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Socio-Economic Factors of Changes in Consumer Behavior and Strategies of Trade Companies in Japan

I. L. Timonina

Abstract

The article analyzes the structure and features of the retail trade sector in Japan, the current trends in the consumer behavior of the Japanese, which became noticeable in the late 20th century and especially after the global financial and economic crisis of 2008–2010 and during the COVID-19 pandemic. Based on empirical material, the author identifies the main lines of transformation of strategies of Japanese trade corporations under the conditions of economic instability and the formation of a new consumption model.

Trade as a sphere of entrepreneurial activity is represented in Japan by various types of trading enterprises and companies and corporate groups of very different sizes and organizational and legal status. The market leaders are universal trading companies (*sōgō shōsha*) and large network companies (Seven & I Holdings, Aeon, Fast Retailing, etc.), which finance and organize not only the circulation, but also the production of goods (from the development and purchase of raw materials to production and processing, logistics, sales, and services). The groups include numerous affiliated retail sales companies.

The characteristic features of the Japanese consumer have traditionally been the willingness to pay for quality, convenience, and service, a relatively low level of interest in cheaper goods, preference for the format of “physical” purchases, as well as the desire to buy expensive, exclusive things of luxury brands, which for many have become a sign of financial success and social status.

Among the most important modern factors affecting the scale and structure of consumer demand in Japan are the desire to reduce one's expenses in the face of slowing economic growth and stagnating incomes, increase in the level of environmental awareness, changing lifestyle and leisure patterns. The most important factor determining the image of the modern Japanese consumer has been the entry into the labor and consumption markets of generations Y and Z, who increasingly rely not on owning, but on using things, which acts as a factor in reducing the scale of the consumer market.

Under these conditions, trading companies modernize their strategies, including by entering into partnerships with national and foreign corporations in order to adapt to changing conditions and maintain competitiveness through modernization, diversification, and digitalization of business, reducing transaction costs based on the synergetic effect.

Keywords: Japan, trading business, consumer behavior, consumer market, corporate strategy, e-commerce.

Trade has been and remains a significant sector of Japan's economy. In 2019, the share of wholesale and retail trade made some 12.5 percent of Japan's GDP.¹ This industry employs approximately 12 million people, which exceeds the similar indicator in the processing industry – 8.9 million.² The organization and structure of trade business in Japan has its own traditional features determined by the characteristic traits of Japanese consumers and specifics of the entrepreneurial structure as a whole. Trade, and, first of all, retail trade, is oriented at consumers like no other business; it readily senses changes in consumers' behavior, which started to transform greatly in Japan in the last decades of the 20th century, and even more so especially after the 2008–2010 global

¹ Statistical Handbook of Japan 2021, p. 30. *Statistics Bureau of Japan*. <https://www.stat.go.jp/english/data/handbook/pdf/2021all.pdf#page=1>

² Data from the last census of 2016. See.: Statistical Handbook of Japan 2021, p. 32.

financial and economic crisis and during the COVID-19 pandemic. The trade companies' strategies started to modernize accordingly.³

Trade Sector: Size and Movements

Japan's retail market is the third largest in the world.⁴ In 2019, the volume of wholesale and retail sales in Japan amounted to JPY 460 trillion, 68 percent of which fell on wholesale trade and 32 percent – on retail. The largest segment of the latter is foodstuffs and drinks – JPY 45 trillion, or 31 percent of the total retail turnover (Table 1).

Table 1

Wholesale and Retail Trade Sales Volume (JPY billion)

	Wholesale Trade Total	Goods of mixed assortment*	Textiles	Clothes and accessories	Agricultural products	Foodstuffs and drinks	Building materials
2005	407 595	51 722	4 245	12 776	39 206	40 803	22 226
2010	325 163						
2015							
2019							
		Chemicals	Minerals and Metals	Machines and Equipment	Furniture and Homeware	Medicines and Hygienic Goods	Other**
2005		21 816	50 607	98 343	6 141	22 293	37 417
2010		18 402	50 349	74 718	3 173	23 802	29 467
2015		16 134	45 114	66 464	2 619	25 558	31 293
2019		15 676	43 616	68 415	2 172	25 626	28 537

³ The author of this article will focus on internal retail trade only because wholesale and foreign trade operations have their specific features and must be studied separately.

⁴ JETRO. Attractive Sectors. Retail. <https://www.jetro.go.jp/en/invest/attract/retail/retail2009.pdf>

	Retail Trade Total	Goods of mixed assortment	Textiles, clothes, and accessories	Foodstuffs and drinks	Automobiles	Machines and equipment	Other**
2005	134 828	16 147	11 110	40 644	15 704	8 226	42 996

Compiled based on <https://www.stat.go.jp/english/data/nenkan/71nenkan/1431-14.html> (date of access: 02.02.2022). *Note:* since 2015 includes non-store retailing.

*general merchandise – goods of mixed assortment, various consumer goods (a very wide range of consumer goods – from ball pens to furniture, etc.), https://economy_en_ru.academic.ru/27958/general_merchandise

** fuel, medicines, toiletry, etc.

Trade as a sphere of business activity is represented in Japan by various types of trade enterprises as well as companies and corporate groups different in size and type. Japan has a very dense trade network: according to data of the 2016 census (the last one to date⁵), the country has 1,355 thousand trade entities, including 365 thousand wholesale and 990 thousand retail ones. Large wholesale enterprises employing over 100 people made up 1 percent of the total number of wholesale businesses, while micro businesses with the number of employees from 1 to 4 constitute only 5 percent in wholesale trade, while their share among retailers was 59 percent.⁶

Retail trade of food and non-food products in Japan is carried on by department stores, supermarkets of general merchandise, specialized supermarkets, so-called “convenience” stores (*konbini*), pharmacies, specialized and semi-specialized stores.

If we consider Japan’s trade business from the viewpoint of corporate organization, universal trade companies (further – UTC or *sōgō shōsha*)⁷ should be pointed out – these are huge conglomerates

⁵ 2016 Economic Census for Business Activity.

⁶ Statistical Handbook of Japan 2021, p. 105.

⁷ Seven largest *sōgō shōsha* are notable at present: Itochu, Sumitomo, Sojitz, Toyota Tsusho, Marubeni, Mitsui, Mitsubishi; their activities are traced

with widely diversified activities: internal and foreign trade, investment, informational and consulting services.

These corporate groups finance and organize circulation and manufacture of products (from development and procurement of raw materials to production and processing, logistics, sales, and services) in a large number of industries – as the authors of the *Shosha Annual Handbook* figuratively described, “from mineral water to communication satellites”.⁸ *Sōgō shōsha* have long turned into international companies investing in business and setting up numerous chains of value generation in countries and regions across the world. [Nozdryova 2018]

Although the focus of *sōgō shōsha* business interests has shifted to investments in recent decades, trade business per se, retailing included, remains an important sphere of activity to them. Using their affiliated companies, *sōgō shōsha* make business operations with various groups of goods, final end user products among those; they create and manage the entire added value chain – “from primary goods to the counter,” including development and manufacture of products as well as delivery and procurement of raw materials, logistical and marketing services.⁹

As for the retail sector, *sōgō shōsha* often turn to the practice of investing in existing trade facilities and networks. For example, in 1998, the Itochu group acquired a package of FamilyMart shares (the second *konbini* network after 7 Eleven in Japan) and afterwards, in 2020, became the owner of the company’s controlling stock. In the Family Mart network, Itochu implements its initiatives in various sectors, including logistical operations and development of products. One of the projects is delivery of fresh eggs backed by the consumers’ growing interest in

by Japan’s Foreign Trade Council: <https://www.jftc.or.jp/english/whatisjftc.htm>

⁸ Shosha Handbook 2020, p. 4. *Japan Foreign Trade Council, Inc. (JFTC)*. <https://www.jftc.or.jp/english/research/handbook/pdf/202007.pdf> (date of access: 02.02.2022).

⁹ Shosha Handbook 2020, p. 6, 11.

safe foodstuffs. Within the framework of this project, Itochu undertakes the entire organization of the process – from import of corn, which is a major ingredient for poultry feedstuff, to manufacture of fodder, raising chickens, production and delivery of eggs to stores by refrigerated trucks. Itochu also deals in sales of clothes and other goods associated with fashion such as bags, footwear, and accessories, through different channels including department stores, boutiques, retail stores, wholesale traders and mail order sales.¹⁰

The Sojitz conglomerate, apart from retail stores, is involved in management of shopping centers, using, among other things, digital technologies. In the tideway of contemporary trends of social responsibility, the company's management maintains that "increasing the value of shopping centers, it strives to help revitalize local communities with the help of these shopping centers."¹¹

The Mitsubishi group owns 50.1 percent stock in the Lawson supermarket chain.¹² Moreover, Mitsubishi founded Mitsubishi Corporation Fashion Co., Ltd. (with 100 percent interest) in 2010 as its own operational company for disposal of goods associated with "lifestyle" (clothes, accessories, furniture, and footwear). Mitsubishi Corporation Fashion Co., Ltd. activities cover the entire chain of creation and promotion of goods – from development of materials to planning production, sales, and distribution, "focusing on rapid identification of market and consumer needs."¹³

This and the other above examples indicate that it would be virtually impossible in our days to identify the trade business as such in relation to large corporations; in fact, they deal in organization and funding of the entire value-added chain.

¹⁰ <https://www.itochu.co.jp/en/business/textile/field/02.html>

¹¹ https://www.sojitz.com/en/business/retail_consumer.php

¹² <https://www.mitsubishicorp.com/jp/en/bg/consumer-industry-group/#projectCase>

¹³ <https://www.mitsubishicorp.com/jp/en/bg/consumer-industry-group/project/mitsubishi-corporation-fashion/>

Alongside the *sōgō shōsha* giants, Japan has several large retail network companies that are directly engaged in sales of goods, mainly through their affiliated operator companies. The 7 largest of them are presented in the rating of the U.S. National Retail Federation (NFR), a non-government organization (Table 2).

