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EDITORIAL

Return to the past? Japan in the aftermath of the parliamentary elections of 16 December 2012

On 16 December 2012 the Liberal Democratic Party of Japan won a landslide majority in the parliamentary elections. While this result was expected, it represents more of a backlash against the Democratic Party of Japan who were not able to meet voters' expectations when faced with the legacy of several decades of LDP government and the economic, ecological and international context of 2011 and 2012, rather than support for the announced return of Abe Shinzō as Prime Minister following his unpopularity and departure in 2007.

The new Prime Minister is not relying on particularly innovative policies. Promised reforms will primarily focus on the expectations of the economic sector to which the LDP has close ties (reforms to the Central Bank, signing transpacific partnership agreements, etc) and have been presented as the main LDP response to a possible return to recession:

latest figures published by the Prime Minister's office confirm that the yearly national GDP decreased by 3.5% between July and September. These figures particularly reflect the poor performance of leading consumer electronic manufacturers (Sharp, Panasonic, Sony, etc.) and the impact of the Chinese boycott of Japanese products following the country's decision to nationalise the Senkaku islands. As part of the handover of power from Hu Jintao to Xi Jinping in China and the presidential election campaign in South Korea, the revived territorial conflicts between Japan and its neighbours have signalled a return to historical conflicts used for political ends by those involved.

Given the return of inconclusive solutions at a time when Japanese society is demanding significant change to steer the country towards a more prosperous future, it is not surprising that guarantees of "renewal" by populist parties attracted the interest of a significant number of Japanese voters. Nevertheless, their results were relatively lower than expected given their media impact. The Restoration Party created by Hashimoto Tōru

(*Nippon Ishin no Tō* or Party for the Renewal of Japan)¹, and associated with Ishihara Shintarō confirmed polling predictions² by becoming the “third party” in the lower house with 54 deputies. This was three less than the DPJ, which suffered a historic defeat. However within a Diet in which the LDP and its ally the New Komeitō hold over 300 seats out of 480, members of *Nippon Isshin no Tō* will not necessarily be able to block decisions voted in by the new majority. Hashimoto Tōru has also undermined many supporters or sympathisers *with his recent u-turn* on themes that were key to the success of his local party (opposition to nuclear energy, support for the Transpacific Partnership Agreement) as well as making Ishihara Shintarō the Party’s first representative. Moreover, parties strongly opposed to even a partial return to nuclear energy are poorly represented in the new Parliament.

Before being able to assess the results of the DPJ years, the 28th issue of Japan Analysis will focus on the tension created between a wait-and-see policy, the return to classic LDP government methods and patterns of change: an analysis of South Korea’s foreign policy by Yann Favennec followed by the institutional changes and constraints faced by innovative entrepreneurship in today’s Japan by Adrienne Sala. The subsequent translations include a discussion of the national development strategy used by the Osaka Restoration

Party (translated by César Castellvi) and an interesting view of mistakes made by the Japanese Imperial Army (translated by Sophie Buhnik).

Sophie Buhnik

¹ “Restoration Party” is a literal translation of *Ishin no Tō*. The name chosen by Hashimoto for his local (Osaka *Ishin no Kai*) then national (*Nippon Ishin no Tō*) party explicitly references the Meiji restoration (*Meiji ishin*) and a period of significant change for Japan. However the word “restoration”, used outside its context, does not convey this meaning of reform.

² A poll by the *Asahi shimbun* on 24 and 25 November showed that 13% of respondents would vote for the Democratic Party while 9% would vote for the Restoration Party, with the gap decreasing slowly in favour of the latter. The two parties have 57 and 54 representatives respectively in the new lower house.

CLOSE UP ON THE NEWS

1. Impact of South Korean policy on Japanese policy

- **Yann Favennec**

It can definitely be said that the Japanese people do not have happy memories of Summer 2012, marked as it was by the successive visits of Russian Prime Minister Dmitry Medvedev (3 July) and South Korean President Lee Myung-Bak (10 August) to Kunashiri – one of the islands making up the “Northern Territories”³ – and the Takeshima Islands⁴ respectively. Both of these islands are

³ Japanese name for the four islands that make up the southern part of the Kuril archipelago: Etorofu, Kunashiri, Shikotan and Habomai. These islands are claimed by Japan on the basis of the 1855 Treaty of Commerce and Navigation which recognised Japanese sovereignty over the islands. The Northern Territories were occupied by the Soviet Union in 1945 and Russia took over following the fall of the USSR.

⁴ Japanese name for a small group of islets located in the Japan Sea (or East Sea), known as the “Liancourt Rocks” in Europe and the United States. These islands are called Dokdo in South Korea. They have

considered “land naturally belonging to Japan” by the Japanese government (*Nihon koyū no ryōdo*).

Rather than turning to anger, the Japanese have viewed these visits with incomprehension. The country had hoped that a solution would be found to the territorial dispute with Russia following the announcement made in March 2012 by the new Russian President, Vladimir Putin, of his clear desire to restart negotiations relating to the Northern Territories. Within this context, the subsequent visit to Kunashiri by Prime Minister Medvedev seemed to defy logic (to the point that dissenting voices were heard questioning the utility of the visit from within Russia itself⁵).

been under South Korean control since 1954 although Japan considers them to be an integral part of its country. The islands are a sticking point between the two countries.

⁵ One example is Fyodor Lukyanov, a specialist in Russian foreign policy and Editor in Chief of *Russia in Global Affairs* magazine. “Why did Medvedev go to the Kurils again?”, *Ria Novosti*, 5 July 2012, <http://en.rian.ru/columnists/20120705/174417679.html>

Japanese politicians were probably even more surprised by the South Korean President's visit to the controversial Takeshima islands (a first in the history of Japanese-Korean relations). Their surprise was understandable as the Japanese government had never openly requested the *restitution* of the islands. Certainly, Japan's official position has always been the same, whether expressed by the Japanese government or within history books: "*Historically and according to international law, Takeshima is land that naturally belongs to Japan and its occupation by South Korea is therefore illegal*".⁶ However, in contrast to the Northern Territories, restitution of this group of islands has never been raised to the level of national cause. There is a "Takeshima day" (set up following an initiative by Prime Minister Koizumi Junichirō in 2005) but this is a strictly local affair: organised by the Shimane Prefecture to which Takeshima is meant to belong, no member of the Japanese government has ever attended or participated in the event. At the same time, government representatives, led by the Prime Minister, have regularly participated in the "Northern Territories day" (organised in the district of Nemuro in Hokkaidō) to highlight the government's commitment to ensuring that those four islands are returned.

In truth, successive Japanese governments have left the Takeshima issue unresolved for geopolitical reasons. The Liberal Democratic Party, in power until 2009, did not want to risk damaging relations with Seoul⁷, seen

⁶ See the Gaimushō (Japanese Foreign Affairs Ministry) website: <http://www.mofa.go.jp/mofaj/area/takeshima/>

⁷ Relations between Japan and South Korea deteriorated significantly in August 2006 following a visit to the controversial Yasukuni shrine by Koizumi Junichirō and by the revisionist comments made in March 2007 by his former right-hand man, Abe Shinzō, on the sensitive issue of "comfort women". The relationship was more or less fixed by their Prime Ministerial successors. Tarō Asō undoubtedly played

as a necessary partner in dealing with the North Korean nuclear threat to the region (it is also likely that the United States strongly encouraged Japan to adopt this point of view towards their South Korean ally). For the LDP, the Japanese-American alliance and national/regional security were of the utmost importance. For this reason the territorial issue that created conflict with South Korea was downplayed during the second half of the 2000s. Following the change of power in 2009, the Democratic Party of Japan logically followed the pattern set by the LDP in relation to issues of regional security and the South Korean relationship. South Korean President Lee Myung-Bak came to power in February 2008 and was then known for his strong position on North Korea and for his stated desire to move closer to Japan. Alienating him by bringing the Takeshima issue back to the table would not have suited Japanese interests. This situation serves to highlight the disbelief felt by LDP and DPJ politicians when they saw the supposedly "pro-Japanese"⁸ South Korean leader visiting the controversial islands that they had specifically not claimed for geostrategic reasons.

The two visits clearly illustrate a trend that has been growing in the Asia-Pacific region for the last few years: regional populism⁹. Those who participate in this trend hope to increase their popularity with the general public by using regions whose ownership is disputed with neighbouring countries. Ishihara Shintarō, former governor of Tokyo and a current candidate for the Japanese legislative elections, is an expert in this field:

a significant role in improving bilateral Japanese-Korean relationships in the post-Koizumi-Abe era.

⁸ This is also how Lee Myung-Bak is seen by opposition politicians in South Korea.

⁹ Dmitry Medvedev can boast of being the main instigator as he visited the Southern Kuril Islands in November 2010 as President of the Russian Federation.

on 17 April 2012, he responded to persistent Chinese claims by publically declaring his intention of buying the Senkaku islands¹⁰ from their private owner, joining them to the capital and building port facilities on the islands to reinforce Japanese sovereignty of the land. The Russian and South Korean regional populism referred to previously is slightly different as it was national leaders using the practice. This, however, was the only similarity between Medvedev's visit to Kunashiri and Lee Myung-Bak's visit to the Dokdo islands: an in-depth analysis reveals that the reasons behind both leaders' visits were completely different. The two visits will firstly be compared so that the key differences can be established. This will be followed by an explanation of why the South Korean President's motives could actually be dangerous for Japan.

