise power over each other, the relational concept of power is better suited to the analysis of foreign policy than the concepts of power that originate from Realism or Neorealism (cf. Knudsen 1994:52; Hudson and Vore 1995:210–11). Tracing the development of foreign policy analysis as a discipline, Walter Carlsnaes notes that two broad traditions have played and continue to play major roles in it: *Realpolitik* and *Innenpolitik*. The former is symbolized by its focus on 'material systemic-level factors' (2002:334), while the latter 'contains a host of different and disparate approaches' (ibid.), all of which share an emphasis on the role of domestic factors. Whereas a relational concept of power could have been part of the latter tradition, the enigma of Japanese power resulted from the fact that a concept of power imbued with *Realpolitik* has been prevailing in the analysis of Japanese foreign policy. Laura Neack *et al.* similarly note that foreign policy analysis has been 'largely informed and structured by the theoretical orientation and conceptualizations of international politics' (1995:7–8).



Nevertheless, the very essence of foreign policy analysis has boiled down to a definition very reminiscent of the relational concept of power itself (cf. Knudsen 1994:52–3; White 2001:329), at least the one put forward by Robert Dahl, i.e. one limiting the instances of ‘affecting’ relevant to foreign policy to those preceded by an act of volition:

foreign policies consist of those actions which, expressed in the form of explicitly stated goals, commitments and/or directives, and pursued by governmental representatives acting on behalf of their sovereign communities, are directed toward objectives, conditions and actors—both governmental and non-governmental—which they *want to affect* and which lie beyond their territorial legitimacy.

(Carlsnaes 2002:335, emphasis added)

In sum, the relational concept of power should make an important contribution to foreign policy analysis. Indeed, relational power analysis could even be tantamount to the very purpose of that discipline. On the other hand, the relational concept clearly is not meant as a tool to explain the configuration of international structure or anything for that matter, because it cannot function as independent variable (cf. Waltz 1979:175; Rose G. 1998:151 n. 15).

Fourth, with the help of relational power analysis Japanese foreign policy can now be portrayed more coherently in terms of power, and it is thus rendered less enigmatic and more intelligible. The previous section demonstrated that Japan makes influence attempts with regard to ‘significant issues’ even towards a ‘crucial counterpart’ like China, and that it often does so by ideational and other civilian instruments, and along non-traditional dimensions, for example positively and defensively. The success of such attempts has moreover been facilitated by the fact that leading PRC decision-makers have favored modernization and economic development over sovereignty.

Now, one could argue that this conclusion basically overlaps with the civilian power thesis, which has been put forward so earnestly in the wake of the Cold War and before, and it does. So what is new? I touched on this subject already in the Introduction, but for the sake of clarity I should repeat myself. The contribution of this book is that it provides an analytical tool, namely relational power analysis, with the help of which the image of civilian power can be more thoroughly investigated and the civilian power thesis more clearly established. By invoking, for instance, economic rationality and the cultures and institutions of antimilitarism, Rosecrance, Berger, Katzenstein and others have elegantly explained why Japan has not assumed the position of traditional great power (Rosecrance 1986; Berger 1996; Katzenstein 1996a). They have thus provided a solution to the enigma of Japanese power as conceived by Realists and Neorealists. However, drawing the conclusion that Japan is a civilian power, they protract the enigma of Japanese power as it is conceived in this study. In short, they keep the double standard discussed above, while just providing it with a

*raison d'être*. In other words, they stick to the definition of power as capability, while just disagreeing on its underlying ontology (Wendt 1999:94), and downplaying its importance as an independent variable in favor of interests, and ideas, identity and culture (Goldstein and Keohane 1993; Jepperson *et al.* 1996: 40; Moravcsik 1997; Wendt 1999: 35). This means that the civilian power thesis in the discourse basically derives from Japan's large civilian capability. The contribution of relational power analysis is to provide a tool with which this thesis can be substantiated, by way of scrutinizing Japan's exercise of power over other actors, rather than merely its possession of capability.

To sum up, this book has been in agreement with Glenn Hook and his colleagues that the image of Japan as 'enigmatic, inexplicable or abnormal' (2001:24) is a 'myth', and it has found that this myth is conditioned on likewise enigmatic analytical approaches. It also agrees that the country can be understood if only 'sufficient intellectual rigour is applied' (*ibid.*), and the very bottom line to this study is that the relational power analysis has made Japanese foreign policy more intelligible in terms of power. With its focus on contingencies, however, relational power analysis is unsuited to generalization. Yet, the summary of findings above still highlighted some intriguing tendencies, and there is reason to believe that further systematic investigation into the research questions could give rise to more generalized theoretical statements about Japan's China policy, the country's foreign policy at large, or foreign policy in the first place. The conceptual/analytical framework developed in this study will thus hopefully be used again in attempts to make sense of Japan's foreign policy in terms of power, because by making such a phenomenon empirically researchable, it has the merit of contributing to the demystification of Japan as a state actor. However, relational power analysis could also be employed to other cases, because an incoherent understanding of power is not unique for the analysis of Japan's foreign policy. I argued above that this framework should even be the given method for any foreign policy analysis with reconstructive and interpretative ambitions. It should also be used in a comparative context, especially to scrutinize the statecraft of all parties to an interaction so as to evaluate their relative power. The bearing of the conceptual/analytical framework, moreover, transcends foreign policy analysis, and [Chapter 2](#) argued that it could be used to analyze power in policy-making processes as well. In short, its limitations are not predetermined, but must continue to be assessed in close connection with the formulation of research questions and pursuit of empirical analysis.



# Notes

## Introduction: enigmatic power?

- 1 'International Relations' (IR) refers to the theories of international relations. Such theories, for example, Realism and Liberalism, are written in initial capital letters and other political theories are not.
- 2 Throughout this book the term 'action' is understood as inclusive of inaction and of action/inaction co-varying with circumstances external, but reasonably predictable, to *A*. The terms 'decision' and 'behavior' ('words and deeds', etc.) similarly incorporate their passive/negative aspects whenever the terms are used in a general sense.
- 3 'Instrument', 'technique' and 'means' are used interchangeably throughout the study; 'policy instrument', furthermore, can be exchanged for 'technique of statecraft'.
- 4 Susan J. Pharr objects to this denomination of Japan, and suggests that the country's foreign policy instead be called 'defensive', because benefit from the status quo is taken to explain Japan's foreign policy (Pharr 1993).
- 5 In a narrow sense, this event is marked by the fall of communism in Eastern and Central Europe in 1989, the Conventional Armed Forces in Europe (CFE) Treaty, the reunion of Germany in 1990 and the dissolution of the Soviet Union and the Warsaw Pact in 1991. The end of the Cold War is thus associated with the years 1989–91. However, such dating may be more appropriate for European circumstances than for Asian ones. In one respect, the Cold War in Asia had already ended in 1972, after rapprochement between the USA and China. In another, due to protracted tensions on the Korean Peninsula, suspected North Korean development of nuclear weapons, large Russian forces remaining in the Far East, strained China-Taiwan relations, and an emerging 'Chinese threat' more generally, the Cold War has yet to end in the region. Not only could it be argued that the Cold War ended at different times in Europe and Asia, it could also be claimed that events on the two continents were distinct (Watanabe A. 1993:3; Inada 1995:151), and that antagonism in Asia did not even appear with the Cold War (Watanabe A. 1993:4).
- 6 After the Diet's approval of 'The Law on Cooperation in the UN Peace-keeping Operations and Other Operations' in December 1991 and June 1992, Japanese

peace-keepers have been officially dispatched to, for example, Angola, Cambodia, Mozambique, El Salvador and the Golan Heights.

- 7 Japan's foreign policy has been intensely connected with domestic politics. From the end of WWII until very recently, foreign policy was the single most divisive political issue in the country; the constitutionality of the Self-Defense Forces (SDF) and the Security Treaty were for long the largest points of confrontation between the incumbent Liberal Democratic Party (LDP) and the former major opposition party, Japan's Socialist Party (JSP). (The latter party's name changed in English into 'Social Democratic Party of Japan' [SDPJ] in 1991, and correspondingly in Japanese in 1996.)
- 8 The Japan-US relationship is arguably far more complicated than inferred from the text (Inoguchi 1992:76; 1993a: 196). US talk about burden-sharing is also not unproblematic (cf. Islam 1991:191–6; Ahn B-J. 1995:69).
- 9 I am grateful to Marie Söderberg for pointing this out.
- 10 There is a large overlap with the components that recur in the works of most other Realist authors (cf. Sjöstedt 1987:66), and with those that Waltz takes to be the prerequisites for 'great power status', i.e. 'size of population and territory, resource endowment, economic capability, military strength, political stability and competence' (Waltz 1979:131).
- 11 have criticized the concept of the *aikido* state elsewhere (Hagström 2004).
- 12 Article 9 expresses Japan's renunciation of war:

[1] Aspiring sincerely to an international peace based on justice and order, the Japanese people forever renounce war as a sovereign right of the nation and the threat or use of force as means of settling international disputes. (2) In order to accomplish the aim of the preceding paragraph, land, sea, and air forces, as well as other war potential, will never be maintained. The right of belligerency of the state will not be recognized.

(*Kodansha Encyclopedia of Japan* 1997:33)

- 13 Buzan *et al.* try to differentiate between 'states' and 'powers', but without making the distinction very clear (1993:62–3). In discussing 'political stability' or 'political cohesion'—confusingly one of the ingredients of the aggregated Waltzian concept of power—they claim that a high ranking on this variable characterizes a 'strong state'. A 'strong power', on the other hand, is supposedly a state relatively prominent in economic and military capabilities. Exactly where to draw the line between states and powers, however, is not spelled out.
- 14 This definition reads, '*A* has power over *B* to the extent that he can get *B* to do something that *B* would not otherwise do' (Dahl 1957:290).
- 15 Three such studies are discussed below: Wan (1995), Drifte (1996) and Hughes (1999). Another text that includes a definition of power is Okabe (1995), and it is discussed together with the rest of the Japanese material below. A text that is not selected is Nye (1990). In scrutinizing different aspects of US hegemony, it examines the country's power, *inter alia* as relative to that of other important states, and among them Japan (Nye 1990:154–70). Nye consistently equates power with capability, and includes measurements on a number of such variables for

Japan. The book has been influential to the extent that it introduced the concept of 'soft power', which has since recurred in the discourse (e.g. Soeya 1993:18; Drifte 1996:13, Chapter 3; Hughes 1999:35; Shiraishi 1997: 234–74). However, it fails to meet the selection criterion in the sense that it deals with Japan's power in the 1980s rather than in the 1990s. Another text that is also not selected is Huldtt (1992). This is a collection of short conference papers dealing with issues clearly related to Japanese power, but except for Kosai (1992:17) without departing from a definition of the term. Taken from the title, a number of other texts also seem to deal with Japanese power. However, since they do not, they are also not selected (e.g. Arase 1995; Pyle 1996). Arase's book, for example, is called *Buying Power*, but the underlying theme is rather whether or not ODA can buy Japan security (cf. Arase 1995: 231).