Table 2

Japan's Trade Companies in the NFR Rating
of Top 50 Global Retailers

Place in the Rating 2021	Name of the company	Main Business	Income Received Abroad (USD B)	Aggregate Income (USD B)	Number of countries where direct investments were made
13	Seven & I Holdings	"Convenience Stores" (<i>konbini</i>)	25.1	61.0	3
20	Aeon	Supermarkets, hypermarkets	7.1	78.9	11
36	FamilyMart UNY	"Convenience Stores" (<i>konbini</i>)	6.5	27.2	9
37	Rakuten	E-commerce	0.6	11.6	1
42	Fast Retailing	Fashion goods	8.2	18.4	21
48	Z Holdings (Yahoo Jp)	E-commerce	0.5	9.7	1
50	Lawson	"Convenience Stores" (<i>konbini</i>)	0.5	6.7	5

Compiled based on: <https://nrf.com/resources/top-retailers/top-50-global-retailers/top-50-global-retailers-2021>

Note: This approach makes use of the system where scores are given to retail companies based on:

- international revenues;
- participation in franchising and alliances outside the local region (as to operations in franchising, the company is to have a global license on franchising the store name in most countries where the franchise is in effect);
- ability to sell through online markets.

To be in the rating, the retail operators are to have direct investments in three countries with at least one of them not related to the local region. The places are distributed on the basis of all indicators for the period from October until December 2020.

The corporate structure of Japan's retail market is very complex: companies interact with each other, get into various partnerships and acquire stock. For example, Aeon Retail Co., Ltd., one of the leading supermarket chains in Japan, is a subsidiary of Aeon Co., Ltd. Holding (Table 2), which owns United Super Markets Holdings Inc. as well. The latter has a partner company, Aeon Market Investment Inc., 28 percent of shares of which belongs to the Marubeni *sōgō shōsha*.¹⁴

Large Japanese retailers are organized as diversified corporate groups, within which multiple companies act in various segments of retail trade. For example, Pan Pacific International Holdings Corp. has five companies that own and manage chains of “customary” department stores and discounters. Several companies of the holding own supermarket chains in different countries; there are also companies in the sphere of distribution, real estate, advertisement and promotion, financial operations, and digital technologies.¹⁵

Three large chains – Seven-Eleven, FamilyMart, and Lawson – dominate the segment of 24-hour *konbini* shops, owning from 20 to 30 percent of the internal market and occupying 90 percent of it as a whole. *Konbini* shops are very popular in Japan, which in many respects is

¹⁴ http://www.usmh.co.jp/ir/shareholders_webreports

¹⁵ <https://ppih.co.jp/en/search/>
<https://ppih.co.jp/en/corp/group/donki/>
<https://ppih.co.jp/en/corp/group/>

accounted for by the specific features of lifestyle (intensive work and long working hours) and consumer behavior of the Japanese, who are used to a well-tuned industry of services and round-the-clock convenience.

The leading position here is occupied by Seven-Eleven, which manages roughly a third of the stores of this category located in Japan. This business of Seven-Eleven is operated by 15 consolidated and affiliated companies in the territory of Japan and by 85 abroad. However, the Seven-Eleven activities are not limited to *konbini*. There are 19 companies within the holding that deal in supermarkets in the country and abroad, seven companies managing department stores (Sogo-Seibu), a large number of companies operating non-food shops (Loft, Tower Records, and others), as well as a bank and several companies providing financial services.¹⁶ Yet, according to financial indicators, *konbini* under all circumstances remain a major segment of the holding's business: in 2020 it brought Seven-Eleven over 90 percent of the operating income – 63.9 percent from stores inside the country and 26.8 percent from foreign ones.¹⁷

Traditional Characteristics of Japanese Consumers

The consumer market in Japan is the world's third largest. In 2020, it was estimated by the World Bank¹⁸ at USD 2825.4 billion (USD 14,553

¹⁶ https://www.7andi.com/en/group/group_list.html
https://www.7andi.com/library/dbps_data/_template/_res/en/company/pdf/companyprofile2021_e.pdf

https://www.7andi.com/en/ir/file/library/mr/pdf/202103_all_a.pdf
¹⁷ https://www.7andi.com/en/ir/file/library/co/pdf/2021_all.pdf

¹⁸ indicator “Households and NPISHs final consumption expenditure, percent of GDP”. NPISH – Non-profit institutions serving households. [https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Glossary:Non-profit_institutions_serving_households_\(NPISH\)](https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Glossary:Non-profit_institutions_serving_households_(NPISH))

billion in the USA and USD 5.579.4 billion in China).¹⁹ As to annual consumer expenses per capita a year, Japan is ahead of China, following immediately the USA (USA – USD 44,368, Japan – USD 22,370, China – USD 3,991), ahead of any European country except Switzerland.²⁰

The per capita indicator is very important for detecting the characteristic features of the Japanese consumers that were traditionally regarded as readiness to pay for quality, convenience, and service, low level of need for cheaper goods, and adherence to “physical” purchases.

A separate note should be made of the Japanese’ special love for luxury brands. The wish and emerging opportunity to acquire and possess luxuries became notable in Japan in the 1970s and, quite conspicuously, in the 1980s – the period of “bubble economy.” Quite a large part of the country’s population (the country with a high per capita income!) gradually developed an emotional and social loyalty to luxury brands: possession thereof became a symbol of economic success and public recognition [Salsberg 2009]. In the 1980s, Japan’s market of luxuries became one of the largest in the world; experts considered it the only remaining mass market of luxuries in the world and that is how it was until the 1990s.

Changes in Consumer Behaviors and Market Structure

The 1990s – the “lost decade” that followed the “bubble economy” bust – became the turning point for Japan’s economy and public life. That period also witnessed changes in consumer behaviors, not very dramatic

¹⁹ Calculated by:

<http://wdi.worldbank.org/table/4.2>

<http://wdi.worldbank.org/table/4.8>

<http://wdi.worldbank.org/table/WV.1>

²⁰ https://ec.europa.eu/eurostat/statisticsexplained/images/b/be/Consumption_expenditure_of_households%2C_2005%2C_2010%2C_2015_and_2020_NA2021.png

at that time, but later they grew more significant and evident during and after the 2008–2010 financial and economic crisis, accelerating in the period of the COVID-19 pandemic (further – pandemic), starting from 2020.

The most evident and plain-to-see factor that influenced the Japanese as consumers was the slowdown of the per capita income growth rate. Changes in this indicator became unstable in the mid-1990s; there were even periods of absolute reduction. Thus, in 1996, the per capita income was USD 43,130, whereas it went down to USD 33,760 in 1999 (the lowest point for the period); it was followed by a rise and a sharp drop in 2005–2009; a growth and a sharp fall again in 2012–2020 (from USD 49,470 to 40,360).²¹ Strictly speaking, changes of this macroeconomic indicator prove that crises of different years did not cause any long aggravation of the Japanese financial position, but they increased the feeling of uncertainty in society, which could not but affect consumer behaviors. It is complemented by the trends for erosion of the life-long employment system and increased numbers of part-time and temporary workers. During the 2008–2010 crisis, consumer expenses went down as well as disposable incomes, which is quite logical. Yet, in 2011–2020, when salaries and disposable incomes of households increased, consumer expenses did not rise or rose unevenly compared to the growth of deposits and insurance contributions.²²

These changes raised consumer anxiety. In 2009, the JWT Anxiety Index²³ showed that 90 percent of Japanese consumers were anxious or

²¹ https://data.worldbank.org/indicator/NY.GNP.PCAP.CD?end=2020&locations=JP&name_desc=false&start=1977&view=chart

²² Statistical Handbook of Japan, 2009, 2012, 2016, 2021. <https://www.stat.go.jp/english/data/handbook/index.html>

²³ The index was developed by the global advertising agency JWT (the fourth top network of advertising agencies in the world and the largest advertising group in the USA). JWT was one of the first agencies that began studying consumers on the basis of panel research (in 1939); it also conducted the first study of consumers' way of life (in 1988).

nervous, which was the highest indicator among all the countries of the world. The Japanese began economizing and curtailing their expenses. The 2009 Internet survey data indicated that 37 percent of the participants declared cutting total expenses, 53 percent stated that they would rather “spend time to save money” and not “spend money to save time.” The Japanese began spending more time at home during that period, while traditionally they are used to spending time outside home because of long working hours and small-size dwellings. During that survey, 50 percent of the representative sample of consumers from different age groups and geographical regions stated they spent somewhat more or much more time at home than before, “surfing” the Internet, watching TV, reading newspapers, and listening to music [Salsberg 2010].

This alteration of everyday habits started affecting the traffic of potential customers in commercial enterprises, including department stores. Apart from the above factor of “home entertainment”, the survey participants explained their “flight” from department stores by high prices for offered goods, “annoying personnel,” and “impossibility to make purchases at one’s own pace.” At the same time, the Japanese began to give more preference to shopping centers, which could offer food and entertainment in addition to purchases, and to standalone specialized shops.

The above tendencies towards economizing and “staying at home” are closely interrelated and mutually defined by an increasing number of online stores in Japan, although Japan had for a long time lagged behind the USA and many European countries in respect of consumers’ readiness to make purchases online. During and after the 2008–2010 crisis, the situation began to change rapidly: while the online market of tangible goods in Japan (excluding tickets and downloading of content – music, movies, and software) was estimated at USD 1,3 billion in 1999, in 2005 it reached USD 18 billion, and in 2009 – USD 30 billion.²⁴

<https://adindustry.ru/personnels/1201;>

<https://www.wundermanthompson.com/>

²⁴ We will discuss the situation with the expansion of E-commerce during the pandemic in more detail below.