Two Types of Regional Populism

Dimitry Medvedev's presence on Kunashiri (Kunashir in Russian) differed from his previous visit to the Southern Kurils in November 2010 as this time the Russian leader went to the controversial island as Prime Minister to supervise progress of the Kuril Federal Development programme (started in 2005). Moreover, this time, Medvedev clearly mentioned the territorial dispute between Russia and Japan with the following comment to a local resident¹¹: *"We (Russia) will not give up even a yard of land to the Japanese. I imagine they choked on their sake when they*

¹⁰ The Senkaku/Diaoyu islands are currently the object of a dispute between Japan and the People's Republic of China. They have been under Japanese control (and attached to the Department of Okinawa) since the "unequal" Shimomoseki Treaty (1895) was signed at the end of the first Chinese-Japanese War.

¹¹ See the information site [jiji.com](http://www.jiji.com) "*Sutārin hatsugen maneru? Yontō, issun mo watasanai. Roshia shushō*" ("A Stalinesque declaration? Russian Prime Minister will not move an inch on the four islands"), article published on 9 July 2012, <http://www.jiji.com/jc/zc?k=201209/2012090900483>

heard I was here... Any Russian leader who gives up even a part of our land would provoke a real storm in our country!"¹² Close application of this logic would suggest that Russia should have been plunged into complete chaos when, in July 2008, it officially gave China almost half of the disputed territories along the China-Russia border, defined over 4,000 km by the Amur and Ussuri rivers.

In reality, it is not the content of the remarks made by Dimitry Medvedev that is concerning, but the fact that he, as Prime Minister, openly expressed an opinion of a matter relating to Russian foreign policy. The Constitution of the Russian Federation includes clear separation between the President's jurisdiction and that of the head of government. Paragraph 4 of Article 80 states that, as head of State, the Russian President represents his country internally and in international relations. Moreover, Article 86 gives the President the right to define the country's foreign policy. The Prime Minister and his government are required to apply the guidelines drawn up by the President for Russia's internal and foreign policy (according to Article 114). If Kunashir Island is considered "Russian" land (in line with Russia's official position on the southern Kuril Islands), then the fact that Dimitry Medvedev went there in his role as Prime Minister was not unusual. What was surprising, however, was that he allowed himself to have an opinion on foreign policy when this is clearly meant to be the role of the Russian President. With his declaration, Medvedev overstepped his jurisdiction as Prime Minister and, it could be said, stepped on Vladimir Putin's toes.

Based on this observation, two hypotheses can be formulated: it is possible that Dimitry Medvedev got carried away and made the remarks in an attempt to recreate the public support he achieved during his first visit to

¹² This last sentence seems to be inspired by an old Russian saying.

the Southern Kuril Islands in 2010. His desire for recognition, reawakened by his relegation to the sidelines of Russian politics following Vladimir Putin's re-election as head of State, may have pushed him to attempt a repeat "performance". If this was the case, he did not obtain the expected result. The second hypothesis is that Medvedev's statement reflected above all his desire to distance himself from Vladimir Putin by clearly stating his different opinion on the Kuril issue (Putin has expressed his desire to resolve the territorial dispute between Russia and Japan). The Prime Minister's declaration would therefore symbolise a growing crack in the partnership formed by the two men leading the Russian Federation. Despite this, Medvedev did not seem to want to discredit the Russian President: during his stay on Kunashir, the Prime Minister let slip the following, short but revealing, statement on his Twitter account: "*Here I am at the far end of Russia...*"¹³. If the Russian Prime Minister had no intention of giving up the Northern Territories, it would have made more sense to make that statement on Habomai, the closest island to Japan, rather than on Kunashir. However, his comment did not contradict the statement made by Putin just before his re-election, which named the Soviet-Japanese Joint Declaration of 1956¹⁴

¹³ "*Roshia shushō, Tsuittaa ni Kunashiri ha Roshia no tochi*" ("Russian Prime Minister uses Twitter to Declare that Kunashiri is Russian Land"), *Nihon Keizai shimbun*, 4 July 2012, http://www.nikkei.com/article/DGXNASGM04026_U2A700C1EB1000

¹⁴ This agreement in principle, drawn up between Japan and the Soviet Union in 1956, anticipated the return of two of the four disputed islands (Shikotan et Habomai) to Japan once a peace treaty was signed by the two countries. The agreement was signed by the Japanese and Soviet Prime Ministers of the time, Ichirō Hatoyama and Nikolai Bulganin. When Japan signed the Japanese-American Security Treaty in 1960, the USSR unilaterally withdrew from negotiations for the conclusion of a Japanese-Soviet peace treaty and the common declaration of 1956 remained unheeded.

as the legal basis for any up-coming territorial negotiations. The message posted on Twitter could therefore be interpreted as a signal from Medvedev to the Japanese government to clarify Moscow's position on the territorial dispute: Russia may be prepared to give up Shikotan and Habomai but Kunashir/Kunashiri and Iturup/Etorofu will remain Russian.

Most of the Japanese¹⁵, South Korean¹⁶ and western¹⁷ media agreed that President Lee Myung-Bak's visit to Dokdo Island was motivated by his desire to prepare for the South Korean presidential elections due to be held on 19 December 2012. The reaction of Japanese politicians to the South Korean President's visit to the island was split between bitter regret and icy irony: on his personal blog, Ishiba Shigeru, current Secretary General of the Liberal Democratic Party of Japan and former Minister of Defence, admitted that this event was made inevitable by his own party's decision to not make a big deal of the territorial dispute between Japan and South Korea¹⁸ (when the LDP was still in power before 2009). According to him, the LDP must now apologise for its permissiveness on the subject. Kōichi Yamauchi, member of Your Party

¹⁵ "*Strain on Tokyo-Seoul ties*", *Japan Times*, 16 August 2012, <http://www.japantimes.co.jp/text/ed20120816a1.html>

¹⁶ "*Lee becomes first President to visit Dokdo*", *The Hankyoreh*, 11 August 2012, http://english.hani.co.kr/arti/english_edition/e_international/546708.html

¹⁷ "*Takeshima jōriku, Kanoku nai no hannō hiyayaka: seiji shō shiteki mo*" ("The Takeshima landing provokes a frosty reaction in South Korea: opposition denounces a political show"), *Asahi shimbun*, 10 August 2012, <http://www.asahi.com/international/update/0810/TKY201208100612.html?ref=reca>

¹⁷ "*South Korean President's visit to disputed islets angers Japan*", *New York Times*, 10 August 2012, http://www.nytimes.com/2012/08/11/world/asia/south-koreans-visit-to-disputed-islets-angers-japan.html?_r=1&

¹⁸ Ishiba Shigeru's Blog: <http://ishiba-shigeru.cocolog-nifty.com/blog/2012/08/post-1d22.html>

(Minna no tō) also commented on Lee Myung-Bak's behaviour¹⁹: "*President Lee's historic visit to Takeshima is probably motivated by a desire for greater popularity but I think he must be suffering from a common condition among modern politicians: wanting to record his name in history books...*". For the former member of parliament, the South Korean President's surprise visit was nothing more than an ego trip by a leader in decline who revived tensions between the two neighbours to get his name in the press.

Satō Masaru, writer and former international affairs analyst within the Japanese Foreign Affairs Ministry, does not share this opinion: he provided a completely different analysis of the situation during a cultural radio programme *Kunimaru Japan*²⁰: "*Lee Myung-Bak is involved in several serious corruption scandals in his own country. His older brother, a member of parliament at the time, was arrested for accepting bribes from major South Korean companies and financial institutions. The President himself is suspected of having acquired a plot of land completely illegally. Lee Myung-Bak knows perfectly well that a simple visit to Takeshima will not protect him from possible future prosecution at the end of his term. His personal reputation is so damaged by the scandals in which he has been involved that this visit alone will not be enough to get the South Koreans to forgive him.*"

Moreover, if we look carefully at his personal journey, we can see that he is absolutely not the type of politician that is guided by his ego: Lee Myung-Bak is not Medvedev. His life philosophy is based on work and effort: born to a poor family, he spent a large part of his youth working as a full-time sweeper to self-fund his studies. At the age of 24, following the student

protests, he started work at a construction company, Hyundai, where he initially worked as a simple employee. Twenty three years later he became the company's President. His determination is truly faultless. During his youth, South Korea was economically devastated by its war with the neighbouring North: Lee Myung-Bak vowed to rebuild his country. The result of that vow is that, although prior to his presidency the South Korean GDP did not exceed \$80 per capita, it has gone up to \$20,000 while he has been in office. Finally, his mother was a devout Christian who, from a young age, taught him about sharing and self sacrifice without asking for anything in return²¹. Nevertheless, the spectacular improvement in the South Korean economy is currently being undermined by the effects of the global financial crisis. Moreover, South Korea is also facing extremely worrying socio-structural problems: as the legal retirement age is fixed at forty, it is impossible to live a normal life span on a simple retirement pension. This situation has given rise to fierce competition among the general public who want to survive after retirement. The number of suicides and divorces has literally exploded over the last few years and morale is at its lowest point yet in South Korean society.