- 16 The sub-section is merely devoted to an evaluation of the conceptualization and employment of 'power' in those texts, and it therefore gives a rather one-sided picture of them. This treatment may be unfair given their possibly varying purposes.
- 17 This is Wan's reference: David Baldwin (1979) 'Power Analysis and World Politics: New Trends versus Old Tendencies', *World Politics* 31:161–94. The article was reprinted in Baldwin (1989), which is included in the reference list of this book.
- 18 thank Professor Drifte for clarifying his motives to me. Despite his protests, however, I read his book differently than he does.
- 19 Admittedly, Knorr's view of power is more complicated than this, because power is also described as something that actors are in possession of and can accumulate. In his analysis, the possession of power is inferred from the possession of capability (1975:9).
- 20 Hughes (1999) exhibits a considerable discrepancy between the explicit approach to power outlined above, and the meaning implicitly assigned to the term. Power in the sense of 'conscious manipulation by a state of...resources in order to influence directly the behaviour of another state and change it to the course of action that it would not normally take of its own volition' (ibid.: 36) is referred to only twice (ibid.: 5, 112), and 'power as structure' in the sense of indirect power is never brought up again. Instead, the different ways of practically relating to power in the book all indicate affinity with Realism. Power is thus first and foremost associated with capabilities (ibid.: xviii, 3, 4, 10, 24, 70, 72, 75, 192, 207). In addition to various economic phenomena (ibid.: 24), weaponry is the capability that in itself most frequently is designated power (ibid.: 67, 192). Power and policy instruments are in other words equated (ibid.: 10, 11, 24, 51, 78, 102, 103). Power is also the goal of states (ibid.: 3, 14, 210), and it is used to denominate the state that possesses capabilities and lays down national goals (ibid.: 3, 99). As so often before, Japan is called an 'economic superpower' (ibid.: 11). Power is moreover associated with an obligation to contribute to the maintenance and development of international affairs (ibid.: 24, 25), although such a view seems to contradict the definition of direct power above. (Economic) superpowers like Japan should consider the fact that they can take (or have) responsibility for regional and global security (ibid.: xvii–xviii, 31, 210).
- 21 Nester (1990:1–8, 306–25) and Kosai (1992:17–27) do so too, but on a far more moderate scale.

- 22 The expression *chikaramochi* ('a powerful/strong man/woman', or literally 'the holding of strength') further exhibits the fact that *chikara* is a property concept.
- 23 Followed by the verb 'do' (*suru*) or 'exert' (*ataeru/oyobosu*) it becomes even more obvious that *eikyō* carries relational meaning (*Nihongo daijiten* 3 1975: 136; *Kokugo daijiten* 1989:275).
- 24 As mentioned above *-ryoku* in *eikyōryoku* is just another way to express *chikara*.
- 25 The fact that both *taikoku* and *kyōkoku* are attributes of a state is underlined by the fact that they are used together with the copula (*de aru*).
- 26 The fact that the suffix *-ka* is commonly used together with *-ka ga susumu* (-ization advances/makes progress) further proves the connotation of process inherent to *-ka*.
- 27 It is worth mentioning that the two most abstract terms for expressing power in Japanese—*seiryoku* and *kenryoku*—are absent in the texts examined in the previous section. *Seiryoku*, on the one hand, is explained in terms of the strength to act according to one's thought by controlling others (*Seisen kokugo jiten* 1994:739). *Kenryoku*, on the other, shares all of this meaning, but is followed by 'to rule' (*shihai suru*) (*Nihongo daijiten* 7 1975:369; *Kokugo daijiten* 1989: 841; *Kōjien* 1991:840).
- 28 As further discussed below, traditional IR theory has also inspired other IR theories in regard to the concept of power, but its exclusive role as independent variable is seldom retained.
- 29 Similar reasoning underlay the Reagan administration's encouragement of Japan to develop 'military power' commensurate with its 'economic capability' (Rose C. 1998:58), Prime Minister Takeshita Noboru's call for a defensive capability commensurate with Japan's economic power (Waltz 1993:64), and Chinese rhetoric that economic might will inevitably revive Japanese militarism (cf. Rose C. 1998:138; Roy 1998:162; e.g. Wu X. 2000:299–300).
- 30 Japan's 'historical legacy' includes the country's pacifist constitution, its three anti-nuclear principles (1967), the three principles prohibiting weapons export (1967, 1976), and the fact that the country's defense expenditure occupies only a relatively low percentage of the Gross Domestic Product (GDP) (in principle 1 percent).
- 31 See SIPRI, [http://projects.sipri.se/milex/mex\\_major\\_spenders.html](http://projects.sipri.se/milex/mex_major_spenders.html). The link between a country's military expenditure and its denomination, for example in terms of 'a power', may seem far-fetched, but analysts regularly adhere to it (e.g. Iriye 1992:112–13). In fact, defense expenditure is a common 'single-variable indicator of power' (Merritt and Zinnes 1989:13).
- 32 Official Chinese figures of military expenditure, however, 'should be treated with some caution' because since 'the *renminbi* [is] a non-convertible currency' (Taylor 1996:10, emphasis in original), they are probably 'grossly underestimate[d]' (ibid.: 180).
- 33 This is also the argument of many Chinese analysts (e.g. Wu X. 2000:300–1), but others argue that since Japan lacks fighting experience, the country cannot be called a military power (Yan 4 April 2001).
- 34 To be sure, there have been estimates and worries that Japan could develop a nuclear weapon in no time (e.g. Inoguchi 1991:31; Chan 1999:104; Wu X. 2000: 298). Others, however, believe that Japan has 'no intention to arm itself with these [nuclear] weapons' (Kamiya 1995:14); indeed that such acquisition would go against Japan's interests.

- 35 The three dimensions of power are also known as the ‘three faces of power’.
- 36 IR theorists who conceptualize power in a pluralist fashion include Baldwin (1985: 20; 1989) and Sjöstedt (1987:31; 1991:190), the former with clear reference to Dahl. Dunér (1977:61–5), Keohane and Nye (1977:11), Goldmann (1979:9–11) and Rothgeb (1993:19–22) refer to Dahl and other pluralists, but it is unclear what relationship their own pluralist-sounding definitions have with the thinking of such figures. Baldwin, moreover, explicitly adopts the most important development of Bachrach and Baratz’ two-dimensional view, i.e. that of ‘non-decisions’ in the form of ‘non-aid’ (1985:299–303).
- 37 Gunnar Sjöstedt argues that ‘influence strategies’ such as ‘manipulation of decisions’ and ‘technological argumentation’ function without *B* feeling threatened, although *A* strives to get *B* to do something contrary to *B*’s ‘real interests’ (1987:35). Baldwin also tries to leave behaviorism behind. He suggests a broader definition of behavior that includes ‘beliefs, attitudes, opinions, expectations, emotions, and/or predispositions to act’ (1999/2000:88,106), and writes that:

Although it is useful to define positive and negative sanctions in terms of whether *B* *perceives* them as rewards or punishments, *it seems unwise to assume that B always knows what is best for him*. It is not necessarily harmful to restrict the choices available to children, drug addicts, or nation-states.

(1989:156, emphasis in original [‘perceives’] and added [the rest])

Baldwin (1989:204; 2002:181) and Sjöstedt (1991:188–9), finally, remark that *A* can exert power over *B* unintentionally, but unlike Lukes they stick to the pluralist view of *A*’s exercise of power over *B* as an intention-governed process.

- 38 A couple of years ago, John Gaventa even noted that the three-dimensional view had yet to be employed in empirical analysis in the first place (1987:36). Still, his own book from 1980 must be recognized as one rare example (Gaventa 1980). Unlike the empirical analysis in this study, however, Gaventa tries to settle what power mechanisms are present in a seemingly unequal situation. In their textbook on the global political economy, Stephen Gill and David Law also discuss Lukes’ concept of power, but they do not develop an analytical framework around it (1988: 71–80). Nor does Keith Krause in an article that analyzes the advantage of arms transfers beyond a ‘bargaining power model’. The connection to Lukes in the ‘hegemonic power model’, moreover, is only implicit (Krause 1991). Bengt Sundelius, finally, uses insights from the two- and three-dimensional views to develop informal influence strategies for small but smart states in the EU context (1995).
- 39 However, concepts of power are normally contested on moral or ideological grounds, meaning that it may be impossible for those using them even for narrowly analytical purposes to escape all normative claims. Theoretical and metatheoretical implications of adhering to a relational concept of power are further elaborated in [Chapter 1](#).



- 40 The Chinese government is for example ‘seen to be manipulating the Japanese government, taking advantage of the “unfortunate history” and Japan’s supposed guilt complex, as a way to get political and/or economic gains’ (Rose C. 1998:26), but Caroline Rose argues that ‘there is little evidence of the Japanese reacting out of guilt and making large concessions’ (ibid.: 27; cf. ibid.: 141–2, 153).

# 1

## Conceptual and analytical framework: relational power

- 1 ‘Essential contestability’ stems from the fact that ‘power always implies an element of counterfactual reasoning’ (Guzzini 1993:446), i.e. a normative statement of what makes up the ideal or unaffected state of affairs. Moreover, Guzzini argues that given that ‘concepts of power are widely used as central *explanatory* variables’ (ibid.: 447, emphasis in original), ‘metatheoretical differences that characterize modes of explanation’ (ibid.) add another dimension of ‘essential contestability’.
- 2 See Introduction, n. 38.
- 3 Isaac argues that neither Matthew A. Crenson nor Gaventa—two scholars who have attempted to make use of a relational concept analytically—succeed in ‘operationaliz[ing] its purported method, and that the success of these works is due to the abandonment of a concern with methodology’ (1992:297, n. 49).
- 4 The German terms are taken from the original German source (Weber 1904: 52, 68).
- 5 Dahl once touched upon the same problem, but he dismissed its claim to provide an inherently different case (1958:40).
- 6 Non-decision-making is defined as ‘a process for thwarting latent or manifest challenges to things-as-they-are’ (Bachrach and Baratz 1975:196).
- 7 Lukes (1974:39) seems to equate the two terms.
- 8 David Baldwin takes Dahl’s concept of power, rather than Lukes’ one, to accommodate all three dimensions of power: ‘One does not need to reconceptualize power in order to treat such matters [as control over agendas and over the desires and thoughts of others]’ (2002:179). However, Lukes does not ‘reconceptualize’ power, but rather just expands the original concept’s sphere of application. Moreover, this task is not primarily fulfilled simply by adding the aforementioned objects of study, but also by introducing concepts such as ‘latent conflict’ and ‘real interests’.
- 9 In IR theory, on the contrary, there is a tendency to exaggerate the fungibility of the policy base, where fungibility stands for ‘the ease with which power resources useful in one issue-area can be used in other issue-areas’ (Baldwin 2002:180). Like money in economic theory, the capabilities of state-actors are *a priori* believed to have nearly universal political applicability (Baldwin 1989:30, 138). Some IR theorists, however, explicitly acknowledge the importance of a contextual approach (e.g. Keohane and Nye 1977:37; Goldmann 1979:14, 18; Baldwin 1989:134; 2002: 178–9; Sjöstedt 1987:25, 70, 76; 1991:195; Rothgeb 1993:17). However, there are contradictions (e.g. Sjöstedt 1979:40).