New Consumers: Generations Y and Z

The most long-term factor determining the collective image of the Japanese consumer was the entry to the labor and consumption markets of the Y and Z generation consumers, whose mentality and values as well as consumer behaviors cannot but differ from the generation of the postwar baby-boom and, even more so, older generations. The needs of the young generations are becoming more and more diverse. [Timonina 2020].

The Generation Z of the Japanese grew in a more uncertain economic climate of Japan than the older generations. Many of them avoid lifetime employment, voluntarily or out of necessity; they are more likely to remain unemployed than older generations (although the unemployment rate in Japan remained low even during the pandemic – 2.7 percent in December 2021). [Timonina 2020] Young people are ready, at the very least, to partially limit their consumption of material goods, sharing the ideas of “sustainable way of life” and ethical consumption.

Transition to “sustainable consumption” and people’s increasing environmental awareness (this, of course, is not limited to Generation Z) reflects the readiness of consumers (a 2018 survey indicated their number to be from 75 to 90 percent, depending on the group of goods,²⁵ compared to 16 percent among the participants of a survey conducted in 2009 by McKinsey) to pay more for ecologically pure and environmentally “friendly” consumer goods.

The Millennials and Generation Z as consumers increasingly prefer using things rather than owning them; they are ready to stop being unreflecting “conspicuous” consumers and brand captives, which stimulates and is stimulated by the development of sharing economy and acts as a factor of economizing consumers’ funds and, respectively, reducing the consumer market size.

²⁵ Annual Report on the Environment in Japan 2018, p. 17. *Ministry of the Environment*. https://www.env.go.jp/en/wpaper/2018/pdf/2018_all.pdf

The structure of demand is also changing. Young consumers, as a rule, spend money more willingly on services rather than on goods, and on technological goods and gadgets rather than on other products. These goods (for example, Apple products) gradually pass into the list of luxury goods, altering the structure of the market and luxury brands.

New generation consumers strive more for individuality and creation of their own style; they boldly mix expensive things with cheap ones, readily use cutting-edge digital purchase chains and methods of goods selection. They often look for items shaping their own brand that they later promote on social media,²⁶ which gained momentum with blogging becoming a professional activity.

The above-mentioned factors changing the structure of consumption, preferences, and consumer behaviors of the Japanese “redoubled” during the pandemic. Forced “staying at home,” the need to economize, the feeling of fear and uncertainty, the “turn” from physical purchases to online ones (we will discuss it later, as the pandemic became a heyday of E-commerce) became a new reality for the Japanese, including their capacity as consumers.

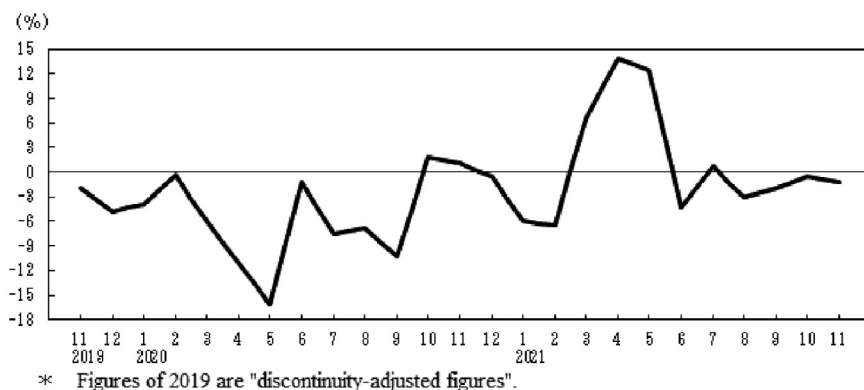
People’s incomes during the pandemic did not increase, this being the factor of consumers’ choice in favor of saving. According to the data from Japan’s Ministry of Healthcare, Labor and Well-Being, the real pay index was minus 1.2 percent in 2020 compared to 2019, although it would be fair to say that it was also negative in 2019 – minus 1 percent, and the monthly statistics from January to November 2021 (indices compared with the corresponding month of the prior year) show reduction in some months from minus 0.1 to minus 0.8 percentage points, although some months (6 out of 11) show the growth of the indicator – from 0.1 to 2 percent.²⁷ Nevertheless, the

²⁶ Changing preferences: “Following” economy. <https://nrf.com/blog/2017-top-250-global-powers-retailing>

²⁷ TBL-T-5 Real Wage Indices. <https://www.mhlw.go.jp/english/database/db-l/r03/2111re/2111re.html>

situation with movements of consumer expenditures does not look dramatic:²⁸

Change of Consumption Expenditures Over the Year (In Real Prices)
(Two-or-more person Households)



A noticeable reduction in retail sales in Japan was observed in 2020 when they dropped more than 10 percent in some months. However, the latest available data indicate that retail sales in Japan grew 1.9 percent year-on-year, rising for the second consecutive month.²⁹

The authors of the study “How irreversible is the “new norm” in consumer behavior changes associated with the effects of COVID-19?,” conducted by the Japanese department of PwC Consulting, investigated consumer behavior changes (irreversible, in their opinion) caused by the pandemic and highlight consumers’ preference for non-contact purchases (“not to buy what another person has touched”), a focus on the origin of the goods (“to make sure that the goods have not been supplied from contaminated regions”), the level of hygiene in the store and security for personnel as well as an interest in pre-ordering online [Muto et al. 2020].

²⁸ <https://www.stat.go.jp/english/data/kakei/156.html>

²⁹ <https://tradingeconomics.com/japan/retail-sales-annual>

So, how do Japanese retailers respond to the longtime and “pandemic” trends in consumer behavior change?

Strategic Decisions of Trade Companies

Japan’s trade business began modernizing its strategies as early as at the turn of the 20th and 21st centuries.

Fate of department stores. Japan’s luxurious department stores faced sales drop back in the 1990s; this tendency continued in the 2000s and 2010s.³⁰

In an attempt to compensate for the loss of revenues, department stores began to rent their premises to companies aiming at the mid-range price segment and offering everyday clothes and other quite cheap goods (Uniqlo, Forever 21, and others). This approach, apart from bringing rental income, was to revive traffic of customers and attract various categories of consumers including young and less wealthy ones.

It resulted in a certain “mixture of genres,” when companies operating department stores and other multi-brand shops with a focus on luxury brands expanded into sectors and sales channels that were non-traditional for them before, satisfying wishes of potential clients who are bold enough to combine items of different price categories in their image and use various ways of purchase. Currently, clients of Louis Vuitton boutiques in Japan may also shop in round-the-clock *konbini* or Uniqlo, which, by the way, has already started opening shops in luxury department stores.

This mixture is also observed from the geographical viewpoint. The most ‘fashionable’ streets of Tokyo, such as Ginza or Omotesando, feature Sweden’s IKEA stores, Spain’s Zara, or Italy’s Diesel next to traditional luxury shops and exclusive department stores with goods priced 10–20 times higher than Uniqlo. Uniqlo, for example, opened a new shop in the

³⁰ Corporate Outline FY2021 Seven & I Holdings Co., Ltd., p. 11.
https://www.7andi.com/en/ir/file/library/co/pdf/2021_all.pdf

fashionable district of Harajuku in May 2020; June of the same year saw the opening of a flagship store in Ginza.

The segment of foodstuffs also witnesses mixing goods from different price categories, specifically due to the increased sales of goods with what is called private label (PLG), normally cheaper ones. Japan started this transition just recently: the rate of PLG penetration was only 4 percent at the turn of the 2010s as compared with the average global indicator of 20 percent. Japan's largest retailers put high hopes on PLG today.

Corporate Partnerships

In an attempt to survive and keep the competitiveness up, Japanese trade companies owning and managing department stores, supermarkets, and other trade establishments conclude more partnerships of various kinds.

An example in the segment of supermarkets is the case of Isetan и Mitsukoshi, who merged in 2008 to found Isetan Mitsukoshi Holdings Ltd. Its structure includes regional subsidiaries operating under such brands as Mitsukoshi, Isetan, Iwataya, and Marui Imai. The holding reconstructed, renewed and opened several new department stores in Japan (in airports, specifically) and abroad, expanded online trade (in the luxury segment, among other things), and began launching small specialized shops (for example, Isetan MiRROR Make & Cosmetics) in order to become closer to individual customers.³¹ Like many other companies operating department stores, Isetan Mitsukoshi Holdings diversify the list of their leaseholders through companies in the mid-range price segment.

Department store business is a major one for the holding (80 percent of all sales), but not the only one. The companies of the group also deal in

³¹ Isetan Mitsukoshi Holdings Integrated Report 2021, p. 4.

https://s3-ap-northeast-1.amazonaws.com/sustainability-cms-imhds-s3/pdf/en/imhds_report2021_en_A4.pdf

financial and real estate operations, tourism, and distribution. It should be noted that among external factors defining the holding's strategy are "quicker polarization of income and consumption," "irreversible acceleration of online sales," "raising of environmental awareness," and "changes in the structure of customers" ("heyday" of the millennial generation),³² i.e., the common long-term factors we have mentioned in the first part of the article. In a situation like this, the company counts on its appeal to customer sentiments, creation of sensuous images for attraction of clients ("High sensitivity, high quality"), transition from mass marketing to the individual one, strengthening the intra-group coordination and the use of digital technologies. Apparently, the holding's strategies proved to be workable and successful; the taken measures enabled it to become a leader in the segment of department stores and take up 15.4 percent of the market in 2020 (in sales).³³

The Japanese operators of the Sogo and Seibu department stores, who lost clients and recorded reduced sales, chose the strategy of merging and then "joining" a more successful group in the similar business – Seven & I Holdings – as its subsidiary Sogo & Seibu Co., Ltd.³⁴ Yet, despite the efforts made by the company's management and that of the entire holding, Sogo and Seibu performance within the holding was not very successful. Revenues and operating income of Sogo & Seibu Co. Ltd have been gradually decreasing since 2012, and the first six months of 2021 ended at a loss (which can be accounted for by the pandemic).³⁵

Japanese trade companies' positions are affected by growing competition from foreign corporations. Foreign chain giants started

³² Isetan Mitsukoshi Holdings Integrated Report 2021, p. 5, 15.