Hoping to bring some pride back to his countrymen, Lee Myung-Bak decided to stake everything on foreign policy. To be successful, he had to create a situation in which South Korea could be equal to Japan. Based on John A. Hobson's theory of imperialism, it could be said that Japan is an imperialist type State (non-classic, as that would involve a colonisation policy, which would be too

¹⁹ Kōichi Yamauchi's Blog: <http://yamauchi-koichi.cocolog-nifty.com/blog/2012/08/post-0e50.html>

²⁰ Cultural radio programme *Kunimaru Japan*, 7 August 2012.

²¹ This atypical pathway was confirmed by Lee Myung-Bak. While in Paris in May 2011, he was awarded the title of Doctor Honoris Causa by the President of the University of Paris Diderot and mentioned his private life during his closing ceremony speech: <http://www.univ-paris-diderot.fr/pageActu.php?num=3388>

expensive). The aim of modern imperialism is to look for coveted resources abroad in order to become richer by using all available advantages (essentially economic). Only the great global powers are able to do this: the United States with its defence industry, Russia with natural resources and Japan with its technological know-how. In power relationships between countries, the strongest countries use these advantages to accentuate pressure on potential rivals if the latter are in a position to hinder their interests or, simply, if the former have something to gain from the situation. South Korea has not quite reached a level of great power and is not quite ready to play our country on a level economic field. What advantage did it have left? Land. The fact that Takeshima is under de facto Korean control is an indisputable advantage that the country can use to seriously disrupt Japan. It could therefore be said that President Lee Myung-Bak went down a path of “mini-imperialism”, with the aim of achieving psychological influence over Japan on the world stage. With nothing left to lose, Lee Myung-Bak is a formidable opponent and the Japanese government must do everything possible to manage his strategy. However, Japanese politicians do not seem to have behaved appropriately in face of this South Korean mini-imperialism.”

Satō Masaru believes that President Lee is a master strategist and feels that he calculated the timing of his visit to the disputed island perfectly: “Although he told the South Korean press that he had been thinking of this visit since 2008, his decision to carry it out several months before the South Korean presidential elections is certainly no coincidence: the only fear that concerned Lee Myung-Bak was the possibility that any future successor would stop following his mini-imperialist strategy. Future Presidents, whether pro-Japanese or not, will be obliged to go to Takeshima or face being seen by the general public as a coward, or even a traitor

working for Japan”. South Korean behaviour towards Japan following Lee Myung-Bak’s visit to Dokdo seems to support the opinion of the former Gaimushō²² analyst. Accordingly, President Lee’s other aim was to test Japan’s ability to react diplomatically following the earthquake and nuclear catastrophe of March 2011, which have considerably weakened the country²³. South Korea has used two main weapons to isolate a post-Fukushima Japan: control of the disputed islands and the history linking the two countries. In order to better understand South Korean “mini-imperialism”, it is important to look at how the Korean strategy was implemented and then at subsequent Japanese reactions, focusing on themes of “Land” and “History”.

Japanese Reactions to South Korean “Awareness Campaigns”

Lee Myung-Bak did not only visit Dokdo to highlight his political point. He is also the author of a virulent speech against the Japanese Emperor himself. The speech was given during a university seminar on 14 August 2012 and states that the Emperor should publically apologise for the suffering caused by Japan’s colonial past before contemplating any official visit to South Korea. Satō Masaru believes the South Korean President’s behaviour is simply scandalous: “Lee Myung-Bak knows full well that His Majesty truly suffers because of the damage inflicted on Koreans by his country. He also knows that the Emperor is a symbolic figurehead and cannot comment on political-historical subjects or travel abroad officially without first obtaining approval from the Japanese government. By attacking His Majesty directly, President Lee was not only insulting the Japanese people as a whole but acting with unbelievable dishonesty...²⁴”.

²² Japanese name for the Ministry of Foreign Affairs.

²³ Cultural radio programme *Kunimaru Japan*, 17 August 2012.

²⁴ Cultural radio programme *Kunimaru Japan*,

Assuming the theory that the Emperor is sincerely sorry about Japan's military past is true, Satō Masaru could have been expected to condemn the lack of willingness by Japanese leaders to ask the Emperor to express himself on the subject. The day after the South Korean President's declaration, Japanese Prime Minister Yoshihiko Noda sent him an official letter offering to resolve the territorial dispute between the two countries in the International Court of Justice. The South Korean government's reaction was surprising: they returned the letter to the sender, claiming that its content was not satisfactory²⁵. This, according to Satō Masaru, was a first in the history of international relations. This "diplomatically inconceivable" gesture demonstrated that the South Korean authorities were not interested in dialogue but that, on the contrary, they were going to continue with their defiant attitude in order to achieve a position of strength in a territorial showdown against Japan.

Another, more unexpected, historical issue could also increase tension between South Korea and Japan in the near future. On 23 November 2012, South Koreans sent to Sakhalin²⁶ as forced labour during Japanese 17 August 2012.

²⁵ Satō Masaru, "*Noda shushō no shinsho wo okurikaesu Kankoku no burei na taiō ni kokka wo agete hangeki seyo*" ("Lets mobilise state agencies in response to the unacceptable behaviour by South Korea, who returned Prime Minister Noda's official letter"), information and analysis website Blogos.com, <http://blogos.com/article/45408>, 22 August 2012.

²⁶ Many Korean workers were forced to leave their country by the Imperial Army and were sent to Sakhalin Island, then called "Karafuto" as it was still under Japanese rule (specifically the southern part of the island; the Russian border was fixed along the 50th parallel north), to work the coal mines. Once World War II was over and the Soviet Union had taken the island, workers were forced to remain as a workforce by the Stalinist regime. Today, only a small handful has been able to return to South Korea.

colonial rule filed a petition in the South Korean Constitutional Court accusing their government (specifically Foreign Affairs Minister Kim Sung-Hwan) of anti-constitutional behaviour by not initiating diplomatic negotiations with Japan to discuss restitution of goods and land confiscated by the Imperial Army at the time²⁷. In response, Ministry representatives stated that they did not consider this historical issue resolved by the 1965 Normalisation Treaty between Korea and Japan and that they reserved the right to think about how to follow up this issue. It should be noted that South Korean courts have recently returned judgements awarding individual compensation to people who suffered during the colonial period. A similar decision for the former forced labourers of Sakhalin is more than likely. In the summer of 2011, following a similar petition, the South Korean courts judged that the country's government was guilty of anti-constitutional behaviour in relation to comfort women. It is therefore probable that, in order to avoid a second conviction, South Korean authorities will soon contact Tokyo to discuss the issue of forced labour on Sakhalin and to officially claim compensation.

If Japan were in any way to reject the idea of a dialogue with Seoul on this issue, it is probable that it would quickly become as important as the issue of comfort women and be subject to a further South Korean awareness campaign targeting the international community. However, in denouncing Japan's responsibility for the fate of Korean workers on Sakhalin during the colonial era, Seoul also increases the risk of directly implicating Russia. This is because, in the immediate post-war period,

²⁷ "*Nikkan-kan ni Saharin mondai mo fujō ka ? Chōyōsha ga Gaikō Tsūshō-shō teiso*" ("Is the Sakhalin issue resurfacing in Japanese-Korean relations? Former forced labourers sue the South Korean Ministry of Foreign Affairs and Trade"), *Asahi shimbun*, 24 November 2012, <http://www.asahi.com/international/update/1124/TKY201211240409.html>

Stalin forced the Korean labourers to remain on the island and continue to work under terrible conditions. If South Korea accuses only Japan, its position becomes weaker. Therefore, the key question is if South Korea claims compensation from Japan for this historical issue, will it also make the same demands to Russia?

How have Japanese institutions reacted to this South Korean “activism”? *“They protest, they protest, and it seems that, for the moment, this is all they know how to do”* says Satō Masaru, highlighting Japan’s lack of reaction²⁸ : *“On 17 August 2012, members of the Diet adopted a decision officially protesting against President Lee Myung-Bak’s visit to Takeshima as well as his comments about the Emperor... Do they really think this will stop him sleeping? The decision does not contain any binding provisions or any retaliation and proves that Japanese politicians have not fully grasped the full extent of this affair. Civil servants at the Foreign Office are no better: they will not force Lee Myung-Bak to retreat by simply phoning their South Korean counterparts to express Japanese objections...”*. According to the former diplomat, the first thing to do is to raise the Takeshima issue to the same ‘national cause’ level as the Northern Territories. This would involve requesting the immediate return of the islands rather than simply issuing reminders of Japan’s official position on their status²⁹. He believes that only by radically changing its position (by making Takeshima Day a national occasion and sending government representatives to the events) will Japan make South Korean leaders change

²⁸ Cultural radio programme *Kunimaru Japan*, 17 August 2012.