- 10 Bachrach and Baratz's 'non-decisions' are thus interpreted both in terms of 'ante-decisions' (or lack of decision) and 'mobilization of bias', where the latter, in particular, is seen as a 'structural' idea (Guzzini 1993:462; cf. Isaac 1992: 38).
- 11 After giving an example of the German Bundesbank, Guzzini claims that it is possible to understand the bank's power only with this concept of governance (1993:474). However, how can it be the Bundesbank's power if there is no prime mover? Is not the Bundesbank also just one brick in an order beyond its own control?
- 12 Stating that *B* need not be harmed or exploited by *A*'s exercise of power, Baldwin's interpretation of Dahl's concept of power deviates from Lukes'. His view is that, power does not necessitate a conflict of interest between *A* and *B* (1985:43, n. 39; cf. Gray 1983:79–80, for a similar view in political theory), implying that *A* gets *B* to do something which *B* would not otherwise do, *whether contrary to B's interests or not*. Without contradiction he can therefore maintain that, 'Positive sanctions, by definition, are beneficial rather than harmful to the target' (Baldwin 1985:118, n. 11). Most potential positive influence attempts are probably *more* favorable to *B* than most potential negative ones and on one level they may seem completely advantageous to both *B* and external observers. However, if *A*'s power *over B* is to be dealt with in line with Lukes, *A*'s and *B*'s interests must at some point be incompatible.
- 13 However, it should be noted that conflict is habitually inherent also in seemingly consensual or harmonious relationships, for example, exchange.
- 14 Mere connection between *A* and *B* (as in 'strict liability') is thus not enough to impute responsibility in *A*. Instead, such imputation requires a causal or a constitutive relationship between *A*'s action and *B*'s interests in accordance with the relational concept of power (cf. Reeve 1982:81–2).
- 15 Guzzini objects that, 'foresight does not seem to be a good criterion for the distinction of power relations from general agency because it would result in giving too much emphasis to the viewpoint of those who exercise power as opposed to those who have to bear its consequences' (1993:468). However, if the final judgment is made by an analyst rather than by *A*, Guzzini's point loses its relevance.
- 16 Admittedly, some judicial systems apply more inclusive notions of omission.
- 17 But instead of being put in prison, they are often forcefully locked up in mental hospitals.
- 18 Unless he adheres to responsibility in terms of 'strict liability' (cf. n. 4 above).
- 19 Cf. 'force' and 'manipulation' in Bachrach and Baratz (1963:99).
- 20 Cf. 'authority' in Baldwin (1989:121).
- 21 Cf. 'authority' in Bachrach and Baratz (1963:97).
- 22 Cf. Wolfers (1962) (quoted in Rothgeb 1993:18) who links power to 'threats' and 'deprivations' and influence to 'promises' and 'benefits'.
- 23 Cf. 'influence' in Bachrach and Baratz (1963:100–1).
- 24 For example, talking of 'influence attempts' instead of 'power attempts', as Ball (1988:88).
- 25 Another connection between statecraft and power is often implied in more traditional IR analyses: 'Statecraft translates national interests and concerns into national goals and strategies. It accumulates and applies the power of the state to other states and peoples to achieve these goals and strategies. Statecraft is the strategy of power' (Freeman 1997:3). For analyses that explicitly deal with statecraft and

power in a related sense, but without problematizing the terms, see Harmon and Tucker (1994).

- 26 Baldwin is by no means the only analyst who has tried to alter the discipline's focus on military aspects of international relations. Liberal institutionalists emphasize the enhanced importance of civilian techniques (e.g. Keohane and Nye 1977:24–5), especially within non-military issue areas. Yet, they believe that in the final analysis military instruments surpass civilian ones, and at times even provide them with an existential basis (e.g. Keohane and Nye 1977:27; Sjöstedt 1987:10, 27). Richard Rosecrance is more optimistic: There was no sense in using military force to acquire power and wealth when they could be obtained more efficiently through peaceful economic development and trade' (1986:139). However, Rosecrance does not conceive of trade as a possible policy instrument. Instead, trade simply augments both traders' welfare, and 'trading states' by definition need not and do not exert power over other actors. Baldwin, on the other hand, maintains that even trade could function as a policy instrument (1985:45–6, Chapter 9).
- 27 The criteria include: '1. Conformity with scientific canons requiring parallel categories to be mutually exclusive and exhaustive of all cases. 2. Avoidance of unnecessary departures from common usage.... 3. Utility in identifying policy options for modern statesmen' (Baldwin 1985:12).
- 28 In later works, Baldwin has replaced 'propaganda' with 'symbolic means', defined in terms of 'appeals to normative symbols as well as the provision of information' (2002:179).
- 29 The distinction between causal and constitutive effects corresponds to different approaches to ideas in IR theory and foreign policy analysis: where rationalist analysis treats ideas as an explanatory variable—a contender to interests and intentions in explanations of human action (e.g. Goldstein and Keohane 1993), Constructivism takes the Liberal and Neoliberal emphasis on independent *causal* effects of ideas and norms to be inadequate. Instead, it stresses the *constitutive* effect of such social building materials (e.g. Katzenstein 1996b; Fearon and Wendt 2002:58–60).
- 30 Cf. Kivimäki (2002), who treats 'power' and 'reason' as two different categories.
- 31 Nye's concept of 'soft power', however popular with analysts, has been criticized, for example, for confusing 'power resources with scope' (Baldwin 2002: 186) and for not showing clearly enough relational implications (Katzenstein 1996c: 504).
- 32 Non-state actors' use of policy instruments would have to be called 'civilcraft' rather than statecraft.
- 33 Some analysts would imply that military statecraft by definition is 'negative' and economic instruments are 'positive' (e.g. Rothgeb 1993:92). However, the distinction between positive and negative policy instruments here is equivalent to that between 'carrots' and 'sticks'. Hence, economic statecraft can be used negatively and military measures positively.
- 34 For different examples, see Sjöstedt (1991:185–6) and Rothgeb (1993:13, 95, 138).
- 35 Most capabilities relevant to Realism and Neorealism were mentioned in the Introduction.
- 36 The bottom line of the three-dimensional view, of course, is that *B*'s interests could very well be the effect of *A*'s power, but then, on the other hand, the source of 'real interests' is not really questioned.

- 37 Starting from Antonio Gramsci's thinking, Lukes makes yet another suggestion how to escape exogenous assessments of 'real interests': they should be discerned by contrasting articulated thoughts and action, or by looking beyond the verbal claims and demands to the symbolic content of social practices (1974:47–8; cf. Benton 1981:294–5). However, there is the objection that *B*'s thoughts as well as *B*'s words and deeds (including spontaneous acts of resistance) could be the product of *A*'s power over *B*. This route to 'real interests' is therefore not followed here.
- 38 This is a contradiction in Lukes' thinking. If power is equivalent to *A*'s affecting of *B* in a manner contrary to *B*'s interests (cf. 1974:34), then power can never be exercised in accordance with *B*'s interests as long as *B* is the target. Hence, if power is exercised, *A* by definition affects *B* in a manner contrary to *B*'s interests. If, on the other hand, *A* does not affect *B* in a manner contrary to *B*'s interests, power is not exercised. However, if one conceives of power in the fashion of Baldwin's interpretation of Dahl, the contradiction disappears. Then *A* exerts power over *B* as long as *A* gets *B* to do what it had not otherwise done, whether in a manner contrary to *B*'s interests or not.
- 39 Gray expresses concern that Lukes would not treat Soviet repressions as power since they were justified in the official rhetoric by invoking the long-term 'real interest' of the people (1983:80). However, when an observer concludes what is in the 'real interest' of actors, it does not force him or her to accept the way in which the actors themselves or other analysts have previously used the term. 'Real interests' here should thus be understood merely as a means of exposition (cf. Connolly 1983:81, n. 33).
- 40 Furthermore, not even normative liberal thinking presupposes moral absolutism. Although moral statements are expressed in absolute terms, they seem to be based in contractual thinking. Hindess also notes that contract theory 'provides...Lukes' "radical" view of power...with a normative ideal against which the pernicious effects of non-legitimate powers can be measured' (1996: 13). Liberal moral could thus be seen as internal to the signatories of a hypothesized contract rather than as given by an exogenous authority (cf. Walzer 1987).
- 41 Connolly makes a distinction between interests as need fulfillment and 'real interests', and defines the former as 'the interests one has relative to an accepted standard of social life' (1983:59). He then criticizes this approach as running 'the risk of celebrating uncritically those inclinations cultivated by dominant socialization processes while deflecting conceptual attention from possible gratifying modes of existence bypassed by those same processes' (ibid.: 62). However, the problem is that not even his pet 'real interests' escapes this criticism. In short, neither Marx nor Kant is able to assess 'real interests' from an extra-discursive point of view. Strangely enough, Connolly later admits this obstacle: 'Every assessment of real interests is mediated through the way of life of those making the assessment and, as a result, such judgments promise to remain controversial to some degree' (ibid.: 73, cf. ibid.: 68). Then, the question is if there is a real difference between need fulfillment and 'real interests', both of which are believed to be 'objective' entities.
- 42 To more orthodox constructivism, the ascription of states with autonomy is conditioned on the idea that the state is a naturally autonomous unit, presupposing the immutability of the present state-system (cf. Bartelson 1994:252–5).

- 43 'Classical' liberalism is contrasted with a 'modern' one (Sunstein 1997:156). The former seems to correspond to 'positive' liberalism and the latter to its 'negative' counterpart (Plant 1993).
- 44 Modern liberals, on the other hand, generally conceive of autonomy as the sole criterion of agency.
- 45 This judgment is reinforced by Waltz who seems to use the two terms interchangeably (1979:204).
- 46 Not only does the function of interests and intentions overlap, so does the implied meaning of the two terms. There is a general agreement that intention is a function of interest, so the division between rationalists and constructivists over the latter spills over to the former.
- 47 Intentions or motives of sanctions were originally classified as either 'instrumental' or 'expressive' (Wallensteen 1971:172–81). The former term signifies an influence attempt, which purports to attain a certain goal. The latter implies that the usage of a specific means is the purpose *per se*. This categorization has been criticized as obstructing a fair judgment of the efficiency of particularly economic statecraft. In an attempt to remedy this inclination, a third category was added—'symbolic instrumental'—taking into account long-term motives such as goodwill, prestige, etc. The problem is that such motives are often obscured by unrealistic and propagandistic goal declarations. This new category necessitates that 'immediate targets' are considered on top of the two conventionally focused actors, i.e. the 'sender' *A* and the 'target' *B*. Thus, it is likely that the explicit target of an influence attempt is not intended to be its final destination (Baldwin 1985:98–101). The classification of intentions as 'expressive' has met with additional criticism. Since the objective of an expressive sanction is not to influence but to convey a message, this category is unsuitable for the classification of *influence attempts* in the first place. However, whenever what first appears to be expressive behavior is rationally reconstructed to have adverse effects for *B*, it is more appropriate to speak of *A*'s instrumental or symbolically instrumental exercise of power over *B* (Hagström 1998:20–1).
- 48 Where Axel Hadenius seems to use 'intentions' interchangeably with 'motives', Scheja and Halldén stick to the former term. Others have made the following distinction: 'think of intention as the outgoing aspect of what identifies the action in the behaviour and the message in the linguistic sign. Now think of motives as inward reasons for action which agents can keep to themselves' (Hollis and Smith 1991:176).

## 2

### Empirical focus: Japan's China policy

- 1 A more detailed critique of a case study approach can be found in Lieberman (1992), and in King *et al.* (1994:208–13).
- 2 Since they are not mutually exclusive, the present case study approach tolerably fits yet another of Lijphart's six classic case study categories: if the relational concept is placed on a par with theory, it would also seem to match the 'interpretative case study' ideal type, because it is applied to cases of Japan's China policy 'with the aim of throwing light on the case' (1971:692). The 'interpretative case study' ideal

arguably matches what Eckstein and George refer to as 'a disciplined-configurative case study' (George 1979:66, n. 26; cf. Eckstein 1975: 99–104).