³³ Corporate Outline FY2021 Seven & I Holdings Co., Ltd. p. 8, 13.
https://www.imhds.co.jp/en/company/history_imhds.html; <https://www.imhds.co.jp/en/business/group/index.html>

³⁴ <https://www.7andi.com/en/company/history.html>
https://www.7andi.com/library/dbps_data/_template/_res/en/csr/csrreport/pdf/2007_07.pdf

³⁵ Corporate Outline FY2021. Seven & I Holdings Co., Ltd., p. 53.

conquering Japan's market back in the 1990s, with many of them achieving success: IKEA became the number two retail furniture seller in Japan; Costco and Carrefour hypermarket chains are quite successful. Some foreign corporations, which are probably trying to facilitate their adaption to Japan's market conditions, prefer working jointly with a Japanese partner.

Following its strategy of entering Japan's market, in 2003, the U.S. giant Walmart signed a partnership agreement (buying 27 percent of the stock) with Seiyu, one of Japan's largest operators of supermarkets, shopping centers, and department stores (whose corporate debt amounted to JPY 610 billion as of February 2002) [Tarasova 2003]. Walmart intended to pass on to Seiyu its experience in optimizing global supply chains with the use of IT technologies that allow curtailing operating costs. In 2008, Walmart bought Seiyu out completely, and the Japanese company became part of the multilateral international holding after Walmart had sold part of its Seiyu stock to the US global investment company KKR (65 percent of Seiyu's stock) and Rakuten DX Solution, Rakuten, Inc. subsidiary (20 percent) in 2021.³⁶ Walmart retained 15 percent of Seiyu's stock. It may be assumed that the participants in the deal count on reaching a synergetic effect as Seiyu will have an opportunity of enjoying the advantages of using combined experience and innovations of KKR, Rakuten, and Walmart in the field of retail trade as well as speeding up digital transformation. As a result, Seiyu receives a chance of turning into Japan's leading omni-channel retailer integrating different channels into a single system for continuous communication with customers.

Step-by-step transformation and partnerships concluded in the prior period enabled Seiyu to feel more confident in the pandemic period and, moreover, display excellent financial results. In 2020, the company reached the highest level of sales (they grew by 180 points more than the market on the average) and returns for the last decade; it also increased its share of the market. In addition, the online foodstuffs delivery service

³⁶ One of the largest E-commerce companies.

Rakuten Seiyu Netsuper,³⁷ set up in 2018 and jointly managed by Seiyu and Rakuten, recorded a gross sales rise by nearly 40 percent on an annualized basis in the 4th quarter of 2020. Due to a significant increase in demand for online supermarkets, a specialized order fulfilment center was launched in Yokohama in January 2021; a similar center was to be opened in Ibaraki within a year.³⁸

Thus, based on the above examples (and they are not at all singular), we can confirm that partnerships with national and foreign companies, holdings and groups serve as one of the Japanese retailers' up-to-date organizational strategies, which are most relevant in today's business environment. This allows, albeit not always (the Sogo & Seibu case), to modernize and diversify business, adapt to changing conditions, reduce operating costs, and maintain competitiveness.

E-Commerce

A modern trend in Japan's retail market and, simultaneously, a strategy of companies working in the market of food and non-food goods is an active introduction of business digital technologies, including E-commerce.

Japanese consumers have traditionally given preference to "physical" purchases, as we have mentioned before, which is accounted for by high density of chain stores in the country (as a result, internet stores had been losing their advantages until a certain point of time) as well as a relatively low circulation of credit cards.

However, the 2000s and especially the 2008–2010 period were marked by the beginning of change in the situation, which was caused not only by socio-economic conditions, but also by some shifts in the consumer psychology. Of great interest is the opinion, thought

³⁷ https://global.rakuten.com/corp/news/press/2018/1025_01.html

³⁸ <https://www.businesswire.com/news/home/20210228005079/en/KKR-and-Rakuten-Complete-Seiyu-Share-Purchase-from-Walmart>

disputable, of Brian Salsberg, Director of McKinsey office in Tokyo, who mentioned the following interrelationship between online purchases and changes in Japanese mentality: in the consensus-based society, where an individual choice and self-expression were historically denounced, an opportunity of looking through goods, comparing prices and making purchases nearly anonymously creates new relations and expands consumer capabilities [Salsberg 2010].

The 21st century saw a dynamic rise of the online market in the “business to consumer” segment (B2C) in Japan: online sales of material goods amounted to USD 1,3 billion in 1999 and USD 30 billion in 2005; this growth continued in the consecutive period.

At present, Japan holds a high place in international ratings that assess E-commerce potential and level of development: 10th place out of 176 countries by ITU³⁹ (ICT Development Index), 15th out of 134 countries by WEF⁴⁰ (WEF Networked Readiness Index), and 20th out of 152 countries by E-commerce B2C⁴¹ (UNCTAD B2C E-commerce Index).⁴²

According to UNCTAD data, Japan held the world’s second place by total sales through chains in 2019 and the fourth place in retail e-sales, with a relatively small share of these in the GDP (3.5 percent, which is below the average indicator for the 20 top-sales countries)⁴³:

³⁹ International Telecommunication Union

⁴⁰ World Economic Forum.

⁴¹ This index is determined by four indicators: account ownership at a financial institution or with a mobile-money-service provider (percentage of population aged 15+), individuals using the Internet (percent of population), Postal Reliability Index, and secure Internet servers (per 1 million people) [Pul’s mirovogo rynka elektronnoi kommertsii... 2020].

⁴² <https://etradeforall.org/country-profiles/>

⁴³ The country also holds the world’s second place in the ratio of online sales to GDP – 67 percent (after the Republic of Korea – 79 percent). A special feature of Japan’s E-commerce market is a higher share of B2B deals – 95 percent in the total volume of E-sales. See: Estimates of Global E-Commerce 2019 and Preliminary Assessment of Covid-19 Impact on Online Retail 2020, p. 4, 5.

Rank	Economy	Total e-commerce sales (\$ billions)	Share of total e-commerce sales in GDP (%)	B2B e-commerce sales (\$ billions)	Share of B2B e-commerce sales in total e-commerce (%)	B2C e-commerce sales (\$ billions)
1	United States	9,580	45	8,319	87	1,261
2	Japan	3,416	67	3,238	95	178
3	China	2,604	18	1,065	41	1,539
4	Korea (Rep.)	1,302	79	1,187	91	115
5	United Kingdom	885	31	633	72	251
6	France	785	29	669	85	116
7	Germany	524	14	413	79	111
8	Italy	431	22	396	92	35
9	Australia	347	25	325	94	21
10	Spain	344	25	280	81	64
	10 above	20,218	36	16,526	82	3,691
	World	26,673	30	21,803		4,870

It is surprising at first sight that no explosive growth and, moreover, no growth of E-commerce at all was observed in the 2020 “pandemic” year against 2019: the B2C internal market volume in 2020 was estimated at JPY 19.3 trillion against JPY 19.4 trillion in 2019. This “phenomenon” can be explained by the structure of online sales. Appeals to stay at home and make “electronic” purchases to do away with the pandemic made the sector of material goods expand significantly in 2020 (22 percent increase), but this growth did not make up for the losses in the sector of services (36 percent reduction), mainly those in the sphere of tourism.⁴⁴

Changing the structure of sales channels in favor of E-commerce was one of the major strategies used by Japanese retailers during the pandemic (which we have mentioned above when considering examples of particular companies) and, as the survey results show, after it as well. As a Japan Times reporter states, the “novel coronavirus has forced the nation’s notoriously fussy food shoppers to abandon doubts about online grocery stores, sending retailers such as Aeon Co.⁴⁵ scrambling

https://unctad.org/system/files/official-document/tn_unctad_ict4d18_en.pdf

⁴⁴ https://www.meti.go.jp/english/press/2021/0730_002.html

⁴⁵ Japan’s transnational holding company that manages supermarkets and other retail stores, shopping centers AEON (previously JUSCO) in Japan

to meet a surge in delivery demand... the shift is remarkable for a country that had been expected to take years to embrace online food shopping because of a zeal for fresh and perfectly presented produce” [Ando 2020].