²⁹ Satō Masaru, *“I Myon Baku Daitōryō no Takeshima jōriku ni kōgi suru dake de naku, Takeshima henkan wo yōkyū suru kokkai ketsugi ga hitsuyōda”* (“Protests against Lee Myung-Bak’s visit are not enough: the Diet needs to claim restitution of the islands”), 20 August 2012, <http://blogos.com/article/45212/>

their minds. Members of the Diet have, as yet, not implemented these types of measure. Satō Masaru does, however, applaud the statements³⁰ made to the South Korean media by Deputy Foreign Affairs Minister, Tsuyoshi Yamaguchi, who confirmed that the visit of a South Korean actor popular in Japan had been cancelled. He specified that this reflected Japanese opinion in response to South Korea’s organisation of cultural and sporting events linked to Takeshima. According to Satō Masaru, the violent reaction caused in South Korea by this decision proves that Tsuyoshi Yamaguchi touched a nerve in the most sensitive area of the economy. Japan is currently the largest Asian market for the South Korean “Drama” industry (television series). Cancelling the Japanese tour of a popular South Korean actor must be interpreted in this way. However it seems that this was the only measure of economic retaliation taken by Japan: it does not seem that the political crisis between the two countries has had any serious impact on their economic relationship, which has remained buoyant.

Conclusion

During the ASEAN summit held in Phnom Penh in November 2012, Lee Myung-Bak, the South Korean President, and Wen Jiabao, the Chinese Prime Minister, met face to face to discuss their mutual concern with *“Japan’s extreme shift to the right”* (Lee Myung-Bak) and *“Japan’s inability to erase its military history”* (Wen Jiabao)³¹. These two leaders

³⁰ Satō Masaru, *“Son Iru Guku Shi ni kan suru Yamaguchi Tsuyoshi gaimu fuku-daijin no hatsugen who shiji suru”* (“I support the statements made by Deputy Minister of Foreign Affairs, Tsuyoshi Yamaguchi, relating to Mr Son Il-Guk”), 27 August 2012, <http://blogos.com/article/45668>

³¹ *“Gunji shugi-Ukeika keikai. Chūkan shunō, tainichi yūryo de icchi”* (“Wary of Japan’s move towards militarism and the far right, South Korean and Chinese leaders have shared their common

have played an undeniable part in pushing Japanese politics towards the right given their often uncompromising attitude towards Japan in relation to territorial issues or by continually alluding to past events perpetuated by their common neighbour. The fact that certain candidates presented themselves to the Japanese general election following the dissolution of the Diet was enough to justify Chinese and Korean concerns: the predictable return of Abe Shinzō, LDP candidate, to the role of Prime Minister does not suggest any improvement in Japanese-Korean relations, given the revisionist statements he made in 2007 in relation to the issue of comfort women. The alliance between the parties of populist Hashimoto Tōru (mayor of Osaka) and ultra-nationalist Ishihara Shintarō does not offer much hope for Japanese foreign policy should it come to power (although this possibility is very unlikely). Aside from highlighting the inability of Japanese politics to renew itself, Abe Shinzō's election would be a bonus for the South Korean "mini-imperialism" mentioned earlier, as the history of the former (and probably future) Prime Minister adds credibility to President Lee Myung-Bak's opinion that Japan is unable to truly repent; denouncing Japan at the UN would only be met with even more approval. If he wants to minimise this risk, Abe Shinzō must completely abstain from going to Yasukuni shrine and repeating statements that cast doubt over the forced prostitution of South Korean women during World War II. Given the themes of his electoral campaign, this is practically the same as asking Abe Shinzō to immediately renounce his second mandate as Prime Minister. It can only be hoped that his reputedly more measured entourage, Ishiba Shigeru for example, will be able to dissuade him.

Overall, the ability of Japan and South Korea

concerns for Japan"), <http://www.jiji.com/jc/zc?k=201211/2012111900306>

to draw a definitive line under their historical disputes is questioned. If Satō Masaru's theory of South Korean mini-imperialism is used, history and memory have become weapons, like others, to be used within the traditional power relations between States. As soon as politicians become tempted to use them to achieve personal aims, the debate surrounding Japanese regrets and South Korea's ability to forgive Japanese crimes loses its meaning. It could be said that Japan is currently paying the price of trying to go ahead with the "post war partnership" (*sengo shori*) while following strategic rather than moral obligations. The 1965 Normalisation Treaty between Korea and Japan was only possible because Japan realised that it needed to reconcile with its neighbour in order to deal with Chinese and Soviet threats during the Cold War. Japan only created the Asian Women's Fund for victims of Japanese crimes in the 1990s as a direct result of South Korean claims. Japan has never shown any real initiative and has only reacted to an environment (the Asia-Pacific region) that could turn against it at any moment. Japan could appease the situation by using its own initiative to make a strong symbolic gesture towards South Korea, inspired by the remarkable gesture of German Chancellor Willy Brandt before the tomb of the Nazi's Jewish victims of in Warsaw. However, given the motivation of Japan's current politicians, a "first step" towards true reconciliation between the two countries seems currently unlikely.



2. Why are Japanese institutions not encouraging entrepreneurship and SMEs? - Institutional issues and problems of competitiveness at local and global levels

- Adrienne Sala

Entrepreneurship and innovation currently play a significant part in French political, economic and social debates. The intensity of the discussions and opinions held on the government's proposed bill to create a tax credit to support business competitiveness and job creation (CICE) reveal how difficult it is to implement any kind of institutional change. Decisive factors for entrepreneurship and innovation, including taxation, the legal system access to capital for entrepreneurs, a flexible labour market and even the creation of a socio-economic environment that encourages risk taking rather than penalising it, all rely on economic as well as social policies. Institutional values and standards are the key influences on the, currently criticised, position and reputation of entrepreneurs in French society. Therefore any attempt to change the influence held by these institutions over society requires time.

The current situation in France can be compared to that in Japan, where innovation and entrepreneurship are subject to similar institutional challenges, although the nature and history of the institutions varies according to each country. In Japan, as in France, the Silicon Valley model is generally considered to be the reference model for innovation. The emergence and growth of two key sectors in Silicon Valley (biotechnology and software creation) highlight the effectiveness of the Californian model in stimulating and encouraging entrepreneurship and innovation.

Among other things, the model is characterised by the size of its innovative businesses. These are mainly small to medium enterprises. In Japan, however, innovation largely remains a product of large companies, particularly in competitive and innovative sectors such as consumer electronics (robotics, video games)³². In addition to the ability of these large companies to absorb innovation, the Japanese employment system (job for life, internal mobility to the detriment of external mobility, etc.) is seen as one of the factors that has encouraged Japanese competitiveness in developing new, complex technology.

However, while institutions have helped large companies develop their innovation effectively within the Japanese model, they have also contributed to the model's weakness, particularly in terms of encouraging entrepreneurship and supporting innovation in SMEs. In other words, the stability of the large groups that have supported Japan's economic growth since the post-war period, has also reduced opportunities for development, innovation and competitiveness among SMEs, with the latter suffering from a lack of access to human resources and capital. Within the context of a now mature Japanese economy, the institutions that shaped the "post-war Japanese model" have revealed their limited ability to support innovation, with large companies being forced to adapt to increasing competition, in particular from increasingly aggressive neighbouring Asian countries. SMEs and entrepreneurs are in a position to provide solutions to questions surrounding the buoyancy of the local economy and support for Japanese competitiveness at a global

³² Honjō Yuji (2007) "Inobe-tibuna chūshokigiyō to ha kikai-denki-jyōhōkei kigyō wo taishō toshita ankettochōsa ni motozuku jichōbunseki" ("What is an innovative SME? Analysing a study carried out with companies from the engineering, electronics and information and communication technologies sector"), chūshokigiyō sōgō kenkyū, dai hachi go.

level. However, to achieve this, the State, local governments and private and academic sectors must work together. Japan does seem to be making some progress.

Entrepreneurship and Innovation in Japan

According to figures released by the OECD, although the number of start-ups in Japan has increased since the 1990s, it remains relatively low. During the 2000s, numerous start-ups were created in the information technology sector, but the rate of business creation, 5.1% between 2004-2006, remains lower than the rate of business closures, 6.2%. 13.4% of people were self-employed in 2007, although this figure is not necessarily indicative as it includes farmers and family businesses. According to the Global Entrepreneurship Monitor (GEM), new Japanese entrepreneurs represent only 2.4% of all entrepreneurs registered at a national level³³. According to the OECD, Japan ranks 29th in terms of the facility of creating a business or starting a commercial activity. Despite this, administrative measures relating to innovation and business creation are less stringent than in Europe³⁴.

What, therefore, are the difficulties facing Japanese entrepreneurs? Another indicator is significant in answering this question: Only 9% of Japanese people believe they have the necessary skills to create a business. This is the lowest rate of all the countries selected in the GEM report (the rate is 48% in the United States and 23% in South Korea). This can be explained by the fact that Japan's post-war institutional economic and social model has created a society structured around economic stability and security where risk taking is

³³ This figure includes people who created a company less than 42 months ago. In the United-States the figure is 5% while in South Korea it is 6.5%.

³⁴ OECD (2011), Product Market Regulation Database. <http://www.oecd.org/economy/productivityandlongtermgrowth/indicatorsofproductmarketregulationhomepage.htm>

discouraged. This is why social recognition of SMEs and VSEs (very small enterprises) and of some independent professions is weak in comparison to the social status achieved by large companies and the government.