- 3 That donors are 'far more likely to use aid as a policy tool with small aid recipients than with major...[ones] such as China' is arguably a general rule of sanctions (Katada 2001:41).
- 4 See Wallenstein (1971) for a discussion of high and low fundamentality.
- 5 This chapter omits an overall account of Japanese-Chinese history. For comprehensive and useful overviews, see Rose C. (1998:4–16), and Söderberg (2002a: 2–4). Accounts of the countries' post-war history is found in Whiting (1989:27–40), Tanaka (1991), and Rose C. (1998:43–56). Case-specific historical overviews are included in Chapters 3 and 4 respectively.
- 6 Admittedly, since Neorealists take it to be highly anomalous that Japan would remain passive and reactive in the face of China's rise to 'great power status' (Waltz 1993:68), the focus on Japan's China policy could also be seen as 'most-likely' case. Although this study does not adhere to a Neorealist concept of power, it would clearly be in accordance with Neorealism to assume that Japan has an increasingly large incentive to affect China non-trivially with regard to significant issues in the bilateral relationship.
- 7 David Arase asserts that the interdependence between Japan and China is asymmetrical: 'Japan may be *sensitive* to Chinese sanctions, but China is the one whose vital interests would be *vulnerable* to Japanese sanctions' (1993:937, emphasis added). However, with its scarcity of natural resources, Japan is also sometimes claimed to be the more vulnerable of the two (Taylor 1996:12).
- 8 Many analysts claim that since the mid-1990s such conflictual tendencies have affected the overall relationship in an increasingly negative direction (Green and Self 1996:36–7; Lam P.E. 1996:999, n. 5; Ryō 1997:49, 52; Johnstone 1998: 1067; Rose C. 1998:18; Jin 2002:103–4; Yang D. 2002:19–20; cf. Ministry of Foreign Affairs 1997:17, 38).
- 9 Rose's categorization of this body of literature is helpful (Rose C. 1998: 194–5).
- 10 'Key issues', however, are not necessarily the issues that are deemed most crucially important by analysts. Instead, issues of 'peripheral importance' tend to become central to the Japanese-Chinese relationship (Whiting 1989:150), for example, the fall of former CCP General Secretary Hu Yaobang in 1987, and the tension over Kokaryō, a Kyoto dormitory claimed by both the PRC and Taiwan (Whiting 1989: 150–7).
- 11 The study that comes closest to this ideal is Zhao Q. (1995), which, on top of its pluralist premises, attempts to examine informal mechanisms in the making of Japan's China policy.
- 12 Some sources, mostly older ones, refer to the islands as Senkaku *Guntō* (e.g. Deans 1996:2) or Senkaku *Rettō* (Midorima 1984; Suganuma 2000:93), both of which have fundamentally the same meaning as Senkaku *Shotō*.
- 13 The islands are certainly better known by their indigenous Chinese and Japanese names, and most scholars use the name adhered to either by the country subject to study (e.g. Segni 1998; Downs and Saunders 1998/99:116, n. 14), the country believed to have the legitimate title to the islands (e.g. Cheng 1974: 241, 266; Zhong 1996; Chiu 1996/97; Matsui 1997; Suganuma 2000), or the native country of the author (e.g. Zhang, M. 1998). Sometimes one name is used just for 'the sake of convenience' (e.g. Deans 1996:2; cf. Deans 2000), or for no obvious reason (e.g.

Till 1996; Blanchard 2000). Since the present analysis is unbiased as to whether the islands rightfully belong to Japan or China (in a broad sense)—indeed since such judgments are not part of the research subject matter—it is impossible to follow the ‘legitimate title’ strategy. Given the clear-cut focus on Japan’s foreign policy, however, the islands could be called *Senkaku*. Yet, since words are instrumental in the construction of reality, if one name is used rather than the other, this study becomes a tool of that party’s influence attempts towards the other (cf. Kivimäki 2002). Admittedly, some texts refer to the islands by two or all of their names, while others mix flexibly and use the name of the referent country on an *ad hoc* basis (e.g. Chung 1998). However, both appear to be cumbersome methods. Given that this text is written in English, neutrality is retained by applying the islands’ seldom-used English name.

- 14 Katada (2001) argues that Japan’s suspension of part of its ODA in the aftermath of PRC nuclear testing in 1995 provides a wholly different case than the freeze of ODA after the crackdown of popular protest at Tiananmen Square in 1989.
- 15 Yasukuni Shrine is dedicated to the memory of the Japanese who died in wars between 1853 and 1945. The spirits of fourteen ‘or so’ sentenced war criminals, such as General Tōjō, were ‘secretly added’ to those enshrined at Yasukuni as late as 1978 (Oros 2001).
- 16 The *Journal of Northeast Asian Studies* 15 (fall 1996), and *China Quarterly* (September 2001), for example, are both devoted to analyzing different aspects of China’s membership in the WTO.
- 17 Yet, as shown in [Chapter 4](#), US policy has not been completely neutral. For an analysis of the US role in the dispute, see Blanchard (2000).
- 18 This series of economic reforms was initiated to open up China to foreign technology, FDI, foreign aid, preferential loans and exports.
- 19 When IR analysts speak of a Chinese economic threat to Japan, or portray rapid growth in the PRC as such (Ryō 1997:54), the bottom line is that economically strong China more easily could increase its military capability.
- 20 Japan has advocated *seikei bunri* in its relationship with China (Rose C. 1998: 44), but despite this kind of rhetoric, it is well known that the Japanese government generally provides more support for trade with, and investment in, China than does, for example, the USA (Lardy 1994:119).
- 21 BITs are generally concluded between developed countries and developing ones. Since the democratic system usually provides FDI with all the necessary legal protection, however, they are seldom negotiated between democracies.
- 22 Today, the JCBIT is usually not considered as such a significant document. It is just taken for granted by Japanese companies. However, all those presently involved in Japanese-Chinese economic relations that I have spoken to emphasize that the JCBIT is a ‘major precondition’ (*daizentei*) for Japanese FDI in China. If it had not been concluded, Japanese investors would probably have had to deal with problems of a wholly different kind and nature than they do today (interviewee 7; cf. interviewee 8; interviewee 15).
- 23 Of course, the Pinnacle Islands dispute has been examined directly and from a wide variety of perspectives (e.g. Inoue [1972] 1996; Cheng 1974; Midorima 1984; Chiu 1997; Matsui 1997; Austin 1998; Chung 1998; Segni 1998; Downs and Saunders 1998/99; Shaw 1999; Blanchard 2000; Deans 2000; Suganuma 2000; Valencia 2000).

- 24 Distances and locations cited by other authors differ slightly from those used above (e.g. Cheng 1974:221; Chiu 1996/97:9; Matsui 1997:3; Austin 1998: 162; Shaw 1999:10; Suganuma 2000:11). The islands are [Japanese name(s)/Chinese name(s)] Uotsurijima/Diaoyu Dao or Tai or Yu (4,319 km<sup>2</sup>), Kubashima or Kobishō/Huangwei Dao or Yu (1.08 km<sup>2</sup>), Taishōjima, Kubasekishima, Sekibisho or Akaoshō/Chiwei Dao or Yu (0.154 km<sup>2</sup>), Kitakojima/Bei Xiaodao (0.303 km<sup>2</sup>) and Minamikojima/Nan Xiaodao (0.465 km<sup>2</sup>). The rocks are Okino Kitaiwa/Dabei Xiaodao or Chong Beiyuan, Okino Minamiwa/Danan Xiaodao or Chong Nanyan, and Tobise/Feilai Dao (compiled from Chiu 1996/97:10; Shaw 1999:10; Blanchard 2000:95, n. 2; Suganuma 2000:11).
- 25 MSA officials explain that there are indeed vast fishery resources in the area. It is allegedly rich in bonito (interviewee 5). Taiwanese fishing boats, moreover, go to the islands for kite the year around and also catch shark and tuna, while Chinese ones fish for filefish between February/March and May (Maritime Safety Agency 1996:35; 2000:47).
- 26 However, it is by no means certain that the Pinnacle Islands will generate as vast areas of maritime space as disputants and many scholars seem to believe or hope. The 1982 United Nations Convention on the Law of the Sea III (UNCLOS III) stipulates that features located in the middle of the ocean, beyond the continental shelf or EEZ of any other feature and that 'cannot sustain human habitation or economic life of their own' are 'rocks', that are not entitled to all maritime zones (territorial sea, contiguous zone, exclusive economic zone and continental shelf). In fact, they come only with a 12-nm territorial sea and a 12-nm contiguous zone seaward. Charney argues that, given this definition, the Pinnacle Islands are a group of rocks (although this may not necessarily conform to scientific or dictionary definitions of 'rock') (1995: 732–3; 1999:863–6). If Japan's sovereignty over the islands is confirmed, they may therefore 'be subject to encaving' (1995:731). If, however, oil were to be found in the territorial sea or the contiguous zone of the islands and if it could generate revenues sufficient to purchase the missing necessities for sustaining human habitation, the islands could become entitled to an EEZ of their own (1999:871).
- 27 The name of the law has also been translated into 'Law of the People's Republic of China on its Territorial Waters and their Adjacent Areas'.
- 28 Routine issues are characterized by 'long deliberation and formulation time', and 'the "pulling and hauling among various players"'. Political issues are characterized by 'politically sensitive and controversial decisions that have been anticipated in advance', and while there is less involvement of the bureaucracy, factional conflict and extragovernmental pressure are more prevalent than in routine issues. Crisis issues, finally, demand 'rapid response in the face of a threat to a nation's security' (Rose C. 1998:217–18, n. 2).
- 29 Parts of this section first appeared in Hagström (2000), but in an earlier version.
- 30 The latter distinction is certainly not unique for Japan; indeed, a battle between the different schools of policy-making has permeated the social sciences for half a decade or so.
- 31 Due to restructuring of Japanese government agencies on 6 January 2001, the ministry's name was changed to the Ministry of Economy, Trade and Industry (METI). However, since it was called MITI during the period under investigation, this is what it is referred to throughout this study.