On the whole, as analysts estimate, online retail sales of foodstuffs in Japan are now at about 5 percent of the total sales volume, compared with 2.5 percent before the pandemic. Although it is still lower than some pre-crisis estimates of 15 percent in China and even 7 percent in Great Britain, which lies behind in broadband communication, “it challenges the long-standing idea that Japan’s customers will always make purchases daily and check goods personally firsthand” [Ando 2020]. As to non-food companies, Uniqlo, for example, announced that the share of its online sales amounted to 15 percent of the total sales in 2020.⁴⁶

Generally, the rationale of all moves made by large retailers proves that the E-commerce format is one of the major trends today. There is even a very “exotic” example of e-sales being complemented by new services. Seven Eleven, under the slogan of “New Impressions of Purchase Thanks to Integration with Digital Technologies,” launched a new service where employees with special knowledge, for example, pregnancy and childbirth consultants (!), will serve clients online.⁴⁷

It is important to note that elderly Japanese people also change their attitude to E-commerce. The results of a survey on consumer behavior during the pandemic published by Sumitomo Mitsui Card indicate that the number of elderly people stating they make daily e-purchases is increasing faster than that of young people (aged 20–30). As the authors of the article presenting this information believe, the elderly who have already had experience of online purchases will continue using digital technologies because of convenience. It is COVID-19 that probably

and other countries. Retailer Number one in Asia. <https://www.aeon.info/en/company/>

⁴⁶ <https://www.fastretailing.com/eng/group/strategy/uniqlobusiness.html>

⁴⁷ Seven & I Management Report (as of February 3, 2021), p. 12.
https://www.7andi.com/en/ir/file/library/mr/pdf/202103_all_a.pdf

provoked the “digital shift” in elderly buyers. Therefore, companies should create E-commerce sites in the future that the elderly would be able to use intuitively and make purchases with comfort [Muto et al. 2020].

The Japan Times author also notes that large Japanese supermarkets, despite long-standing discussions about online services, started investing in the E-commerce infrastructure only recently. Many of them are facing various difficulties in the period of rapidly growing demand – for example, lack of automated warehouses.

Thus, the Aeon corporation hired specialists from the Ocado Group, a British pioneer of E-commerce, to set up cutting-edge robotic warehouses trying to counter such competitors as Amazon, Ito-Yokado from Seven & I Holdings, Seiyu, and Rakuten Inc. Yet Aeon’s first warehouse of this kind will start functioning only in 2023. Aeon has stated that it hires more employees to help pack online orders for foodstuffs, although finds it difficult to recruit more delivery workers. Despite all difficulties, Aeon managers expected that sales of online goods would increase 50 percent and amount to 10 percent of the sales by the end of the 2020/2021 financial year.

The company’s managers are sure that reorientation towards E-commerce will have a long-term character. In the opinion of L. Jensen, Managing Director of the Ocado Group, “the pandemic brought about a crucial moment in the E-commerce development. When people begin to use the Internet extensively, they tend to stay with it and do not return to their old habits... We expect that the E-commerce growth will speed up in Japan.”

Investments in high-tech warehouses, introduction of sophisticated digital technologies for processing large volumes of orders and goods as well as personalized marketing can be ensured only by large companies and groups. Analysts, however, believe that small retailers (and there is plenty of these in Japan) can also introduce digital technologies into existing ordinary stores, automate more jobs and use such functions as “click and collect” when customers can buy online while visiting the store [Ando 2020].

Conclusion

Three decades ago, Japan started transforming the traditional model of consumer behavior that had developed in the period of high economic growth and finally took shape during the “consumer society” revival in the 1980s. Changes in consumer behavior regarding price segments, channels and ways of purchase, standards of service were mostly of a revolutionary character, as were the socio-economic upheavals determining them and the changes in the Japanese’ mentality.

Some new features of the Japanese consumers we have mentioned in the article are not, in fact, new. Prudence, a wish to save and curtail consumer expenditure, especially in the period of economic instability, had been characteristic of the Japanese consumer prior to the “economic boom” period. Focus on the quality of goods and service has always been a distinguishing feature of Japanese consumers; in our days, this feature has transformed into the demand for environmental safety and ethical nature of the product and its origins.

The shift towards contactless purchases on the basis of cutting-edge digital technologies seems to be a truly new trend. Yet, the evaluation of modern strategies applied by large Japanese trade companies, each and all of whom digitize their processes including those of end sales, allows to draw the following conclusion. Having realized during the pandemic what new opportunities are offered by E-commerce, including optimization of costs, the companies accelerated digital transformation rapidly, simultaneously working with potential consumers, thus “habituating,” or, one might say, “helping them to adapt” to the digital format of interaction. This is how trade companies create (alone or in partnership with specialized E-commerce companies) platforms for their access to a virtually unlimited number of potential customers in their country and abroad.

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Financial Crises and Financial Contagion in Japan

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Abstract

The article analyzes the features of the financial crises in Japan in the context of using theoretical and practical approaches to financial contagion. A brief overview is made with the identification of the causes, nature, and consequences in relation to the three significant financial crises observed in the period 1990–2009. A strong impact on the Japanese economy was exerted by the banking crisis of 1997–2001, which became one of the most noticeable events of the “lost decade.” Its lessons allowed the Japanese government to overcome the global financial crisis of 2007–2009 with minimal losses, which negatively affected not so much the credit and stock markets as the real sector of the Japanese economy and its foreign trade.

From a scientific standpoint, the spread of crises is productively considered from the standpoint of the theory and methodology of financial contagion. It is a process of transmission of negative shocks that can lead to the disruption of fundamental links between countries and markets, thereby contributing to the growth of crises and instability. The article shows that Japan can act as both a transmitter and a recipient of infection. Examples of studies that examine the channels and direction of financial contagion in Japan are given. An important feature has been identified, which is that the main channel for the transmission of shocks in a given country is trade relations, and not financial ones. Taking this circumstance into account explains the effectiveness of the policy of supporting the real sector of the economy pursued by the Japanese government during the global financial crisis of 2007–2009.

In order to illustrate the methodology of financial contagion, the article conducted an empirical study of the country and cross-industry effects of infection in the Japanese economy during the COVID-19 period. A specific infection detection tool (statistical tests) and an extensive empirical base were used. As a result, the country effects were confirmed only partially – Japan was the recipient of the financial contagion that came from China, but weakly transferred it to other countries. Cross-industry infection spread more actively (it was recorded by more than half of the tests). At the same time, uneven transmission of shocks between sectors was detected; possible causes of high or low susceptibility to infection in different sectors were discussed.

Keywords: Japanese economy, financial crises, financial contagion, channels of contagion, testing, industry, COVID-19.

Introduction

Financial crises are a mandatory attribute of the global economy. The first sovereign default was recorded in England in 1340,¹ and since then developed and developing economies have experienced crises of various types and duration. Negative consequences of financial crises affect direct financial market participants (investors of bankrupt banks and securities holders lose money during defaults, etc.) and the entire economy. There are estimates that total GDP losses caused by a local financial crisis amount to 5–10 percent, while economic recovery takes 2 to 3 years [Rustamov 2012].

Each crisis is specific in that it is not a one-off event; it acts through mechanisms that intensify arising problems and disseminate those by various channels from one market or from one country to another market

¹ Carmen M. Reinhart, Kenneth S. Rogoff. *This Time Is Different: A Panoramic View of Eight Centuries of Financial Crises*, p. 20. https://www.nber.org/system/files/working_papers/w13882/w13882.pdf

or another country. In our opinion, it would be productive to study these processes from the standpoint of theory and practice of financial contagion: this concept is widespread in foreign research papers but is poorly presented in Russian scientific works. It focuses on special features of negative shock transition from the source to the recipient and makes it possible to determine causal relationships between economic indices before and after the crisis. In addition to a general theoretical interest, this concept has a great value providing researchers with precise instruments for detecting contagion, and, thus, understanding mechanisms of crisis development.

This article will identify the causes and characteristics of contemporary crises development in Japan and provide potential methodology of financial contagion for detecting national and multisector effects. As it is well known, Japan is one of the largest global economies being a leader according to many indicators. For example, according to the 2011 data, it was the third global economy by the absolute value of gross (€ 15.8T) and net (€ 12.7T) financial assets.² However, Japan's economy faces problems mostly associated with high public debt and population ageing, which can be regarded as a crisis harbinger. In addition, economic vulnerability can be observed in relatively "quiet" periods, which allows us to consider the use of financial contagion detection methods as a way of early financial crises diagnosis.

Peculiar Features of Financial Crises in Japan: A Brief Historical Insight

Japan's economy, compared to other economies, can be defined as resistant to financial crises. The actual database covering 206 countries

² Allianz Global Wealth Report 2021, p. 50-51. https://www.allianz-trade.com/content/dam/onemarketing/aztrade/allianz-trade_com/en_gl/erd/publications/pdf/2021_10_07_Global-Wealth-Report.pdf

and counting 765 local financial crises in more than 50 years contains only one mention of Japan [Nguyen, Castro, Wood 2022]. This base has a single Japanese bank crisis recorded; its timeframe was defined as 1997–2001. The database of sovereign defaults maintained by the Bank of Canada and the Bank of England does not mention Japan at all. There have never been any exchange or sovereign debt crises in the recent history of the country.³ Such a situation is typical of some other countries, but it is rather an exception than a rule. Most developed and developing economies have repeatedly experienced severe crises of various duration and with various consequences; many of them have faced what is called “double” and “triple” crises. For example, South Korea’s economy has seen one double crisis of 1997–1998 (bank and foreign exchange) and a series of seven exchange crises since the 1950s.