A second key reason is the socio-economic stability guaranteed by the job security created by large companies to ensure loyalty from their employees, in a labour market where external mobility is low. SMEs are more vulnerable to fluctuations in economic cycles and do not have enough of a financial base to offer similar employment guarantees. Moreover, the labour market's low rate of external mobility reduces the number of opportunities to accentuate professional experiences, which then reduces the flow of human capital between SMEs and large companies. For this reason, young graduates do not find SMEs or entrepreneurship immediately appealing as they are more attracted by the economic security and social status offered by large companies. This means that not only do SMEs have a difficult time finding qualified staff, people who would want to leave their jobs to become entrepreneurs or who have the necessary skills to achieve this are particularly rare. In addition, the education system does not place much emphasis on training young people for entrepreneurship and business creation as young graduates are offered continuous training by any company that hires them. This results in reducing the possibility of external mobility even further as their skills are limited to the needs and governance of the company that trained them.

The lack of external mobility is therefore a constricting factor that limits risk taking and business creation not only by young entrepreneurs but also by qualified and experienced professionals. Changing careers by creating a new business after having acquired enough experience within a large company remains rare. There is no motivation

for employees to leave the economic security and stability provided by large companies. Furthermore, bankruptcy remains a traumatising social event, always considered as failure. Whereas Americans view risk taking as inevitable, with legal and administrative procedures following a declaration of bankruptcy adapted to be less incapacitating for entrepreneurs and company managers, it remains difficult to get this second chance in Japan.

There is also a lack of initiative from large companies to encourage any sort of collaboration with start-ups or to outsource any of their research and development activities. There are still very few platforms that facilitate exchange and coordination between companies looking to innovate and make the most of external opportunities to work with other companies, inventors or entrepreneurs, in addition to their own internally dedicated R&D resources. This lack of collaboration between large companies and start-ups limits the commercialisation of innovative products. For this reason, many innovations remain at project level, or stocked internally within a company with no economic transfer. Business management also suffers from problems: companies that primarily look for immediate profits invest rarely or not at all in new business sectors and do not participate in supporting entrepreneurial initiative.

The weak rate of business creation in Japan also reflects the existence of structural problems that limit access to capital and bank loans. Indirect funding in Japan is particularly inefficient at funding innovative projects put forward by SMEs. Japanese banks lack the knowledge to evaluate risks and these acts against SMEs who have few assets and therefore little or no collateral guarantees. Moreover, the level of private investment carried out through venture capital funds is the lowest of any OECD country. In contrast to

the United States where venture capital funds are managed by private individuals, in Japan they are run by insurance companies, banks, financial institutions and industrial groups. Pension funds play a minor role in funding venture capital: specifically, public pension funds are not allowed to invest in these funds. Finally, investments are mainly given to companies that have been established for over four years rather than to start-ups.

Several changes have recently been implemented to improve the effectiveness of the Japanese banking and financial systems. Since the introduction of various measures allowing the diversification of risk for financial placements and investments in 2007, there has been an increase in investment into *hedge funds*, but investment into venture capital funds designed to promote innovative business creation remains low.

Public and Private Changes

Even so, increases in new business creation rates have been significant over the past few years. The government implemented various measures and developed several programmes to encourage entrepreneurship, as it is aware that new companies are an important source of job creation. Together with the Ministry of Education, the government has approved the creation of new teaching subjects in order to raise awareness of entrepreneurship and the creation of innovative businesses among young people. This will be particularly achieved by reinforcing university and post-graduate programmes as well as by developing professional training to support mid-career changes. In 2008, tax incentives were created to improve human resource management for SMEs and to encourage private investors towards start-ups of less than three years. Depending on the conditions, these *business angels* can deduct amounts invested in this way from their income. This measure was also

designed to galvanise local communities.

Private initiatives have diversified. More and more companies are funding internal venture capital funds designed to invest in start-ups so that the company can then select among the newly developed technologies and pick those that meet their strategic commercial development needs. This type of collaboration between large companies and start-ups creates an incubator around the small companies that ensures they can grow in a stable manner. However, very few of the country's large companies have access to this type of collaboration due to a lack of knowledge on managing external organisations and developing entrepreneurship³⁵.

Local Progress

For several years, the Japanese government has been implementing various action programmes to support local economies and encourage the development of innovative SMEs. For example, the Research for Innovation in Small Enterprises programme was introduced in 1999 and takes inspiration from the American model. The budget for this programme has increased continuously (reaching 37.1 billion Yen in 2007, or 221.5 million Euros according to the Euro-Yen exchange rate in July 2007)³⁶. The programme essentially offers support and financial help for companies with less than 300 employees and a capital of less than 30 million Yen. The small number of applications to this programme can be partly explained by the amount

³⁵ Okamuro Hiroyuki (2005), "suta-toappu ki chūchokigyō no kenkyūkaihatu tōshi kettei yōin" ("Determining investment factors in developing research and innovation capacities for start-ups"), RIETI Discussion Paper Series, dokuritsugyōsei hōn inkeizaisangyōkenkyūjyo.

³⁶ As a comparison, the Japanese budget represents one fifth of the American budget and funds only a quarter of the number of projects financed by the American programme.

of administrative work required. In 2006, the government also set up a programme to develop a business network between companies with varying levels of technological competence. This initiative is managed by the SME Agency and had a budget of 190 million Yen in 2009 (1.4 million Euros according to the 2009 exchange)³⁷. While most policies introduced by the Japanese government to promote entrepreneurship and innovation are broadly similar to those from other OECD countries, this programme is a unique initiative undertaken by Japan

Unlike other OECD countries that have developed regional clusters to encourage research and innovation, the Japanese government has favoured national over local organisations. New research and innovation programmes were generally the result of a vertical decision making process in which the government followed the economic policy for science and industry. However, in 2010, the Japanese government adopted a new approach to encourage regional innovation. Two programmes were launched: the New Cluster Competitiveness Project for Star-ups, managed by METI (Ministry of Economy, Trade and Industry) to support SMEs in specific sectors, and the Regional Cluster Innovation programme, managed by the Ministry of Education and focused on key universities to encourage collaboration between universities and industry.

It is interesting to note that collaborations between industry and universities have given rise to a growing number of start-ups since the 1990s (from 40 in 1990 to 1590 in 2007). Although in 2001 the number of start-ups was

³⁷ This programme essentially creates places and opportunities for exchange between companies (forums, exhibitions, seminars, conferences, etc.) with the aim of allowing them to work together and/or improve their products. The programme is a public initiative although companies do contribute financially to organise specific events.

higher in urban areas (339 compared to 259 in rural areas), by 2007 the trend was reversed with 819 businesses created in rural areas and only 771 in the urban areas of large Japanese cities. This represents a growth of over 200% in five years. A large number of these start-ups aim to create jobs to contribute to the local economy. However, new companies are still subject to certain difficulties, particularly in terms of attracting qualified staff and capital, as well as in developing distribution and marketing channels. These problems are mainly caused by the academic nature of most of the entrepreneurs who, therefore, have few administrative and managerial skills.

Conclusion

Until recently, innovations by large Japanese companies were made at the expense of those from SMEs, due to competition in labour and capital markets supported by the organisations that created the post-war model. However, recent public and private initiatives have started to remove some of the obstacles hindering the creation of innovative companies, even if the social reputation of entrepreneurs and SMEs remains undervalued in Japanese society. Any type of institutional change modifies the socio-economic models and, therefore, needs time to percolate through society and change collective values and standards. Media-friendly entrepreneurs such as Masayoshi Son, founder of SoftBank, and Hiroshi Mikitani, founder of Rakuten, have shown that it is possible to challenge institutions. Personalities such as these help improve the image of entrepreneurs in Japanese society, particularly as they appeal to younger generations. Furthermore, the defining institutional changes that affected Japan in the inter- and post-war period³⁸

³⁸ During the inter-war period, direct funding and the development of efficient capital markets were key factors in the economic development of Japan and the rise of local economies. In addition, cooperation

indicate that entrepreneurship could become one of the driving forces of the Japanese economy in a not-so-distant future.

between the private sector and the government to create a research and development hub was already in development, as shown by the Riken Science Foundation (chemistry, biology, etc.), which was initially funded privately by a single investor (Shibusawa Eiichi) seduced by the idea of creating an organisation entirely dedicated to research.

POINTS OF NEWS

Makihara Izuru,

**“From Osaka to the country, looking for more consistent conceptual abilities”
[*Ōsaka kara kuni he, honebuto no kōsōryoku wo motomu*] – *Voice*, November
2012, p.59-62. (translated from the Japanese source by César Castellvi)**

Makihara Izuru was born in 1967 in the Aichi prefecture. After graduating from Tokyo University Faculty of Law, he became an assistant at the university before going to the London School of Economics as a visiting research fellow. He became a Professor at Tohoku University in 2006. He has published Government Policy and the “Domination of the Finance Ministry” (Chūōkōron Shinsha), and Administrative Reform and the Adjustment System (University of Tokyo Press). In the present article he is not analysing the common electoral manifesto created by the merger of the Restoration Party and the Sunrise Party created by the former governor of Tokyo, Ishihara Shintarō, but rather the eight pillars forming the ideological foundation for the transformation of a local party, founded by Hashimoto Tōru, into a national party.