- 32 The Economic Planning Agency was closed due to the restructuring of Japanese government agencies on 6 January 2001, but it still existed during the period analyzed.
- 33 There are a number of different mechanisms for foreign policy coordination. The Cabinet Councilors' Office for External Affairs (*Naikaku gaisei shingishitsu*) was set up in 1986 with this purpose (Tanaka 1991:193), but it has replicated 'existing forms of interministry competition and sectionalism' (Ahn C.S. 1998:44). MOFA, moreover, regularly coordinates with MITI, MOF, MAFF and EPA, often starting as a *kachō* initiative, and seldom reaching *jimujikan* level (Tanaka 1991:197; Ahn C.S. 1998:46–8). If further coordination is needed, the chief cabinet secretary and his/her two deputies become involved (Ahn C.S. 1998:53), and if this is still not enough the prime minister takes on the task of final arbiter (Ahn C.S. 1998:58; Rose C. 1998c: 164).
- 34 Formally, there is the president (*tōsōsai*), the secretary general (*kanjichō*), the chairman of the Policy Affairs Research Council (PARC) (*seimu chōsakaichō*) and the chairman of the Executive Council (*sōmukaichō*). Apart from its chairman, PARC's formal organization includes vice-chairmen, a Policy Deliberation Commission (*Seisaku shingikai*, *Seichō shingikai*) consisting of about 15–20 members, 17 divisions (*bukai*), about 100 less formal investigative commissions (*chōsakai*) and special committees (*tokubetsu iinkai*). The membership in these bodies is partly assigned and partly voluntary.
- 35 Although the prime minister takes few initiatives of his own, in Japan's China policy no important decision is arguably taken, and no substantial policy implemented, without his consent (Japan has yet to get its first female prime minister) (Tanaka 1991:191).
- 36 *Kuromaku* (or *kagemusha*) is defined as 'informal political actors and organizations that do not necessarily have formal (or official) status, but who often use behind-the-scenes channels to get things done' (Zhao Q. 1995: 65). However, without any money in the picture, *kuromaku* tend not to appear. There is a long tradition of *kuromaku* in Japan. Historically, there were always former emperors or the like behind the nominal one and behind the Imperial system there was for centuries a Shogunate both with a nominal *shōgun* and former *shōguns* or other decision-makers who actually ruled the country.
- 37 A merger of *Keidanren* and *Nikkeiren* was undertaken in May 2002. The new organization's name is *Keidanren* in Japanese, and Japan Business Federation in English.
- 38 *Tsukiai* is defined as, 'after-hours entertaining and socializing among managers and workers in companies and manufacturing enterprises' (Zhao Q. 1995:20). *Tsukiai* is also a means to create a sense of community among colleagues or of entertaining customers.
- 39 *Nemawashi* literally means root binding. It is figuratively used to describe behind-the-scenes pre-decision, consensus-building activities, or in other words, preparatory groundwork. It can be performed by *kuromaku* and/or by means of *tsukiai*.
- 40 *Tatemaie* represents what is shown on the surface, for example, motivations. *Honne*, on the other hand, is only to be known by those admitted—those with a personal interest to keep this information among themselves. Closely related to *honne* and *tatemaie* are *ura* (inside) and *omote* (outside) (Johnson 1995:110,

- 159–61; Zhao Q. 1995:6, 137, 155, 180; cf. van Wolferen 1993:309; Scalapino 1995: xi; Lehmann 1997:152, n. 2).
- 41 Non-quoted interviews in Japan involve nine members of the Diet, six university professors (one of Chinese origin), three journalists, two MOFA officials, two MOF officials, two researchers at a private think tank, one president and one researcher, a big-business-affiliated think tank, one researcher at a semi-governmental think tank, a former ambassador, a former vice-minister of MOF and governor of a national corporation, a Japanese former top-official in the UN, a MAFF official, a MSA official, an official in the LDP, and an official at the Japan Bank of International Cooperation (JBIC). Non-quoted interviews in China involve eight researchers at semi-governmental think tanks and one former such, two university professors, two Japanese journalists and one Japanese diplomat. Apart from interviews, I had another fifty or so informal contacts in Japan, China, the USA and Sweden, who occasionally also provided bits of information or new contacts.
  - 42 I thank Dr Luo Min for interpreting during my conversation with Professor Li Guojiang on 3 April 2001.

### 3

#### Case 1: negotiating investment protection

- 1 Zhang states that:

[his] article sets out to explore changes in China's FDI regime as a result of China's negotiations with and accommodation to the pressures from foreign countries [because] very little detailed and systematic explanation has been given to how and to what extent Japan has exerted its influence to bring China's policy changes into line with its preferences.

(1998b: 52–3)

- 2 Japan accounted for 59.1 percent of the cancelled contracts, worth a total of \$2.6 billion of imported plants and machinery (Kokubun 1986:20; Zhang D.D. 1998a: 150).
- 3 Lardy notes that the initial investment law 'contained many provisions that potential foreign investors regarded as onerous' (1994:65), for example, the limited access of joint ventures to the Chinese domestic market, the ban on wholly foreign-owned companies, the requirement that chairmen of joint ventures be Chinese nationals and the fact that all joint ventures had a finite life after which ownership had to revert to the Chinese partner (cf. Chai J.C.H. 1998:156). For a comprehensive list of Chinese economic laws and regulations, see Pan and Pan (1999:372–95).
- 4 Apart from legal deficiencies, the PRC investment environment was plagued by such transitional features as dual pricing and other discrimination, requirement for foreign exchange balance, export quotas, restrictions on marketing, poor physical infrastructure, inefficient bureaucracy, hard living conditions (Whiting 1989:13, 152; Ono 1992: viii; Zhang D.D. 1998a: 151), fear that transfer of technology and

management skills would foster the growth of a strong regional competitor (the 'boomerang effect') (Arnold 1992:242; cf. Pearson 1991:32), and the view that Chinese companies overvalued their own material assets, undervalued Japanese technology transfers and failed to honor signed contracts (Chen 1992:264; Zhang D.D. 1998a: 151). Until the late 1980s there was moreover anxiety that the Chinese reform process might be reversible. This perception was reinforced by sudden policy changes, for example, in 1986 with another Chinese suspension and cancellation of contracts, and in 1987 until the succession crisis was resolved following the removal of Chinese Communist Party (CCP) Secretary General Hu Yaobang.

- 5 Given China's almost complete lack of experience with the workings of a market economy, it was quite natural that negotiations had to start on a Japanese initiative (interviewee 8; interviewee 14). Based on other interviews, however, Zhang argues that the negotiations 'resulted from China's insistence that the Japanese government be actively involved in promoting Japanese FDI in China' (Zhang D.D. 1998a: 154).
- 6 At the same time a MOFA spokesman said in March 1984 that the Japanese government 'hasn't been thinking of bringing the treaty to an early conclusion with a focus on Prime Minister Nakasone's trip to China' (Diet-HR 101, Ōkura 7, 23 March 1984:36).
- 7 The former is best represented by stirs caused by the textbook issue in 1982 and Prime Minister Nakasone's formal visit to Yasukuni shrine in 1985, and the latter by the legal dispute over Kokuryō in 1987 (CG 285, 7/1982:9; CG 286, 8/1982:9; AS-M 11 October 1985:1; AS-E 24 October 1985:1; AS-M 12 March 1986:9).
- 8 A similar doubt was raised in the Diet by Nagasue Eiichi of the Democratic Socialist Party (DSP) (Diet-HR 108, Gaimu 1-1, 15 May 1987:26).
- 9 Throughout 1987 the magazine carried a dozen reports on 'The ABC of Investing in China' (BR 20-49, 1987).
- 10 Four of the Japanese negotiators came from MOFA's Asian Affairs Bureau, two from its Treaties Bureau, one from MITI and one from the Ministry of Finance (MOF). The economic counselor at the Japanese Embassy—a MOFA bureaucrat—also took part in the process. Three of the Chinese negotiators came from the Ministry of Foreign Trade and Economic Cooperation (MOFTEC), one from the Ministry of Foreign Affairs' (MFA) Treaties Division and one from the State Council. The individual members of each delegation changed according to promotions and other circumstances.
- 11 For example, the topic surfaced in discussions between the Japanese Minister of International Trade and Industry, Uno Sōsuke, and Chinese State Councilor and Minister of Foreign Economic Relations and Trade, Chen Muhua, in the early fall of 1983 (BR 38, 1983:10), again between their successors Murata Keijirō and Zheng Toubin on the verge of the September 1985 breakdown (ASM 19 September 1985:9). After negotiations already had been stalled in mid-October, the issue was raised in another meeting between Foreign Ministers Abe Shintarō and Wu Xueqian (AS-M 11 October 1985:1). The two countries' prime ministers—Nakasone Yasuhiro and Zhao Ziyang—finally met and touched on the subject later the same month (AS-E 24 October 1985:1).
- 12 This group included LDP figures such as former Prime Minister Fukuda Takeo, former Chairman of the Diet Fukuda Hajime (House of Representatives) and

- Tokunaga Masatoshi (House of Councilors), former Ministers of Foreign Affairs Kosaka Yoshitarō, Sakurauchi Yoshio and Itō Masayoshi (the latter also chairman of Japan-China Parliamentarians' Friendship Association), LDP heavyweights Nikaidō Susumu, Takeshita Noboru, Hayashi Yoshirō and *Kōmeitō* (sometimes known in English as the 'Clean Government Party') veteran Takeiri Yoshikatsu.
- 13 Such trips conspicuously often involved Okazaki Kaheita, permanent advisor to the JCEA, and one of those in charge of negotiating 'Memorandum Trade' in 1967. Until his death in 1989, Okazaki continued to nurture a close relationship with all Chinese top leaders.
  - 14 Such leaders included Prime Minister Zhao Ziyang and paramount leader Deng Xiaoping. More than anyone, however, Vice-Premier Gu Mu met with such Japanese guests (CG, various issues).
  - 15 The JCBIT was signed on 27 August 1988 by Japan's Ambassador to China, Nakajima Toshijirō, and China's Minister of International Economy and Trade, Zheng Toubin, in the presence of Prime Ministers Takeshita Noboru and Li Peng (AS-E 27 August 1988:1; FBIS-CHI-88-167 29 August 1988:10).
  - 16 Foreign Ministers Uno Sōsuke and Qian Qichen signed the document on behalf of their two governments.
  - 17 BITs had previously been successfully negotiated with (in order of execution), Sweden, Romania, West Germany, France, Belgium/Luxembourg, Finland, Norway, Canada, Italy, Thailand, Denmark, Holland, Austria, Singapore, Kuwait, Sri Lanka, the United Kingdom, Switzerland, Australia and Poland (Kajita 1988:60).
  - 18 The interpretation of the treaty to a large part is based on Laurence W. Bates' article from 1988, where he compares the JCBIT with earlier BITs, and discusses the status of US-PRC negotiations. At the time, Bates was an associate with the international law firm of Paul, Weiss, Rifkind, Wharton & Garrison, and stationed in Beijing.
  - 19 The Agreed Minutes provides a non-exhaustive list of prohibited types of discriminatory measures.
  - 20 NT also stands alongside MFN as one of the central principles of all the three main WTO agreements (GATT [General Agreement on Trade and Tariffs] Article 3, GATS [General Agreement on Trade in Services] Article 17 and TRIPS [Trade-related aspects of intellectual property rights] Article 3). It means that imported and locally produced goods should be treated equally.
  - 21 Admission or entry of new investment and compensation in the event of expropriation (Article 5) or as a result of measures taken by the host country to deal with 'an outbreak of hostilities or a state of national emergency' (Article 6) falls under MFN only. The 'whichever is more favorable' standard applies to a contracting party's third-country subsidiaries' investment with the additional exception of access to courts (Article 4) (Bates 1988:11).
  - 22 They include (1) shares and other types of holding of companies; (2) claims to money or to any performance under contract having financial value; (3) rights with respect to movable and immovable property; (4) patents of invention, rights with respect to trade marks, trade names, service marks and other industrial property, and rights with respect to know-how; and (5) concession rights including those for the exploration and exploitation of natural resources.