Yet it would be incorrect to mention the only crisis that Japan’s economy faced. Our analysis of relevant publications lets us conclude that a discussion is underway about three grave economic crises (“financial bubble” in the early 1990s and a series of Japanese banking collapses and spillovers of the 2007–2009 global financial crisis). The first crisis is a post-bubble collapse followed by a long economic slump. The very notion of the “financial bubble” in the economy, as it is known, is associated with the deviation of the asset market price from a particular level defined by fundamental factors, primarily by the expected income and interest rates. If prices break away from these factors and begin growing exclusively through speculations and market sentiments, the “bubble” inflates and, finally, bursts. Japan’s “financial bubble” originated in the late 1980s at

³ The fact that Japan is among top countries with the highest level of sovereign debt (the list of the top-20 countries with the highest public debt/GDP index states Japan occupied the second position with 263.14 percent after Venezuela in 2021) (<https://www.statista.com/statistics/268177/countries-with-the-highest-public-debt>)) does not imply a debt crisis environment. For the debt to be recognized, a documented fact is required that the state is unable to satisfy its public debt or debt interest commitments, or it has to restructure debt on less beneficial terms.

the time of economic rise, when stock prices, real estate prices, money supply, and banking loans showed explosive growth [Leontyeva 2006, p. 364]. The bubble sprawled for several years due to speculations with financial assets and plots of land with commercial banks' active involvement in the process. However, the "bubble" burst in 1991: the price growth was replaced by a fall thereof that was deeper and longer (the total amount of losses from the fall of prices for assets was estimated at JPY 1200T, which is almost three times as big as Japan's annualized GDP). The fall of prices for assets resulted in lower demand, reduction of wholesale and, later, consumer prices, as well as the "deflationary spiral" (a combination of price reduction with production fall). That period was referred to in literature as the "lost decade" or Japan's "Great Depression".

The period has been described in economic research in every detail. The slump of economic activity could theoretically be explained by Japan's adherence to a normal cyclic model, albeit somewhat longer than usual. The real data were compliant with this approach: the slump of the early 1990s was followed by incipient signs of economic growth throughout the major part of 1996 and early 1997. However, no recovery happened and Japan fell into a deep recession – the first case since the 1950s of a large industrial country that consistently pursued an anti-cyclic policy [Bayoumi 2001]. Thus, more profound analysis was required to explain the reasons for the "lost decade," as some competing hypotheses rose to view.

One of them is that the crisis was caused by inadequate political measures, especially those related to expansionary budget spending [Posen 1998]. Although Japan's government adopted some programmes aimed at recovery in various spheres, they had a minimal effect on the economy. An alternative viewpoint, which focuses on monetary policies, states that Japan found itself in the liquidity trap [Krugman 1998]. Japan has a low rate of consumption and, conversely, a high rate of saving. This accounted for large-scale investments in the pre-crisis years. Yet slowdown in economic growth and deflationary processes created a great imbalance between savings and investments,

making the clearing real interest negative. Households and enterprises prefer holding cash in such situations, as this increases real profits equal to deflation level. Given the expectations for further price fall, the Japanese authorities were unable to reduce interest rates, thus rendering investment incentives impossible.

There is also an opinion that the crisis was associated with financial mediation. Japan's banks play a greater role in this process than banks of "Anglo-Saxon" countries such as the USA and Great Britain. When the "financial bubble" was inflating, they lent large amounts to companies using land as a collateral. However, the deflated "bubble" sent prices for land down, and many of these loans stopped functioning. Such shocks of financial mediation had a negative effect on bank capital and resulted in a steady decrease of investments throughout the 1990s, which was confirmed by empirical research [Hirakata et al 2016].

Finally, the influence of non-financial factors on deep recession in Japan's economy cannot be underestimated. Two reasons are normally identified in this context: slowdown of total factor productivity growth (TFP) and shortening of weekly work hours from 44 to 40 in 1988–1993 [Hayashi, Prescott 2002]. Proponents of this approach believe that the problem is not so much in the national financial system's collapse and the failure to use good investment opportunities because of no access to capital markets as in slow growth of labor productivity.

Evidently, any explanations of the "lost decade" are not mutually exclusive. Each explanation indicates a different set of factors (fiscal, monetary, labor, etc.) that have a crucial importance for understanding the scale and character of recession. Given the context of the issues discussed in this article, the "banking factor" plays a significant role as the most severe banking crisis in the entire history of Japan broke out in those years. In fact, there had been no significant bank failures in the postwar period and until the late 1990s. It has been due to the existent "convoy system" – tough regulation by the Central Bank of the entire financial sphere in order to maintain the health of any, even weak, lending institutions. Banks were then considered as formal financial mediators required solely for rechanneling funds from households to the industrial

sector, playing a key role in economic recovery after World War II. In other words, Japanese banks of the second half of the 20th century acted as providers of state financial services rather than competitive financial institutes. They had no incentives to compete for investors, develop new products, etc. Everyone knew that the banking system was stable and reliable and the government would not let it weaken. As a whole, this approach was justified: the banking system worked faultlessly and promoted sustained economic growth that turned Japan into a large economic power.

However, in the 1970s, Japan launched financial deregulation processes, which indirectly provided for higher risks in the financial system. Occasional failures were observed after 1991, when the “financial bubble” burst. Bank risks continued to build up in the subsequent years giving rise to such a specific problem as “zombie-lending”. This meant that many troubled banks began lending to insolvent borrowers to avoid losses on their own books; they hoped these companies would somehow recover or be aided by the government (these borrowers received the name “zombie”). But in reality, “zombie-lending” practice resulted in an irrational use of banking loans. Ineffective industries specifically, such as real estate or construction, received more banking loans than other sectors which showed better results (for example, processing industries) [Caballero at all 2008].

It became evident that non-working loans threatened the banking system’s health. While official data estimated the rate of overdue (NPL – nonperforming) loans in 1995 at JPY 40T (USD 469B) or 10 percent of GDP, by the end of 1998, the NPL indicator was equal to JPY 88T (USD 725B) or 18 percent of GDP. Unofficial estimates indicated even the amount of USD 1T, which is equivalent to 25 percent of GDP.⁴ A number of bankruptcies among banks and large companies, reorganizations, and mergers affected stability of the entire Japanese economy and required extra measures of government and monetary support. In all, seven

⁴ Systemic Banking Crises: A New Database, p.40. <https://www.imf.org/external/pubs/ft/wp/2008/wp08224.pdf>

banks were nationalized, 61 financial institutions were closed, and 28 institutions were merged. For example, a 1998 merger of three banks, which were part of competing financial and industrial groups, created Mizuho, the largest financial association in the world with the capital of JPY 140T. In 2001, the merger of Sakura Ginko and Sumitomo Ginko gave birth to a new giant – Mitsui-Sumitomo Ginko. Finally, in 2005, the merger of two banks resulted in the world's largest bank with total assets of about USD 2T [Lebedeva 2007, p. 115–116].

We have marked some characteristics of this banking crisis in Table 1, compared with similar crises in other Asian countries roughly at the same time. The table shows that Japan showed lower losses and less expense on combatting the crisis than other countries, although the anti-crisis policy was, as a whole, very intensive. The government reformed financial market regulation, taking some liberal measures (removing barriers to access to financial markets, permitting over-the-counter securities trading, etc.), as well as introducing tough rules for solving the problem of non-performing loans. Some USD 500B were allocated for those purposes, allowing for drastic changes in the banking sector structure and the previous model of performance.

Table 1

Characteristics of Financial Crises and Anti-Crisis Policies
in Japan and Other Asian Countries

Characteristics	Country				
	Japan	South Korea	Indonesia	Malaysia	Thailand
Period	1997-2001	1997-1998	1997-2001	1997-1999	1997-2000
Economic indicators of the crisis					
Overall production losses, percent of GDP	17.6	50.1	67.9	50.0	97.7
NPL share at the crisis peak, percent of the total volume of loans	35.0	35.0	32.5	30.0	33.0

Drop in the real GDP at the crisis peak, percent	2.0	6.9	13.1	7.4	10.5
Banking sector liquidity at the crisis peak*, percent	2.4	27.4	23.1	9.7	5.1
Debt-to-GDP ratio gain, percent	41.7	9.9	67.6	0.2	42.1
Characteristics of anti-crisis policies					
Budget expenditure**, percent of GDP	14.0	31.2	56.8	16.4	43.8
Government guarantees for banking liabilities, months	89	37	78	91	89
Recapitalization of banks, percent of GDP	6.6	19.3	37.3	16.4	18.8
Nationalization of banks	Yes	Yes	Yes	Yes	Yes
Purchase of bank assets	Yes	Yes	Yes	Yes	Yes
Freezing of deposits	No	No	No	No	No

Source: Systemic Banking Crises: A New Database. <https://www.imf.org/external/pubs/ft/wp/2008/wp08224.pdf> (date of access: 15.12.2022).

Notes:

* liquidity in this case is measured as the ratio of Central Bank requirements for banks with depositors' money to the total amount of deposits and liabilities for non-residents;

** accounted for budget expenditure directly involved in financial sector restructuring.

The problem with “bad debts” had been, as a whole, solved by 2003 and economic growth continued until 2007, yet the global crisis of 2007–2009 (not just Japanese, but the global “Great Recession”) put an end to it. Formally, if we follow identification principles for local banking, debt, or currency crises, none of those were recorded in Japan while it was done in respect of many other countries from different regions. Reference here is made to spillovers of the global crisis that resulted in considerable

deterioration of the economic environment. The situation was peculiar in that, unlike in many other developed economies, this crisis made a direct and much stronger influence on Japan's real sector and its trade than on the financial and lending spheres. Financial institutes were, of course, affected by the crisis; yet the losses they suffered on low quality assets were not high. Total losses of lending institutions from low quality mortgage securities made only 2.1 percent of the total first tier capital for the period from April 2007 to March 2009.

Although financial environment worsened from September 2008,⁵ it was global trade that bore the brunt of the crisis. *Figure 1* shows a quarterly motion of Japan's export and import growth rates compared with the GDP growth rate for a long period. The figure proves that the depth of the slump in global trade turnover exceeds the general GDP decline by multiple times.

The global trade reduction was caused by the lower demand in developed economies, especially the USA and Great Britain, that suffered greatly from the financial crisis. Export had always been a major sector for Japan and such a shock, therefore, affected the real economy badly. Production fell by roughly one third from September 2008 until February 2009, which resulted in a high unemployment rise by the middle of 2009.