A Vision of a Smaller, Flexible State

Following the creation of the Japan Restoration Party (*Nippon Ishin no kai*) led by the mayor of Osaka, the “Eight policy pillars for restoration³⁹”

³⁹ The “policy pillars” in question are:

- Rebuild the government system: for a system of responsible governance.
- Fiscal, administrative and political reform: towards slim and flexible government.
- Civil service: to create professional politicians who can work across government and private sectors.
- Educational reform: to return to a world-class education system.
- Social security reform: to provide complete and sustainable support to those who need it.
- Economic, employment and tax policy: rebuilding towards a future full of hope.
- Diplomacy and defence: take the necessary measures to provide robust protection of sovereignty, peace and national interest.

(*Ishin hassaku*) were unveiled as the party's manifesto.

Presented as a "final version", the content is enumerative and contains nothing new aside from a significant reduction in the numbers of members of parliament, the direct election of the Prime Minister and the decentralisation of the sales tax to regions. The content of the articles lacks consistency and, regardless of the point of view, the text lacks maturity. For now, this is seen more as a text used to select candidates for the parliamentary elections; it is probable, however, that the Japan Restoration Party will, in time, announce a more feasible manifesto that is different from this "final version".

As things stand, after having summarised its three years in power, the Democratic Party does not seem able to explain its outlook. As for the Liberal Party, it does not seem to want to face up to the problems that ended its reign. Nor does it seem to clearly specify any suggestions for dealing with the issues [faced by Japan] and is not indicating the direction of its manifesto for the upcoming elections. As the Restoration Party has published a "final version" of its manifesto, it can be said to be one step ahead in the election race.

The Restoration Party has set out its political orientation before the other parties and it is clear that it is taking a political stance that has eclipsed the Liberal and Democratic Parties. Even supposing that the Restoration Party suffers defeat, a third major political party (...) will probably appear. For this reason, it is important to use the "eight pillars of restoration" to evaluate policies worthy of a second or third major party.

A good place to start is the view of the State and the administrative reform plan found in the "eight pillars of restoration". The distinctive

- Constitutional reform: to rebuild a true system of governance able to make decisions.

feature of this point of view is that it expresses no unhappiness or animosity towards the upper echelons of the administration, as is often found in the manifestos or policies of other parties. However, it suddenly juxtaposing articles of reform. (...) "Reforms without any diagnosis of the situation" are nothing more than vague common agreements.

If the articles are examined closely, those focusing on administrative reforms within Osaka prefecture and town council, based on Mr. Hashimoto's experience, are relatively clear while those focusing on central government and administration are rather vague. (...) In summary, the key measures will continue to impact on local government administration.

In some ways this could be considered a prudent reform project. There are no disproportionate reforms. It is these "local governments seen as administrations", which can clearly be imagined based on Mr. Hashimoto's results, that must support tomorrow's Japan. According to both Mr. Hashimoto and the Osaka Restoration Party, the idea of a central government that can no longer think for itself will continue to deteriorate, so that the role of the State will decrease until it finally reaches its smallest possible size.

This vision of a smaller, flexible State ends with the vision of a flexible Constitution. The direct election of the Prime Minister, the suppression of the Upper House, the power to modify treaties, all these points have been proposed and all require simple changes to the Constitution. In the same way that a smartphone can be used to download and then delete applications, constitutional articles which could be modified or deleted have been highlighted. At the heart of the Liberal Party, the "dove" faction looks at the State and the Constitution in the same way and is careful to manoeuvre in safety while "hawks"

consistently ask for a modification to Article 9. On the other hand, although the Democratic Party insists on methods of destroying the bureaucracy that surrounds the Liberal Party like a State within a State, it remained prudent on the issue of reviewing the Constitution. If the “eight pillars of restoration” come into force, the Constitution would become as light as a piece of paper floating in the breeze.

Any attempt to reform the system of governance, particularly in relation to the unthinkable modification of certain Constitution articles, has inevitably led to a complete blockage of all thought. Beyond the possibility of modifying the Constitution, if it were possible to go ahead with partial modifications of certain points as needed at any given time, a concrete project on the details of the system of governance would become possible. For this reason, and if the aims of those who developed them are disregarded, the “eight policy pillars for restoration” could predict the future. Within 21st century Japanese policy, the creation of a “minimum change” to the Constitution would allow progress through which general reforms would be concretely and progressively scheduled.

The Wall that Separates a Local Party from a Ruling Party at National Level

However, as long as it doesn't define the State or Society, the Restoration Party will only ever be a party with a poor capacity for design that is only able to list its proposals.

The structural reforms initiated by Koizumi Junichirō's government could play a key role, as could the Liberal Party's leadership manifesto. By creating a “meeting to consider a system for directly electing the Prime Minister”, Koizumi's government set the scene for the latter's election, using partial direct voting⁴⁰,

⁴⁰ The Prime Minister is elected indirectly by representatives of the two houses of the Diet.

and was forced to create economic growth by transforming Koizumi's desire to privatise the post office into a generalised programme of “structural reform”. In summary, the scheme “Directly elected Prime Minister – structural reforms – privatisation” was clearly observed.

From 2009, the Democratic Party government defended its leadership based on “leaving bureaucracy” and “returning to political initiative”. Specifically, this translated into a desire to rebuild the security network and revitalise regional communities and non-profit organisations (NPO). This was demonstrated by the idea of “new public communities” proposed by Hatoyama Yukio's government, followed by the “minimum hardship society” by Kan Naoto. In summary, this was a “political initiative - new public community - minimum hardship society - rebuild security network” pattern.

Compared to these programmes of “structural reform” or even “new public communities” and “minimum hardship society”, the “eight policies for restoration” are sorely lacking in ideas to take them from bullet points to fully defined policies.

In addition, the Liberal Party had close relationship with the markets while the Democratic Party focused on its relationship with a civil society that participated in the decision making process. Within the current context, it is in fact the “eight policy pillars for restoration” that cannot imagine anything other than prefectures and town halls. For this reason it should be noted that, for now, the Restoration Party, focused on its project of overhauling the administration of Osaka city government, is proposing a view of citizenship and the State with poor prospects: its aim to transform into a true political party is facing an imposing wall. From now on, the Restoration Party will be expected to show a more robust capacity for nationwide conceptualisation, as it does on a

local scale with the Osaka government project, where a concrete representation of the future of the regions would aim to bring together the various problems common to all of Japan. For both the Liberal and Democratic Parties, this ability to conceptualise will also be required to succeed in the parliamentary elections and become the next leading party. Only the party that can provide the clearest conceptualisation will win during the elections and be in a position to create a stable government.



Hosaka Masayasu,

“Mistakes by the Japanese Army can be explained by its personnel”
[Nihongun 「shippai no honshitsu」 ha jinji ni atta], Chūō kōron, November
2012, p.46-53. (translated from the Japanese source by Sophie Buhnik)

Born in 1939, Hosaka Masayasu, a researcher of Japanese contemporary history and current affairs critic for various newspapers, is the author of several books on the Japanese Imperial Army.

Extending the Military Operations Map, Using Red Ink.

Everything started at the beginning of the 6th Shōwa decade (1975-1985). At this time, I was collecting data for the critical biography that I was going to write on General Tōjō Hideki, the head of the Japanese Imperial Army for the first half of the Shōwa era. For my generation, in primary school just after the end of the war, the former Prime Minister⁴¹ has a surprisingly bad reputation. Those of us who started public primary school in April 1946 were taught, albeit incoherently, that “America was the good country and Japan was bad” and that “among the Japanese, Tōjō was the worst”.

I was 35 years old when my desire to publish a critical biography of Tōjō led me to carry

⁴¹ Tōjō was appointed Minister of War in July 1940, a role he retained following his appointment as Prime Minister, from 17 October 1941 to 22 July 1944.

out further research (...). My long interviews with Akamatsu Sadao, Tōjō’s aide de camp and personal secretary for over 7 years, are included in the archives that I gathered. Akamatsu was in his seventies at the time but remembered Tōjō as a friend, something he repeated often. The following text is an extract of the conversations I had with him, which are still kept in my research notes.

“Once the war was over, Mr Tōjō’s faults were often highlighted. In particular, it has been written that he used his authority to appoint whoever he wanted. What is your opinion on the matter?

- This is the subject of much discussion. But in my opinion, the “Tōjō network” is put at the heart of everything to be a scapegoat, as it was after the war. Ordinary soldiers formed a group that shared the same future; they needed to know each other and to trust each other. When we say that Mr. Tōjō entrusted responsibilities to trusted men, it is true, and I don’t think Tōjō’s men were intrinsically bad... (...).”

Akamatsu did, however, believe that “Tōjō liked

to move his men.” He also confided that, “his rise to power was rather impressive”.

I am often asked what I believe to have been the Imperial Army's worst error was during the 2nd Shōwa decade (1935-1945), particularly following the events of 26 February 1936⁴², or what I consider the cause of its failures. The education of officers at the military academy, the vague strategies, the negligence in transmitting information... These answers are the ones most people would expect. They are not the ones I think of.