- 23 The importance of the JC is acknowledged even by a critic of the treaty like Japanese Diet member Watanabe Ichirō of *Kōmeitō* (Diet-HR 114, Gaimu 2, 11 April 1989:9).
- 24 Foreign Minister Uno made similar points in the Diet's Foreign Affairs Committee (Diet-HR 114, Gaimu 2, 11 April 1989:1).
- 25 *Kōhai* means 'junior' or 'disciple' and the term is the antonym of *sempai*, standing for 'senior' or 'mentor'. *Sempai* became part of the same in-group earlier than *kōhai*. *Sempai* usually has certain obligations towards *kōhai*, who in turn pay reverence to *sempai*. Since everyone has a relationship to those above or below himself or herself, this system keeps things moving in an orderly manner.
- 26 Leaders believed capable of intervention in this specific case include paramount leader, Deng Xiaoping, Secretary General of the CCP Zhao Ziyang, and the vice-premier responsible for economic matters.
- 27 This was China's first and Japan's thirty-fifth taxation agreement. The Japanese Diet ratified it in April 1984 and it came into effect in June the same year (DietHR 101, Gaimu 5, 4 April 1984:3; Diet-HC 101, Gaimu 4, 6 April 1984; Ministry of Foreign Affairs 1985:86).
- 28 According to a 1986 (Export-Import Bank of Japan) JEXIM Bank survey, 90 percent of Japanese major corporations took an interest in China, and more than half wished to set up joint ventures in, or collaborate with, China (AS-M 12 March 1986:9).
- 29 The delegation was jointly made up of eighty-six officials and business people and headed by Ikeura Kisaburō, chairman of the Industrial Bank of Japan. This mission should not be confused with the JCEA's annual dispatch of a delegation to China in September 1988. The latter consisted of sixty-eight people and was headed by JCEA Chairman Kawaai Ryōichi. JCEA missions are usually supported by a number of MITI division directors (interviewee 12/1).
- 30 In reality, the organization was proposed by the director of MITI's North Asia Division, Katayama Tokio and Matsukura Kōji, the General Secretary of the JCEA Beijing office (interviewee 13/2; cf. interviewee 17).
- 31 The JCIPO was scheduled to be installed on 7 June 1989, but, due to the bloodshed in Tiananmen Square, MITI demanded that its inauguration be postponed indefinitely. It was finally launched on 23 March the following year. JCIPO's equivalent on the Chinese side—the China-Japan Investment Promotion Committee (CJIPC)—was established in June 1990, and it is operated by the central government together with local governments on the coastal side.
- 32 The JCBIT 'gave a substantial boost to the confidence of Japanese firms investing in China' (Zhang D.D. 1998a: 155) and the Managing Director of Itochu Corporation (*Itochū shōji*), Fujino Bungo, notes that Japanese companies could start investing in China 'for real' (*honkakuteki ni*) after the JCBIT had been concluded (AS-M 1 October 1997:2). Within a month, major firms such as Mitsui & Company and Matsushita Electric Industrial Company announced their plans to build or operate manufacturing plants in the country (Zhang D.D. 1998a: 155).
- 33 This is the commonly made linkage between FDI and ODA: Japan grants China economic assistance for infrastructure projects and thereby establishes an environment increasingly conducive to FDI.
- 34 One MOFA negotiator admits that the MITI representative was less willing to compromise about NT, but at the same time he does not believe that there was any

- serious division of the group. Yet, his explanation that ‘the national interest emerges from opposing interests and from discussions among the relevant policy-makers’ is quite telling to the extent that it avoids the straightforward question by responding to it in more general terms (interviewee 17).
- 35 Before coordinating with MOFA, MITI listened to opinions among business representatives and created an ‘object plan’ (*taishō hōshin*) accordingly. The coordination with Japanese investors in China continued throughout the negotiation process and it was arguably vital for MITI’s persistence with regard to the NT. MITI also coordinated closely with the JCEA, the association for Japanese companies doing business in China. In short, JCEA provided the voice of Japanese business to the negotiations, both in the form of information and analysis (interviewee 13/1; cf. interviewee 7; interviewee 8; interviewee 11/2; interviewee 12/1).
  - 36 The MOF took an interest in the JCBIT mostly because of its involvement in international monetary/currency issues, i.e. the transfer of profits abroad (or rather back to Japan), and because finance-related FDI might take place someday. Tax and customs-related matters and the relationship to international organizations also concerned the MOF, but such issues were somewhat peripheral to the JCBIT (interviewee 19; cf. interviewee 11/1; interviewee 13/1).
  - 37 He worked late the last night to construct a text ‘based upon both countries’ understanding’. Early the next morning he went over to the Chinese chief representative (*shuseki daihyō*), and the deal was made (interviewee 13/1).
  - 38 On *nemawashi*, see [Chapter 2](#), n. 39.
  - 39 On *kuromaku*, see [Chapter 3](#), n. 36.
  - 40 However, the disclosed material cannot prove such a belief. Only the fact that he sent his envoy Itō Masayoshi to China in April to reinitiate the issue on the bilateral agenda, and later became honorary chairman of the JCIPQ, points in this direction.
  - 41 House of Representatives: Foreign Affairs Committee—three times, Financial Committee—once; House of Councilors: Foreign Affairs Committee—three times.
  - 42 Two examples of such ambiguous statements: ‘Since it’s in the midst of foreign negotiations, [I’m] not sure that it’s [so good] to make [it] clear’ (*Gaimu kōshō no tochū de gozaimasu kara tsumabiraka ni suru no wa do ka to omoimasu*) (Diet-HC 101, Gaimu 4, 6 April 1984:20). ‘I’m going to keep from presenting the part which concerns details’ (*shōsai ni wataru bubun no goshōkai wa sakesashite itadakitai to omoimasu*) (Diet-HC 102, Gaimu 5–1, 4 April 1985:12; cf. Diet-HR 101, Gaimu 5, 4 April 1984:3; Diet-HR 108, Gaimu 1–1, 15 May 1987:9; Diet-HR 108, Gaimu 1–1, 15 May 1987:27).
  - 43 The only member of the Foreign Affairs Committee in both chambers of the Diet who exposed the JCBIT to some scrutiny was Watanabe Ichirō of *Kōmeitō*. He especially criticized the otherwise highly regarded NT for not being on par with the treatment enjoyed by investors from Hong Kong and Taiwan: ‘Japan takes the flower, and the others take the fruit. And as a result of this [treaty] Japan has to increase its investment, i.e. it has to receive another bad fruit [*tōshi o zōdai shinaide wa nai ka to iu warui kajitsu o mō hitotsu ni wa ukenakereba naranai*]’ (Diet-HR 114, Gaimu 2, 11 April 1989:9). Watanabe thus also indicates that by signing the treaty Japan pledges to invest more in China. The statements of other parliamentarians more often took the form of questions. In rather many cases,

members of the committee also took the chance to criticize the country's overall China policy, especially the government's stance with regard to history-related issues (Diet-HR 114, Gaimu 2, 11 April 1989; Diet-HC 114, Gaimu 3, 11 April 1989).

- 44 Before the Japanese treaty came into effect, foreign investors were favored over domestic companies within some areas and disfavored within others. Thus, although NT only means that foreign investors should be treated no less favorably than domestic ones, Chinese anxiety was due to the fact that Japan and other countries just wanted their investors to be treated like domestic companies within the areas where they had thus far been disfavored, i.e. while upholding advantages over Chinese companies within others.
- 45 Such activities allegedly include business management, liquidation, purchase of raw materials, auxiliary materials and fuels, the supply of water, power, gas and heat, as well as marketing of products and employment of workers and staff.
- 46 Compare for example 'the compensation shall be convertible and freely transferable' (earlier BITs) with '[compensation] shall be effectively realizable and freely transferable' (JCBIT) to replace 'effective', and 'compensation shall be paid without delay unless with justified reasons' (earlier BITs) with 'compensation shall be paid without delay' (JCBIT) to replace 'timely' (Article 5, 3§; BR 29, 1984:19; cf. Agreement [between Sweden and the People's Republic of China] on the mutual protection of investments, Article 3, 1§).
- 47 The insistence that international law is a tool used by 'the West' to exploit the rest of the world (Chan 1999:175), could of course itself be construed as a PRC policy instrument.
- 48 Indeed, sovereignty has often even been placed on a par with national interest itself. Deconstructing China's national interest, Yong Deng (1998) argues that it reflects the nearly total adherence to a *realpolitik* world-view among Chinese scholars and policy-makers. However, he also points out that as more Liberal views have found their way into the discourse, especially under the pressures of globalization and interdependence, interest-formation should emerge as an area of more apparent contestation.
- 49 This is the period from the first Opium War of 1839–42 until the CCP victory over Kuomintang (KMT) in the civil war of 1946–49, when China lost large parts of its territory to Western and Japanese imperialists. The most humiliating experience of all was arguably the doctrine of extraterritoriality, 'under which foreigners in China did very much as they pleased' (Wang Y. 2002:41).
- 50 The book is still only available in Chinese.
- 51 However, the events in 1996 (especially the elections in Taiwan), allegedly again made security an equally important concern as economic development (Yan 4 April 2001; cf. Chan 1999:81).
- 52 Some Japanese also worried that the JCBIT would lead to 'intervention in the other country's domestic affairs or infringement upon its economic sovereignty' (Nakaji Masahiro of JCP, in Diet-HR 114, Gaimu 2, 11 April 1989:17).
- 53 The Treaty of Nanjing with Britain in 1842 was China's first 'unequal treaty'. In 1895, the Qing government had to sign the Treaty of Shimonoseki with Japan to settle the 1894–95 Sino-Japanese War (Björk and Björk 1997: 149–52, 160–6, 188–92; Wang Y. 2002:37).

- 54 True, sovereignty and modernization could also be regarded as two components of an overarching security interest. China would then prioritize modernization over sovereignty whenever such a policy is beneficial to its security defined in military terms (cf. Elman 1996a: 41), the hypothesis being that a richer nation produces a stronger army. In Realist and Neorealist thought, security has largely been seen in connection with, or as equivalent to, military issues and military statecraft (cf. Andrén 1997:16–17, 28–31; Baldwin 1997: 9; Buzan *et al.* 1998:1–4, 22; e.g. Andrén 1997:15, 17, 23, 28–51). Not only does such a view portray the actors as being overly rational. If all state policy can be explained in terms of an overarching security interest, security moreover becomes a rather meaningless variable. It is probably more interesting to note that actors often *invoke* security to justify extreme policies such as the use of force, the intensification of the executive, the claim to rights of secrecy that would otherwise have to be explained and debated more carefully (Buzan [1983] 1991:11; Buzan *et al.* 1998:208).
- 55 ‘Productivity gains’ means the extent to which ‘the productivity of the investment, as reflected in the income created, exceeds what foreign investors take out of the host country in the form of profit and interest’ (Sun 1998:4).
- 56 A couple of early studies focusing on the first phase of investment in China found that FDI indeed contributed positively to capital formation, income, employment and export growth (Chai J.C.H. 1998:163). Potter insists that such investment had substantial effects on China’s economic development, ‘as such projects...account for nearly half of all capital investment in China’ (1995:162).
- 57 Chai argues that the impact of FDI on the balance of payments in China so far has been largely negative, as the import intensity (imports deflated by total output) of FDI ventures was consistently higher than their export intensity (1998:166). Another problem is that FDI seldom brings any advanced production to China, although the country arguably needs it as a counterweight to less advanced production (Xi 30 March 2001). Some also claim that FDI has led to social as well as environmental problems, for example, the exploitation of domestic workers by foreign enterprises (Chai J.C.H. 1998:167), increased economic crime and corruption, and negative impact on the lifestyle and thinking of Chinese people, for example, the prevalence of ‘long hair, beards’, ‘bizarre clothes’, ‘pornography, drug use and gambling’ (Wang Y. 2002:43; cf. Zhao S. 1993:754), and increased environmental pollution (Xi 30 March 2001).
- 58 ‘Chinese interest’ is indeed usually taken to refer to ‘state interest’—in the end the legitimacy of the regime—and not to individual interests, for example, human rights (cf. Iriye 1992:134; Taylor 1996:175, 177; Deng Y. 1998:313; Seymour 1998:219; Chan 1999:74–5, 81, 88). To the extent that human rights are taken into account, it is rather a matter of ‘collective human rights’. Although demands for individual rights for long were stigmatized as ‘bourgeois’, Torbjörn Lodén argues that after Mao it has been possible to discern a reappraisal of such thoughts:

During the two decades that have now elapsed, an increasing number of people have begun to discuss more openly how state and individual interests relate to each other—this is already a breakthrough—and



many intellectuals have pleaded for the idea that the human being, not the state, must be put in the center.