It should be noted that problems with trade relations proved a major reason for the crisis in Japan's economy on the micro level, too. The analysis of changes in Japanese companies' operational performance for one and two-year periods after the crisis showed that the 2007–2009 financial crisis transmitted to Japanese companies mainly through trade channels. The liquidity channel played a less significant part in the price drop and return on investment reduction. The shock on financial markets subsided faster than in trade, which is attributed to non-traditional monetary policies pursued by the Bank of Japan as well as government measures to provide extra corporate financing [Hosono, Takizawa, Tsuru 2016].

⁵ For example, the diffusion index characterizing the attitude for lending to companies of different size fell sharply and approached the level of the late 1990s [Shimizu 2019].

Financial Contagion and Its Effects in Japan

Financial crises and recessions in Japan's economy signify its perceptibility to effects made by financial contagion – shock transfers from one country to another or between economic sectors. The term *contagion* is taken from medicine and used in economics to underline the important role of transmission mechanisms in the periods of instability and crises. The process of contagion in economic systems can be presented as follows: a negative shock initially engaging one market or region spreads through a particular channel to other markets and regions. These, in turn, transmit contagion further, sending it by the same or other channels to other recipients. The result is a “chain reaction” (“domino effect”) causing structural gaps and a decrease in stability of the entire economic system.

From the theoretical viewpoint, it is important to identify channels of contagion transmission and all participants of this process. Given the differences countries have in the degree of liability to trade and financial shocks, researchers most frequently compare trade and financial channels. Yet the results are ambiguous, since priority is given to different channels in various papers. For example, the analysis of the data for 20 industrial economies (including Japan's economy) in 1959–1993 led to a conclusion about the key role of trade channels in transmission of contagion [Eichengreen et al 1995]. On the other hand, financial channels were more often considered for Asian crises of the 1990s. There is evidence that financial ties manifested through the stop of lending by large Japanese banks to investors from different countries played an important role in the dissemination of those crises [Kaminsky, Reinhart 2000].

Many banks bearing losses due to toxic assets during bank crises reduce lending. If banks work on a global level, asset quality deterioration and drop in value thereof will transmit contagion across borders. However, Japan's experience during the 2007–2009 financial crisis testifies that direct influence of this channel was limited. Since foreign banking loans to Japanese companies were small (their share made only 2 percent),

they did not suffer from the lending crisis seriously. Moreover, after Lehman Brothers' default, Japanese banks themselves increased lending in response to the growing demand aroused by contracted liquidity on the market of securities and corporate bonds. Japan can be regarded in this respect as a contagion transmitter rather than a recipient.

If, conversely, Japan is regarded as a recipient of contagion, then trade ties played a major role during the global financial and, later, pandemic crises. They can be manifested in various ways. Thus, as the country that suffered from the crisis is plunging into recession, the demand for import in that country goes down due to income effect. If the currency of the suffering country devalues, the demand for import goes down both in the given country and on the third markets due to the price effect. Finally, devaluation in the country that first suffered from the crisis may exert pressure on other countries to devalue their currencies as well. This mechanism failed to work in Japan because its national currency strengthened during the global crisis. But the mechanism of trade barriers impeding export-import operations proved to be quite effective. In particular, it was noted that the strengthening of trade barriers in 2008–2009 resulted in trade shrinkage in some countries including Japan.⁶ Moreover, consequences of these changes largely compensated for each other on the global level.

Financial contagion is experienced by various sectors and spheres of the economy. Thus, a study was made of contagion transmitted on the market of securities based on the volatility analysis for stock exchange indices and risk-related bonuses.⁷ Shocks of volatility during the world financial crisis resulted in mutual contagion on the markets of the USA, Europe, and Japan. Contagion was especially significant after the collapse of Lehman Brothers – Japanese markets grew more susceptible

⁶ Trade and the Global Recession. https://www.nber.org/system/files/working_papers/w16666/w16666.pdf

⁷ Yoshihiko Sugihara. Global Contagion of Volatilities and Volatility Risk Premiums. <https://www.bis.org/repofficepubl/arpresearch201003.03.pdf>

to volatility risks transmitted to various sectors of the economy. It was confirmed in another paper [Naifar 2011], where Credit Default Swap (CDS) indices were chosen to measure susceptibility to contagion. The economic model revealed that CDS indices during the crisis act as a higher risk indicator and become very susceptible to financial market conditions and macroeconomic changes.

When detecting contagion, it is important to be able to separate intensification of mutual dependence that is virtually always observed during local and, even more so, global crises from a fundamental change in the ties, which testifies to contagion. Moreover, since developed economies are very much integrated on a global scale, many macroeconomic and financial indicators of different countries strongly correlate with each other in a continuous mode. This particularly relates to return on equity and other financial assets listed in the US and Asian markets. Japan's index Nikkei 225, for example, showed a close link to US S&P 500 before the 2007–2009 global financial crisis and during this crisis as well. Complex models, therefore, are not always able to discover significant correlation movements. Thus, secondary volatility effects on Japan's market proved similar in the crisis and non-crisis periods, which clearly indicates contagion absence [Morales, Andreosso-O'Callaghan 2012].

It should be noted that not only Japan's financial markets alone show susceptibility to contagion. For example, real estate markets may become its "target," but response of these markets to contagion is not as rapid as that of the banking sector, stocks, and derivatives. Some papers did not find any contagion effects at all in the period of serious shocks. For example, [Hatemi, Roca 2011] did not identify any signs of shock transmission to Japan's real estate market during the US mortgage crisis spreading throughout the world. Yet such signs were found during the earlier 1997–1998 Asian crises. Japan then was one of the main contagion recipients with the bulk of increased real estate price volatility caused by shocks that came from Hong Kong [Bond, Dungey, Fry 2006].

There is also evidence of contagion in other sectors of Japan's economy. During the global financial crisis, intra-industry contagion

was recorded in primary production, manufacturing industry, consumer goods, and informational technologies [Baur 2012]. In this connection, it would be of interest to compare its dimensions with other countries. Table 2 shows empirical estimates of four types of contagion in different countries. The non-financial segment is presented in the last two columns with indication of particular sectors – contagion recipients. The table proves that all countries underwent contagion to a different degree. Japan looks resilient (shock- or stress-resistant) to global contagion of financial and non-financial sectors, compared to the global situation. As to the real sectors of the economy, where contagion developed through internal channels, Japan proved to be more vulnerable than, for example, the USA, Germany, and Australia.

Table 2

Contagion of Financial and Non-Financial Markets in Japan
and Other Countries During the 2007–2009 Global Financial Crisis

Country	Type and channel of contagion			
	I	II	III	IV
Japan	Yes	No	No	Yes (B, C, D, I)
Australia	Yes	Yes	Yes (A, B, C, H)	Yes (I)
Brazil	No	Yes	No	Yes (A, B, C, F)
Germany	No	Yes	Yes (C, D, H)	No
India	Yes	Yes	No	Yes (A, B, C, H)
Canada	Yes	Yes	Yes (B)	Yes (G)
China	Yes	Yes	No	Yes (A, B, C, D, F, G, H)
Norway	Yes	Yes	Yes (B, F, H)	Yes (D, E, F)
Russia	Yes	Yes	Yes (D)	Yes (A, B, C, E, F, H)
USA	No	Yes	Yes (A, B, C, D, E, G, H, I)	No
SAR	Yes	No	Yes (A, B, C, G, H)	Yes (A)

Compiled according to: [Baur 2012].

Symbols: I – overall contagion of the stock market (global equity portfolio → national equity), II – contagion of the financial sector (global

financial sector equity portfolio → national financial sector equity), III – global contagion of real economy (global financial sector equity portfolio → national non-financial sector equity), IV – internal contagion of real economy (national financial sector equity portfolio → national non-financial sector equity).

A – oil and gas, B – primary production, C – manufacturing industry, D – consumer goods, E – healthcare, F – services, G – communications, H – energy, I – informational technologies.

It should be noted that once detected contagion requires the government's immediate interference aimed at preventing its further spread and emergence of "chain reactions" when the recipient becomes a shock transmitter and new transmission channels are added. Very important here is to highlight the unique situation of Japan – while most countries saved their financial markets during the crisis, the Japanese government concentrated its efforts on industrial production support. In fact, the first government support package alone amounted to JPY 14B in 2009; it was directed at funding industry, innovations, infrastructure, etc. Yet no support was rendered to the financial sector. The Deposit Insurance Corporation of Japan (DICJ) did not allocate a single yen for these purposes, although DICJ support amounted to JPY 6B in various forms during the 1997–1999 financial crisis [Miyakoshi et al 2014].

This policy is quite explainable from the viewpoint of the theory and practice of financial contagion. In fact, government support measures for production are justified if the source of contagion on the internal market is not the financial sphere, but the real sector. This very situation was observed in Japan's economy in those years. Major risks transmitted from other countries by a trade channel because the largest companies (Toyota, Honda, and Nissan) faced difficulties with production and export. It was found that the negative exogenous effect of foreign companies on Japan's economy was clearly manifested in risk premiums for five-year bonds [Miyakoshi et al 2014]. In addition, the negative exogenous effect existed in the direction of "real sector → financial sector" but not vice versa. Simply put, contagion in Japan

transmitted from foreign industries to local production and then – to national financial markets. That explains a large financial support provided to the real sector as a starting point for the risk flush to Japan.