Our main mistakes were caused by the management of military staff, particularly by Tōjō during the 15th and 16th years of the Shōwa period (1940-1941). Although we were headed to war with the United-States and the United Kingdom, we recalled everyone from the departments responsible for military affairs (War Ministry, general staff) who were living in America and Great Britain as military attaches and who could have therefore provided us with objective analyses. Furthermore, instead of brining into the War Ministry soldiers who had the good sense to believe that army command should be subordinated to the government or to the Ministry of Foreign Affairs, we handed over war leadership only to those officers who insisted on the subordination of government and diplomacy to the War Ministry. This was the fundamental mistake.

⁴² The author references the events of 26 February 1936 (*Ni-niroku jiken*). This date marked the start of an attempted coup incited by the Imperial Way (*Kōdōha*) political faction. The coup lasted until 29 February. Despite its failure, the coup was settled following the death of several members of the government. Following this incident, trials by military tribunal led to the execution or imprisonment of many insurgents, while purges within the army pushed *Kōdōha* members and sympathisers out of the upper echelons. The Control (*Tōseiha*) faction to which Tōjō belonged profited significantly from this event.

During my research into the formation of the imperial military system, my final conclusion was this: “If the people are wrong, the entire country will be misled”.

When “Nattō” was Rewarded with Responsibility

I will provide an example that is easy to understand. On 8 December of the 16th Shōwa year (1941), the Japanese army attacked Pearl Harbour and, when the war started against the United Kingdom, the United States and the Netherlands, an officer called Isoda Saburō was in office in Washington. Isoda was not only an assistant to the military attaché at the United States embassy during the Taishō era, he was also the military attaché for the Japanese legation in Mexico at the start of the Shōwa era. In December of the 14th Shōwa year (1939), he returned to the United States.

Given his comprehensive understanding of the United States, the reports he sent regarding the American domestic political situation contained relevant information and he clearly counselled against going to war too easily. (...) He sent telegrams in which he compared American and Japanese forces in terms of presence and logic, begging his superiors not to make the wrong political choice. It should be added that his immediate predecessor, Yamauchi Masafumi, also held similar opinions. Tōjō, however, not only completely ignored this type of information source, he called them “cowards, lacking in Japanese Imperial spirit”.

Before the outbreak of war, Tōjō made his mind up based on the judgements and analysis of American information made by his protégé, General Satō Kenryō. Although Satō had spent 1930 in America, he had not been at the embassy: he had only trained with an artillery corps of the American army. Taking into account only witness statements left by members of the Department of Military Affairs

at the time, the image of America that Satō was giving to Tōjō was of the following quality: “in the American army, once military service is finished, officers and subordinates become friends, which limits the formation of any sort of allegiance”, or even “during breaks between training exercises, soldiers dare to sit on the canons without any qualms. They don’t have the same level of patriotism as in Japan, where all weapons belong to the Emperor”; he really hammered home his dubious theories.

Satō met Tōjō at the military academy when the former was a student and the latter had just been appointed as an instructor. Satō predicted that Tōjō would achieve a highly placed position one day; Satō was the type to flatter the leader, thereby forming a relationship that provoked hostility from the other students, who called him “Nattō”⁴³. Satō’s vision of America had much to please Tōjō which, in turn, logically inspired his confidence.

Isoda, on the other hand, returned to Japan in 1942 on a repatriation boat. Normally Isoda should have been taken to a department in the War Ministry to provide an analysis of the domestic situation in America and to play the role of information provider for Tōjō. The facts are that, following a brief period of (forced) leave, he was given the order to lead the 22nd division of the Army and was sent to the Burma front. The officer who served as Isoda’s warrant officer told me once that “Lieutenant-General Isoda went to General Tōjō’s office and came out after 15 seconds. ‘I am taking on a new role effective immediately and I would like to thank you for your support [*yoroshiku*]’ was the outcome of the conversation he had with the General. The Lieutenant-General told me later that although he had tried to explain things to this man, he did not understand.

⁴³ This is a reference to fermented soybeans, whose slimy texture and strong smell are often considered off-putting by the uninitiated as well as by many Japanese.

Authority over naval and land force personnel was established based on Articles 10 (“The Emperor will define the organisation of various administrative bodies, fix salaries for civil and military civil servants, employ and dismiss them. However the existence of exceptions in accordance with the Constitution or other laws must be tolerated in line with the respective clauses.”) and 12 (“The Emperor will define how the army and navy and reserve army are organised”) of the Meiji Constitution (1889). In other words, it was normal for members of government to be given responsibility by the Emperor, before presenting him with their projects for approval. If the Constitution is interpreted in this way, as the Emperor was responsible for commanding the army and navy, all human resources issues (recruitment, change of position or retirement) should have been put to him for approval.

In truth, this was impracticable: given the size of the Imperial Army, due in particular to conscription, an order decreed that the recruitment of chief officers⁴⁴ and non-commissioned officers⁴⁵, their assignment changes and retirements, would be delegated to the War Ministry. (...) The War Ministry freely decided the future of chief officers and non-commissioned officers. Naturally, because the Minister himself was not familiar with the whole hierarchy, it was normal for one of the human resource directors to make suggestions which would be submitted to the Minister for approval. As seen above, by interrupting chief officers who were themselves giving orders, Tōjō Hideki was not following certain practices.

Following the events of 26 February 1936, the role of the leaders of the Kōdōha faction (Imperial Way faction) within the army was

⁴⁴ The author defines “chief officers” as ranks 3 to 5 of the *Kōitōkan* or military hierarchy established by the 1889 Constitution, going from *shōsa*, or Major (rank 5), to *taisa*, or Colonel (rank 3).

⁴⁵ Ranks 6 (*taii* or Captain) to 8 (*shōi* or Sub-Lieutenant) of the *Kōitōkan*.

reduced to a minimum and it was legally decided that officers sympathising with the insurgents would be removed from the Minister's office or kept far away from Tokyo. This was the purge following the coup. After 26 February, Tōjō found himself at the head of the Tōseiha faction (Control faction), with unsurprising consequences: he hated members of the Kōdōha faction as well as anyone who supported the faction and put all his energy into excluding them. (...) A very large number of men were excluded from the army due to their support for the Kōdōha faction. Tōjō used the regulations fully to extend his personal authority.

Origins of the “Tōjō Clique”⁴⁶

Although officers and non-commissioned officers were now under the jurisdiction of the War Ministry (with final approval from the War Minister), managing the chief officers and their subordinates (Generals were named by the Emperor while lower ranks were chosen by Imperial decree) was not an easy task.

Sotoyama Masao, himself an officer, gathered a large amount of data over 10 years by independently researching the Imperial military system and asking what had happened to members of the Army and Navy after the war. Below is a description taken from the chapter on the Imperial Army, in the very comprehensive *Anthology of Army and Navy Generals*: “Promotion to the rank of General and the future career of these soldiers would receive official approval not only following receipt of an individual initial intelligence report sent by the Minister to the Emperor, but also following transmission of documents requesting His Majesty's approval. The written instructions stamped with the Emperor's seal were carefully stored at the Army and Navy Ministry”. Sotoyama also says that after the war these archives were temporarily

confiscated by the American army before being returned to the new Japanese State. His reported understanding after having read the archives was that the absence of any political interference in the choice of officers was written in stone. He also states that “attacking Supreme Command” was a threat the army regularly made to its men. It is also supposed that secret documents existed removing any responsibility from the Emperor when he was giving his approval to return someone to a key post even though they may have committed serious errors.

Military officials belonging to the *Sōninkan* (ranks 8 to 3 of the *Kōtōkan*), chief officers up to the rank of Colonel and non-commissioned officers, were subject to checks on their skills and readiness for service. These were called “personnel files” (*kōkahyō*). In general, to achieve the upper ranks of the military hierarchy a minimum period of service was required. This is called the “minimum number of service years for a promotion” and is, according to the law, one year for Sub-Lieutenants, two years for Lieutenants, four years for Captains; soldiers could then become chief officers within around two years, before having to wait a further three years to become a Major and four years to become a Lieutenant-Colonel. The promotion could only be completed once this period was over and if the soldier in question had received a favourable evaluation in his “personnel file”. There were over 10,000 officers in the Imperial Army and at this promotion rate, it was possible for an officer to rise to the rank of Army General by the end of his thirties. As expected, this was not the case. Once the minimum period had passed, common practice dictated that any future promotion be considered by the soldier's superior officer.

For men signing up to a career as an officer after graduating from the Imperial Military School, this “personnel evaluation file” would accompany them throughout their lives. Of

⁴⁶ Literally, *tōjōjinji*, which means “Tōjō's men”.

course the evaluations differed according to the nature and skills of the chief officers doing the evaluating. For example, even for soldiers as talented as Ishiwara Kanji⁴⁷, evaluation results were up or down depending on the assessor. In reality, what stood out with these “personnel files” was their dual nature, where it was possible to assess the skills of the officer being evaluated as well as those of the evaluating senior officer. It can be said that the method used offered an extremely balanced perspective.