(1998:131).

- 59 However, it is also emphasized that the government does not make this kind of connection, even though some older Japanese might allegedly be in favor of it.
- 60 [Chapter 4](#) discusses the Southern Tour in somewhat more detail.
- 61 Although China has made attempts to adopt legal principles and rules acceptable to Western investors, some problems remain. Wang explains that they are mostly not due to the lack of law but to ‘the difficulty of enforcing legal rights’ (2002:181). ‘In practice, policy has supremacy over law’ (ibid.: 179); ‘rule by individuals’ (*yenzhi* in Chinese and *jinchī* in Japanese) takes precedence over ‘rule by law’ (*fazhi/hōchi*).

#### 4

#### Case 2: interaction over the Pinnacle Islands

- 1 The existence of ‘a dispute’ is itself disputed between the parties. Namely, as demonstrated below, the Japanese government insists that there is none. Although this study refers to ‘the Pinnacle Islands dispute’, there is no bias towards the Chinese argument. The fact that Japan claims that the islands are Japanese territory and China rebuts that they are Chinese must simply be called ‘a dispute’ (cf. Matsui 1997:5). A former Japanese ambassador makes the same interpretation (interviewee 6/1). There is furthermore at least a dispute over the existence of ‘a dispute’.
- 2 However, as clarified in [Chapter 2](#), the aim of this chapter is not to dwell on the relative strength of competing claims. For historical evidence strongly in favor of China’s sovereignty claim, see Inoue ([1972] 1996) and Suganuma (2000, see e.g. pp. 81, 123 and 127, for very strong expressions of such support). For texts in favor of Japan’s sovereignty claim, based primarily on international case law concerning territorial disputes, especially the principle of ‘occupation’, see Matsui (1997) and Austin (1998). Shaw (1999) tries to strike a balance between history and international law. However, in the end it comes down more on the historical side, from which support for the Chinese argument is drawn. The Japanese perspective is moreover clarified in a 1972 pamphlet (Ministry of Foreign Affairs 1972), and then reiterated in various other documents (e.g. Ministry of Foreign Affairs 8 March 1972; Ministry of Foreign Affairs 5 March 1992). For statements in original by the PRC, Taiwan and Japan, see Chiu (1997:11–19).
- 3 The not very publicized decision mentions only the two biggest islands in the group (Shaw 1999:99).
- 4 Japanese authors, moreover, note that given Ryūkyū’s status as a tributary state, delegations in the other direction outnumbered those from China by at least ten times, implying that such missions must also have used the Pinnacle Islands as navigation aids (Matsui 1997:12, n. 33).
- 5 Apart from ‘discovery-occupation’ (or ‘prior occupation’), international law generally accounts for the following modes of territorial acquisition: ‘cession’,

- ‘accretion’, ‘subjugation’ and ‘prescription’. For details, see Austin (1998: 339–50).
- 6 After Koga had been granted the right to use the islands free of charge for thirty years, he brought food supplies and seasonal inhabitants to them with the ambition of collecting guano and albatross feathers for business purposes. 1909 marks the heyday of the project, with the total number of immigrants reaching 248 people, or 99 families. Some twenty years later, on 31 March 1932, Koga purchased four of the islands from the Japanese government, but the activities there were in decay. The businesses conducted by the Koga family finally ended in 1941 as the result of regulations imposed by the Japanese government after Japanese-Chinese relations had become more violent in the late 1930s (Suganuma 2000:34, 98, 118–19).
  - 7 Japan’s ‘effective control’ is allegedly first marked by the construction of signposts indicating that the territory belongs to and is registered in the country. Japan also manifests its claim by having P3C surveillance aircraft operating in the airspace over the islands and coastguards constantly patrolling the area. There is always at least one boat in service within 12 nm from the islands, ready to take measures against foreign ships that illegally enter the area. Between 16 March and mid-July, the Maritime Safety Agency (MSA) cooperates in this endeavor with the Maritime Products Agency (MPA), which dispatches ships to the islands to search for illegal fishing boats. There are police officers onboard so that possible suspects can instantly be arrested. Even the SDF from time to time implements activities in the area. Finally, Japan is said to undertake investigations and implement surveys on and around the islands (Diet-HR 123, Yosan, 2 Bunkakai 2, 12 March 1992:34; Defense Agency 16 October 2000; cf. FBIS-CHI-92-039 27 February 1992:15; Ministry of Foreign Affairs 5 March 1992; Diet-HR 123, Yosan 15, 9 March 1992: 6; Diet-HR 123, Gaimu 5, 10 April 1992:17; Maritime Safety Agency 2000:46–7; interviewee 5).
  - 8 Midorima (1984:103–8) chronicles a large number of cases in which the Japanese government has demonstrated its authority over the islands.
  - 9 The incorporation of the islands into Japanese territory in 1895 was therefore ‘not a “result of repeated surveys of the islands”’. Shaw persuasively argues that such measures were never taken. Instead, Japan’s attitude changed entirely due to the fact that China’s defeat in the ongoing Sino-Japanese War was drawing nearer (Shaw 1999:70; cf. *ibid.*: 80–8).
  - 10 Malcom N. Shaw (1991) describes this principle as
 

a mode of establishing title to territory which is not *terra nullius* and which has been obtained either unlawfully or in circumstances wherein the legality of the acquisition cannot be demonstrated. It is the legitimization of a doubtful title by the passage of time and the presumed acquiescence of the former sovereign.

(1991:290–1, quoted in Shaw 1999:35, n. 36, emphasis in original)
  - 11 As a matter of fact, the actions of both Chinese governments seem to indicate that they were oblivious to the existence of the islands. The Bilateral Treaty of Peace between the ROC and Japan in 1952, for example, makes no reference to them (Suganuma 2000:122–3). The PRC, on the other hand, criticized the US occupation

- of Okinawa in the CCP official party organ, *People's Daily*, stating on 8 January 1953 that 'the Ryūkyū Islands are located northeast of our Taiwan Islands... including *Senkaku Shotō*' (quoted in *ibid.*: 127, emphasis and omission in original). However, Unryu Suganuma shows that Japanese sources have also been inconsistent in including the islands as part of the country's territory (*ibid.*: 127–9).
- 12 The first official protest was launched in February 1971, but disagreements had taken place already in the fall of 1970 (Matsui 1997:8; Austin 1998:173; Shaw 1999:13, 37; cf. Cheng 1974:242–3).
  - 13 This allegation is even supported by a critic of Japan's policy regarding the Pinnacle Islands like Suganuma (2000:116).
  - 14 The reason why China started to claim the islands was arguably rather the fact that US reversion of Okinawa gave publicity to the matter (interviewee 24).
  - 15 On the basis of a clear trend in international law to disregard arguments based on natural prolongation, geology and geomorphology, Jonathan I. Charney argues that the Okinawa Trough is unlikely to affect maritime boundary delimitation in the area (1995:739–40).
  - 16 Despite China's lingering animosity towards international law, nowadays the country quite pragmatically invokes it whenever it serves its own sovereignty claim, for example, to support the idea of 'natural prolongation'. China's feudal concept of sovereignty, according to which the country's territory consists of 'everything under heaven' (*tian xia*), without definite boundaries to peripheral nations (cf. Matsui 1997:15; Seymour 1998:218)—indeed, the basis for its claim to the Pinnacle Islands—has thus come to coexist with a more 'Western' notion of sovereignty. Johnston even argues that, 'China's version of sovereignty comes closer than most to the Westphalian ideal' (1998: 73; cf. Nathan and Ross 1997:3). The border between modernity and premodernity in the Chinese argument is, in this sense, floating.
  - 17 Some scholars write that the governments *agreed to shelve the dispute* indefinitely (e.g. Downs and Saunders 1998/99:126; Suganuma 2000:138). As demonstrated later, however, the Japanese government challenges such allegations.
  - 18 Again, some scholars imply that there was *an agreement to shelve the issue* (e.g. Rose C. 1998:51; Shaw 1999:17; Suganuma 2000:138; Pan 14 March 2001), but, as shall be demonstrated, the Japanese government contests such assertions.
  - 19 Such reactions were met by Japanese counter-protests, but Chief Cabinet Secretary Sakamoto Misoji also declared his agreement with Deng's 1978 statement that the ownership of the islands should be decided by the next generation (Downs and Saunders 1998/99:129; Suganuma 2000:139–42). This declaration epitomizes the profound effect of Deng's 'shelving strategy' on the thinking of many Japanese policy-makers.
  - 20 A complete Japanese translation of the law is published in Kazankai's collection of materials relevant to the Japanese-Chinese relationship (1998:944–6).
  - 21 The 1992 leadership of the China Division recalls somewhat differently: the government was indeed completely surprised by the TWL. Given Chinese secrecy, these things generally do not leak in advance. It then took a whole day for Japan to protest simply because all the facts had to be checked, etc. The interviewee recalls that the government was criticized for this delay in some newspaper, but 'there is no deep political meaning to it' (*fukai seijiteki na imi wa nai*) (interviewee 10). Another interviewee, stationed in Beijing in 1992, also downplays the fact that the

first Japanese protest was delayed one whole day: 'That it only took one day was fast—it usually takes much longer to get instructions from the China Division' (interviewee 6/1).

- 22 Expressions almost identical with those used in the two protests were later repeated like a mantra at various occasions and by a large number of Japanese ministers and bureaucrats (e.g. Diet-HC 123, Gaimu 1, 27 February 1992:2; Diet-HR 123, Yosan, 5 Bunkakai 1, 11 March 1992:3; Diet-HR 123, Okinawa-Hoppō 5, 12 March 1992:15; Diet-HC 123, Yosan 2, 16 March 1992:24; Diet-HR 123, Gaimu 5, 10 April 1992:16; Diet-HC 123, Gaimu 5, 16 April 1992:7).
- 23 According to Xu Dunxin, China's Vice-Minister of Foreign Affairs, the TWL was adopted as part of long-term legal maintenance and it was not directed towards any specific country or to manifest a change in PRC policy (AS-M 18 March 1992:2; cf. Tanaka 1994:145). Laws thus far applicable were simply seen as insufficient (interviewee 23). Independent Japanese observers, on the contrary, rather tend to emphasize strategic reasons. Underlying the TWL was 'a grand strategy' (*daisakusen*) to take over the Pinnacle Islands (Abe 13 November 2000), or at least to reinforce maritime advances by the PLAN in the South China Sea (Hiramatsu 2001:42; cf. Deans 1996:10). The East China Sea was included in legislation to provide future use and development of the area with a legal basis (Hiramatsu 1993: 71). Naturally, the purpose of the TWL must itself be seen as a contested issue; how it is described may affect other actors' approach to the dispute.
- 24 Apart from this issue, Chinese concern about the Self-Defense Forces' (SDF) participation in UN Peace-keeping Operations (PKO) abroad, and the country's lack of response to China's demand for an imperial visit, were also on the agenda (AS-M 3 April 1992:4; AS-M 7 April 1992:1; cf. Tanaka 1994:144). The latter subject has not just been mentioned in the same context as the Pinnacle Islands issue—it has also been connected to it. There is reason to return to such a link in the next section. On the Japanese side, moreover, there were allegedly concerns about the human rights situation in China and the country's large-scale arms exports (FBIS-EAS-92-066 6 April 1992:4).
- 25 Professor Hiramatsu Shigeo, for example, criticizes Japan's response as being 'insufficient': 'Japan should have made China change the law. It should have exerted more pressure' (4 December 2000).
- 26 Japan's anxiety over the law may have been reinforced by China's recent history of forceful advancements into likewise contested Paracel (in 1974) and Spratly Islands (in 1988 and later in 1995) while continuing to pay 'lip service to the idea of joint cooperation' (Hyer 1995:42; cf. Tow 1994:151; Hiramatsu 2001; Drifte 2003:61).
- 27 Critical date is the date 'after which any actions of the parties can no longer affect the issue' (Cheng 1974:229).
- 28 According to Matsui, 'Historical experience of territorial disputes clearly shows a tendency on the part of the party exercising effective control over the disputed territory to deny the existence of a dispute as such' (1997:4). Japan's denial of a 'Pinnacle Islands dispute' thus fits a larger pattern.
- 29 MOFA depicts Miyazawa's statement and similar remarks by many other politicians, for example, Chief Cabinet Secretary Sakamoto in 1990, as 'slips of the tongue' (*shitsugen*). Whenever they occur, MOFA issues a correction, and explains

- 'the factual circumstances' (*jijitsu kankei*) to the person in question (interviewee 10; cf. interviewee 3/1).
- 30 As [Chapter 3](#) demonstrated, this was, for example, the case during the commemoration of the tenth anniversary of the Peace and Friendship Treaty in 1988.
  - 31 For details on all invitations, see Tanino (1992:9) and Kim Y.C. (2001: 228–9).
  - 32 On 'policy windows', see Kingdon (1995:165–95).
  - 33 On *nemawashi*, see [Chapter 2](#), n. 39.
  - 34 Those urging the government to react more strongly got comparatively a great deal of publicity. A member of the House of Representatives, Fukaya Takashi, for example, advised the MOFA to handle the issue with 'a dauntless attitude' (*kizen toshita taido*), and Executive Council Chairman Satō Kōkō urged the ministry to 'insist on Japan's rights and interests more clearly' (AS-M 7 March 1992:2).
  - 35 Most supreme advisors have served as prime ministers or speakers of either of the two chambers of the Diet.
  - 36 At the time, LDP top officials included Vice President Kanemaru Shin, Secretary General Watanuki Tamisuke, Satō Kōkō, head of the Executive Council and Mori Yoshirō, head of the Policy Affairs Research Council.
  - 37 Its chairman, Fujio Masayuki of the Mitsuzuka faction, was the most outspoken critic of the visit. Others openly opposed to it included Itagaki Tadashi, serving as advisor to the Association of War Bereaved Families (*Nihon izokukai*), Etō Seiichi, Kujiraoka Hyōsuke, Nakano Eiichi and Matsuoka Toshikatsu. Etō, in particular, publicly based his opposition to the visit on the TWL (AS-M 3 April 1992:4; AS-M 21 May 1992:4; AS-M 28 July 1992:2; AS-M 29 July 1992:3, 5; Kim Y.C. 2001:231).
  - 38 This right-wing, intra-LDP group was founded in 1973 in opposition to Prime Minister Tanaka Kakuei and his China policy. The thirty-one-member group, which included Fujio Masayuki, Nakagawa Ichirō, and present Tokyo governor (1999) Ishihara Shintarō, created a public sensation when they took an oath, written in the blood of the participants, reminiscent of pre-war extreme nationalism.
  - 39 Kanemaru Shin, the leader of Takesita's traditionally China-leaning faction, also belonged in the promotion group, but allegedly became more negatively inclined as China adopted the TWL. However, he eventually expressed his support of the imperial visit (AS-M 29 July 1992:3). According to Charles E. Morrison and Michel Oksenberg (1992:7), Takeshita, Kanemaru and others in the faction played a critical role in securing LDP approval of the trip.
  - 40 A *Seirankai* member himself, Watanabe's staunch promotion of the visit might seem unpredictable. However, it makes sense if the 'as foreign minister' part is emphasized. As the leader of a major faction, and 'with a serious, avowed pretension to the post of prime minister' (Kim Y.C. 2001:238), Watanabe had a personal interest in building a record of foreign policy achievement, because it would enhance his centrality within the LDP. His support was probably crucial, because 'If the foreign minister doesn't get into that mood, there will be no movement [like that] in the first place' (interviewee 20; cf. interviewee 21).
  - 41 This informal coordination process was mainly carried out by Administrative Vice-Minister of Foreign Affairs Owada Hisashi, Japan's ambassador to China Hashimoto Hiroshi, Asian Affairs Bureau Director General Tanino (interviewee

- 21; cf. Kim Y.C. 2001:239; interviewee 20), and, according to the *Asahi Shimbun*, Chief Cabinet Secretary Katō Kōichi (AS-M 11 August 1992:1).
- 42 Party members on both sides of the dispute took this stance—in addition to Nakasone, who made the above remark, former Prime Ministers Suzuki Zenkō and Takeshita Noboru, and senior LDP figures like Watanuki Tamisuke and Nikaidō Susumu.
  - 43 Kim notes that the prime minister made his move after the PKO legislation had been passed, and the House of Councilors elections had been successfully managed in July (2001:242; cf. Morrison and Oksenberg 1992:7).
  - 44 In any case, Chinese government officials and observers tend to consider the actions of Japanese right-wing groups with regard to the Pinnacle Islands rather as a pretense to damage overall Japanese-Chinese relations. They doubt that there is much genuine interest in the islands *per se* (interviewee 23; interviewee 24; Li 3 April 2001). It would thus be unfair to assess the influence of such groups on Japan's policy with regard to this issue in a narrow sense. Inversely, their influence on the bilateral relationship at large should be analyzed, but such an approach goes far beyond the purpose of the present study.
  - 45 Japan's Maritime Self-Defense Force (JMSDF), is already a 'first-class navy, among the most powerful and expensive maritime forces in the world' (Woolley 2000:1). In the early 1980s China gradually shifted focus from the army to the navy and the air force. As for PLAN, the aim is to build a blue-water navy, so its capabilities have been upgraded for some time now (Godwin 1998:178–82; Roy 1998:111–13).
  - 46 China's belligerent history is often noted for reference (e.g. Bachman 1998:36; Roy 1998:106; Whiting 1998:289; Chan 1999:124).
  - 47 Valencia even argues that after the introduction of economic reforms in the late 1970s, this kind of nationalism replaced socialism as the 'preferred societal glue' (2000:5; cf. Downs and Saunders 1998/99:118).
  - 48 However, a MFA official as well as a high-ranking PLA officer dismiss reports that there was a split in the Chinese policy-making community with regard to the TWL. Such reports are merely 'Japanese propaganda' (interviewee 25), because, 'lack of consensus is not possible' (*konsensasu ga nai koto wa arienai*) (interviewee 24).
  - 49 *Nanxun* is the term formerly used for imperial inspection tours to the southern provinces.
  - 50 His protégés included Li Peng, Yao Yilin and Song Ping. Chen also had many supporters in the major ideological organizations, such as the CCP Central Propaganda Department, the Ministry of Culture, and Beijing newspapers (Zhao S. 1993:743).
  - 51 For excerpts from the talks that Deng gave during the trip, see Deng X. (1994: 358–70). On his critique of 'leftism,' see *ibid.*: 362–3.
  - 52 Apart from Yang Shangkun, Deng's allies were Yang Baibing and Liu Huaqing of the military, Qiao Shi and Li Ruihuan in the Standing Committee of the Politburo and Zhu Rongji and Tian Jiyun in the State Council (Zhao S. 1993:743).
  - 53 Cf. *Xinhua* telegrams published in *Chūgoku Geppō* throughout the period.
  - 54 Good cases in point are the demonstrations in response to *Seinensha's* activities that took place at Peking University in 1996. The students were not allowed to leave campus, and posters demanding government action towards Japan were reportedly

torn down. Moreover, two Beijing scholars failed to get a manuscript on the dispute published (Yu 12 March 2001; cf. Brauchli 1996: A14; Whiting 1998:294).

- 55 After the dissolution of the NFP later in 1997, Nishimura became a member of the Liberal Party, and after that party's merger with the Democratic Party in 2003, he is now a member of the Democratic Party.
- 56 Matsushita Kōnosuke founded this school in 1980. The explicit purpose of the school is to educate future Japanese leaders.
- 57 The fifth islet, Taishōjima/Chiwei Dao, is already national property.

## 5

### Conclusion: intelligible power

- 1 I take this chance to comment a little further on policy-makers. However, lacking a firm basis in the empirical analysis, it is an independent reflection rather than a conclusion: I stated in [Chapter 2](#) that it was more difficult to meet relevant Japanese politicians than bureaucrats, and that the politicians who could be found often had only superficial knowledge of the examined processes. Perhaps the reason is that I was unable to access any of the most importantly involved Diet members, for example, former prime ministers, foreign ministers or faction leaders. Yet, some of those whom I interviewed have still had positions in the Cabinet, the Diet or the LDP, which would seem to entail greater knowledge of the issues under study. This phenomenon makes sense against the precomprehension that there is typically too little money and votes in foreign policy to engage politicians on a daily basis. Doing the case studies, I got the impression that LDP members and groupings within the party better resembled interest groups, but of course with relatively large resources, in terms of money, contacts and formal decision-making capability. Bureaucrats, on the other hand, seemed better informed, and I hypothesize that in the end some offices were able to get Japan's policy where they had initially intended, yet perhaps with the help of favorably disposed politicians and through *nemawashi*. Real governmental in-fighting thus seems to have taken place within the bureaucracy rather than between politicians and bureaucrats. This reflection is in line with the remark, quoted in [Chapter 2](#), that 'politicians reign, but bureaucrats rule' (Hague *et al.* 1992:347) and Johnson's observation that '[In Japan] authority appears mostly at the *omote* level [i.e. in politics], power at the *ura* [i.e. in the ministries]' (Johnson 1995:161) (see [Chapter 2](#), n. 40, for an explanation of the two Japanese terms).

### References

- 1 Note that the 1991 edition of the *Diplomatic Bluebook* deals with the period August 1990 to July 1991; the 1992 edition, August 1991-December 1992; the 1993 edition, the calendar year 1993; the 1995 edition onwards with the previous calendar year.
- 2 (a) The list below contains references to journal articles, books and contributions to books such as individual chapters. (b) Comma [,] is not used between surname and first name whenever a reference adopts the East Asian practice of writing last name first. (c) Chinese authors writing in Japanese are listed according to how their

names are transcribed in Japanese. The Chinese transcription is presented within brackets.

- 3 This monthly periodical, edited until 1994 by the China section at the MOFA (sometimes together with the China-focused think-tank *Kazankai*), consists of translated excerpts from Chinese newspapers, many of which could of course be considered government mouthpieces.





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- 2 A former official at JDA and MOFA, Tokyo, 30 October 2000.
- 3 An official at the China Section, MOFA, Tokyo, (1) 30 October 2000 and (2) 22 November 2000.
- 4 A former MOFA official with long experience from China and Taiwan, Tokyo, 7 November 2000.
- 5 A top official in the MPA, Tokyo, 10 November 2000.
- 6 A former ambassador and official at the Japanese embassy in Beijing, Tokyo, (1) 10 November 2000 and (2) 22 May 2002.

- 7 A director at the Japan-China Investment Promotion Organization, Tokyo, 16 November 2000.
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- 10 A MOFA top official central to Japan's China policy in 1992, Tokyo, 1 December 2000.
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- 14 A former ambassador and deputy minister of foreign affairs with long experience at MOFA's Treaties Bureau, Tokyo, 13 December 2000.
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