Although the Imperial Army kept this face-to-face evaluation method until the early Shōwa period, the process was no more than a shadow of its former self during the second half of the 1930s. During the 13th Shōwa year (1938), in accordance with the “Evaluation Reports with Grading Criteria” (*kōkayōryō oyo kōkahyōkisasi*) regulations, evaluations were focused on five points (“character” (*seikaku*), “physical” (*taikaku*), “control” (*tōsai*), “self belief” (*shikigen*), “service” (*fukumu*) and a summary of these points was used to estimate a soldier’s value. Including this level of detail in the evaluations only increased the difficulty of tasks that needed to be accomplished prior to achieving promotion. This led to a neglect of military affairs.

In 1945, Kakuta Akira, the last head of human resources at the War Ministry, admitted in his memoirs (*Memoires of a Head of the War Ministry’s Personnel Section*) that the level

⁴⁷ Ishiwara Kanji (1889-1949). Military Attaché in Germany between 1922 and 1925 then sent to Manchuria from 1928, he was one of the main instigators of the Mukden incidents (1931). He defended a doctrine of pan-Asian alliance against the Soviet Union (*hokushinron*) and was promoted to the rank of Major General in 1937; sent back to Manchuria, he strongly opposed Tōjō on the management of the Kwantung Army. He publically denounced Tōjō as an “enemy of Japan” and fell into disgrace. He was forced to retire from all roles in the early 1940s.

of minutiae included in the evaluations was so excessive that senior officers in charge of promotions spent all their time writing formal reports.

Looking back on the personnel files created during the period between 1935-1945, two facts stand out. The first is that following the events of 26 February 1936, senior officers used the detailed evaluations to closely observe the actions of cadets for fear of a new coup attempt. The second is that the result of the coup was a stronger power base for members of the (new) Control (*Tōseiha*) faction, including Terauchi Hisaichi, Umezu Yoshijirō and Tōjō Hideki. It is easy to see how the “Tōjō Clique” was created given Tōjō’s love of detail and the fact that reforms to the evaluation of military staff started at the same time as he became Deputy War Minister.

Furthermore, before the new regulations were imposed and ostensibly to avoid creating a scandal, external data on the genealogy of each officer, their family environment and any possible membership of interest groups was collected. Once these facts were established, as noted by Akamatsu Sadao, who told me that “*if any event similar to that of 26 February had occurred, His Majesty would have lost all confidence so it is natural that the officers belonging to anti-Kodōha groups seemed like safe choices*”. Removing objective criteria from the evaluation of military staff indicated that selection was no longer based on principles of skill but rather on principles of personal relationships.

Wartime Bureaucracy

The basic promotion framework changed during the China-Japan war. Even if an officer were to serve for the required number of years, as mentioned above, promotion to the grade of Colonel was extended from two years to approximately six years. Then, officers who

had no hope of becoming generals in the near future were confined to a reserve role. Those who were recorded as being “men with no General-like qualities” were those who did not belong to any circle or faction, who were not noticed by their own Generals, who did not know how to flatter the hierarchy (...), or the type of intellectual who did not find fulfillment in the spiritual doctrines of military discipline.

Furthermore, there was tacit admission that “unless officers spent at least three years in a non-commissioned officer corps they would not be promoted to Major. Then the regulation decreed that officers could only be promoted to Major General if they had completed at least two years in a chief officer corps. Regulations also stated that officers could not command a division for one year following a promotion to the grade of Lieutenant-General” (Anthology of Army and Navy Generals, *ibid*). What does this mean? Those high-level members of the armed forces were not part of the “military bureaucracy” but “soldiers” (commanders and advisors) who participated in combat. However, even if the aim of becoming a military operations commander rather than an office manager was in itself commendable, members of the new *Kōdōha* who decided to follow this career path had received a bureaucratic education and had no experience of the battlefield: in this context, it is easy to suppose that the regulations were simple formality.

Following the attack on Pearl Harbour on 8 December 1941 which triggered the Pacific War, these bureaucrats decided and supported the leadership, thereby representing a “bureaucracy at war”, instead of calling for soldiers who showed skill in battle to be trained, thus creating the opposite effect.

Generally, the War Ministry asked division managers three times a year to present a list of officers put forward for promotion or retirement due to their age. This promotion list was used

to review the “personnel evaluation files” and each officer’s previous history. However, the War Ministry would review it and add its own promotion prospects, nominating men to be put forward to the Emperor for promotion.

From this, I conclude that during peace time soldiers considered the evaluation to be rather subjective, focused on the personality of officers and their political and personal preferences. If the soldiers were not in a conflict situation, the enhancement of their merits could be improved. Following the Russian-Japanese War, Japanese society was at peace and the reality of the services performed by the soldiers lost its significance. It may be a cynical point of view, but the extension of the Russian-Japanese war, followed by the start of the Pacific War, meant that the desire for a meritocracy worked. The Manchurian incident, for example, was triggered by a plot by the *Kantō Army* and the truth is that the commander responsible, *Honjō Shigeru*, was promoted to the rank of *danshaku* (Baron, according to the ennoblement system, or *kazoku* which existed between 1869 and 1947). It can be said that the desire to reward merit had extended throughout the army.

Frightening Power of Strategies

All relevant unwritten laws in the Imperial Army, such as the one required to understand the idea that soldiers demonstrated their valour on the battle field, naturally complemented the written code. As an example, it was expected that the top 5 students graduating from the Military Academy (with a fixed quota of 50 students per year) would be assigned to the Strategy Department at the Staff Office (*sanbōhonbu sakusenbu*). When these top students (who were part of a group called the “Imperial boot”) joined the Strategy Department, they went from being under the authority of the Minister of War to being directly controlled by the Deputy Minister of Strategy.

It could be called a particular kind of sanctuary. This group of people had obtained excellent results during strategy training at the Military Academy and were therefore an elite that had, due to their role, vast amounts of power. Finally, senior military advisers, who wore an advisor's epaulette on the battlefields of the Pacific War, were, in addition to giving orders to generals, those to whom everyone had to bow down.

Looking in detail at the process that led to Japan's defeat in the China-Japan and Pacific Wars, it is obvious how much of a bad influence these strategic directors were and how ignorant of the field they were. Given that they saw themselves as part of a unique elite, they felt they could not only ignore information analysed by experts from the Imperial Headquarters (*Daihonei*), they could also ignore the communication programmes developed by communication advisors. As they thought only in terms of maps and plans, and imposed their ideas onto the field, they were seriously (and outrageously) cut off from the reality of operations. From the start of Guadalcanal, their tactical plans ignored the reality of battle fields in areas such as New Guinea or Imphal, which resulted in many soldiers dying of hunger.

Hori Eizō was an analyst at the Imperial Headquarters and states that "military strategy advisors seemed to be very haughty people. (...) In my opinion, this reduced the scope of operations". Graduating 6th in his class from the Military Academy, Hori was sent to the Communication Department within the Imperial Headquarters. If we believe that the accuracy of his expertise was, in the end, never used to help military operations, we must continue to observe the future effects that the overriding principle of competition results that characterised the Imperial Army may have on soldiers (...).

During the Pacific War, another example of

the authority Tojō had over the men is the fact that "*it cannot be denied that, increasingly frequently, he handed out promotions or demotions in relation to narrow ideas based on personal opinion, academic or private cliques (a continuation of his peace-time path)*". Satoyama Masao, quoted above, makes this particularly clear in his Memoires.

This article has not addressed the issue of the Imperial Navy. Personnel evaluations also existed within the Navy since the implementation of the modern army, but these had been reviewed several times: sailors were measured according to the *Regulation on the Evaluation of Navy Personnel* drawn up in 1928. These evaluations looked more at the soldier's physical state, health conditions, previous rewards or sanctions handed out, the degree to which tasks were accomplished, etc. They also looked at positive feedback used to improve situations, demonstrating a propensity for critical thinking in the practical management of military affairs. In terms of behaviour, the enforced communal life found on ships meant that greater importance was given to harmony within the group. Nevertheless, the Navy also worried about results obtained during various courses given at the Naval School, Naval Academy and other Officer training schools.

The naval elite graduating from the Naval Academy were linked by a strong spirit of camaraderie (*nakama*) that was created within their small cohort, although this spirit occasionally cooled in battle and then caused operational difficulties. An example of this are opportunities given unnecessarily by Yamamoto Isoroku, Supreme Commander of the Combined Fleet (*rengō kantai*) to Kuroshima Kameto and Kusaka Tatsunosuke, which ultimately led to defeat.

Other sailors (particularly in the upper echelons of the hierarchy) have remained impartial when

recalling the Naval elite and some have testified that, in contrast to the Army where situations of impartiality were rare, opponents went so far as to indirectly reveal criticisms levelled at Yamamoto Isoroku's men.

Given this, it is obvious that the men of the Imperial Navy reflected the diversity found in modern Japan. For my part, I believe that the Army of 1935-1945 was wrong: there deserves to be a closer comparison between the Navy and the Army, in which soldiers were closely and strongly linked, especially as it is said that both organisations displayed a particularly "Japanese" quality. Questions and answers on this matter would be helpful to modern Japanese society.

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