It is not obligatory that some negative economic event should give an impetus to contagion processes in various markets. The shock may have a non-economic nature but then spread by financial, trade, and other channels to different parts of the economic system. It was fully proved in the period of the crisis caused by COVID-19. The geographical factor becomes very significant in the pandemic environment. The territorial proximity or remoteness of some country from China may affect the character and mechanisms of contagion not only in the medical but also in the economic context as well. Therefore, Japan's and China's neighborhood can be interpreted in two ways. On the one hand, there is evidence that the spatial financial contagion effect most severely affected China and geographically remote countries [Zorgati, Garfatta 2021]. Japan is not among them; therefore, it should be less vulnerable to the pandemic shock. In addition, many Asian countries including Japan were quick to respond to the COVID-19 outbreak introducing restrictive measures, which reduced the intensity of medical and economic contagion. Econometric models assessing dimensions, direction, and intensity of contagion transmission showed that the Asian region least of all suffered from financial contagion (USA proved to be the most vulnerable country, followed by Brazil, Mexico, and Argentina) [Benkraiem et al 2022].

On the other hand, some studies testify to growth, under the influence of COVID-19, of correlations between macroeconomic indicators within Japan as well as intensification of their co-movement with the indicators of other countries, which is interpreted as a sign of financial contagion. For example, the application of high frequency data confirmed the hypothesis of jump contagion of the stock market in Japan and some other Asian markets (Hong Kong, South Korea, Singapore, and others) [Zhang et al 2022]. The authors found a high intensity of those jumps, non-linear character of their movements, as well as their great contribution to the increase of financial indicators volatility.

Japan in the period of the pandemic crisis was considered not only as a contagion recipient but also as a source thereof. The focus was particularly made on the spread of contagion along the line “Japan → Asian region” and “Japan → Africa and Middle East.” As to the first line, not a single fact of contagion was found (calculation was made of pair dynamic correlations with India, China, Taiwan, and Thailand), the second line (calculations were made paired with Egypt, SAR, Saudi Arabia, and the UAE) provided a single fact (Japan transmitted the effect of contagion only to the UAE) [Siddiqui et al 2022]. On the whole, it proves the minimal role of Japan as a contagion transmitter for developing markets. Yet the situation was different in respect of developed economies. Japan and China appeared as “net transmitters of spillovers” as they transmitted more spillovers than they received to those countries [Akhtaruzzaman, Boubaker, Sensoy 2021]. Mathematical models did not only confirm the presence of financial contagion between China and Japan, on the one hand, and developed economies, on the other; they showed that the degree of contagion was much higher for financial companies in comparison with non-financial ones.

Financial Contagion in Japan in the National and Inter-Industry Aspects: Assessment

The practical part of our paper contains results of our own study conducted to obtain assessment of damage and tendencies of contagion in Japan's economy during the pandemic. Using quantitative analysis methods, we test two hypotheses reflecting the national and inter-industry aspect of the problem:

1. Japan was a source and recipient of contagion, i.e., the country received shocks from China and transmitted them to other countries.
2. Japan had inter-sectoral effects of contagion, i.e., shocks of the pandemic within its national economy spread among industries.

A vast statistical database was used to confirm or disprove these hypotheses. It was presumed that contagion spread by securities market

channels, and, therefore, information on stock exchange indices was collected on a daily basis. Movements in Japan's most important index (Nikkei 225) and similar indices from other countries were considered to test the first hypothesis. We decided to ensure a certain "consistency" of the article's empirical part with the previous one. Therefore, the sample contained stock indices of the countries discussed in Table 2 (Australia – S&P/ASX 200, Brazil – Bovespa, Germany – DAX, India – BSE Sensex, Canada – S&P/TSX, China – Shanghai, Norway – OSE Benchmark, Russia – RTSI, USA – Dow Jones, and SAR – South Africa Top 40).

Nikkei industry indices were applied to test the second hypothesis. We selected two sectors (N500 Banking and N500 Real Estate) that were unstable during previous crises (especially in the 1990s crisis) as well as a number of other industries of Japan's economy, which were particularly hit by the pandemic. They include N500 Automobiles & Auto parts, N500 Marine Transport, N500 Air Transport, and N500 Retail. In addition, the sample included traditionally important sectors for Japan such as N500 Electric Machinery, N500 Fishery, and N500 Shipbuilding.

As known, macroeconomic indicators fluctuate stronger in the periods of crises and instability. Volatility is often used to assess these fluctuations. As to Japan, *Figure 2* compares volatilities of some stock indices computed by us: a. – China's and Japan's indices (country section), b. – Japanese banking, air transport, and fishery indices (industry section). The widely known statistical "sliding" method was used, i.e., volatility (ratio of the index standard deviation and its mean value) was first defined by the data for the ten first values, with the sample then shifting by one date forward and the procedure repeating.

The figure shows that there was a surge of volatility of stock indices in Japan at the start of the pandemic with response to the shock from China coming with approximately a two-month lag. This allows suspecting contagion along the "China → Japan" line, which then spread to Japan's economic sectors.

It is necessary to use an instrumental analysis to provide a solid confirmation of such contagion (or, conversely, to disprove it). Financial

contagion is detected using a variety of methods with a different degree of complexity – from assessments based on standard descriptive statistics to quantile regressions and copula functions. We will apply methods of advanced correlation analysis. To do it, we will break our sample down into two periods – pre-crisis and crisis (the date of the pandemic official announcement, i.e., March 11, 2020, will serve as a divider). The presence of contagion will be defined with the help of two special tests:

The Forbes-Rigobon test (*FR-test*) is the most widespread approach to financial contagion estimates based on comparison of correlations between economic indicators (in our case – between stock indices) in the pre-crisis and crisis periods.⁸ Calculations in this case are made with an adjustment for heteroscedasticity. The point is that volatility always goes up in the crisis period (we showed it for Japan in Fig. 2); using standard correlation ratios may result in biased ratings. This test applies adjusted ratios in order to avoid bias.

The co-volatility test (*CV-test*) is a less frequently used approach based on measurement of dependence between an extreme event in one market and a similar event in another. The purpose of the test is to define whether joint volatility increases in the crisis period as compared with the pre-crisis one.

We will not provide a formal (mathematical) description of the tests and mention only that in case of financial contagion the test statistics must indicate significant strengthening of interrelations in the pandemic period as compared with the “quiet” one. Reference in our case is made to interrelations between Japan and other countries or between sectors of Japan’s economy. If it does not happen, we may speak only about

⁸ It was first applied in [Forbes, Rigobon 2002] – one of the most cited articles in the world on contagion. It would be interesting to note in the context of our article that this test helped the researchers assess country effects of contagion during three crises (stock market collapse in USA markets in 1987, Latin American crisis in 1994, and Asian crisis in 1997); they did not find any transmission of contagion into Japan.

co-movement of indicators, which cannot be considered as financial contagion.

Tables 3 and 4 show test results of country and industry effects of contagion in Japan that spread by stock market channels in the COVID-19 pandemic period. We deliberately did not show digital values of test results but limited ourselves to just recording the presence or absence of contagion. The country section is presented in one direction, i.e., by the “China → Japan” and “Japan → other countries”, while the industry one – in both directions, i.e., each sector is simultaneously regarded as a potential source and a potential recipient of contagion. Each cell of Table 4 has two signs: the first corresponds to the *FR*-test, and the second – to the *CV*-test. Arrows and ovals show bi-directionality (bilateral direction) of potential contagion as an example for the “I – IV” parcel. The signs in the cells signify that both tests proved contagion from the banking sector (I) to that of marine transport (IV), and only one test (co-volatility) confirmed contagion in the reverse direction.

Table 3

Test Results for Presence (+) or Absence (–) of Country Contagio

Country – Contagion Recipient	Country – Contagion Source	
	FR-test	CV-test
	China	
Japan	+	+
	Japan	
Australia	–	–
Brazil	–	–
Germany	–	–
India	–	+
Canada	+	–
Norway	–	–
Russia	–	+
USA	+	+
SAR	–	–

Table 4
Test Results for Presence (+) or Absence (–)
of Inter-Industry Contagion

Industry – Contagion Source and Recipient								
I	– +	– +	– +	– +	++	+	++	++
++	II	– +	– +	– +	++	+	++	+
++	++	III	++	– +	– +	+	– +	++
+	– +	– +	IV	– +	++	– +	++	– +
– +	+	– –	– –	V	++	+	– +	– –
++	++	++	+	++	VI	++	++	+
– +	+	– –	++	– +	++	VII	++	+
++	– –	+	– +	– –	+	– –	VIII	– –
++	– +	– –	– –	+	+	– +	– –	IX

Symbols: I – Banking, II – Real Estate, III – Automobiles & Auto Parts, IV – Marine Transport, V – Air Transport, VI – Retail, VII – Electric Machinery, VIII – Fishery, IX – Ship Building.

Reviewing the results presented in Table 3 suggests a partial confirmation of the first hypothesis about country contagion. Japan appeared to be a recipient of financial contagion spreading from China, but it transmitted it very weakly to other countries in our sample (there was only one case recorded when both test statistical summaries provided a positive result). China is Japan’s main trade partner accounting for nearly a quarter of Japan’s exports and imports. The main shock caused by the sharp drop in deliveries (especially in import) in 2020 was determined by close trade ties between the two countries [Dyomina, Mazitova 2021]. This shock proved vulnerability of Japan’s economy in the short run; but packages of anti-crisis measures and support of local manufacturers managed to reverse this negative trend. The small number of positive tests for contagion along the line “Japan → other countries” may be accounted for by the geographical remoteness of those countries

and insignificant economic connections (none of them are ASEAN members, in particular).

As to inter-industry contagion (Table 4), the hypothesis related to this contagion was confirmed in most cases (88 tests out of 144 recorded facts of contagion, which makes up 66.1 percent), although the results are quite ambiguous. This allows us to conclude that the influence of one industry on another changed considerably during the pandemic; but the change is not ubiquitous but rather selective. For example, the banking sphere proved less resistant to contagion than fishery and shipbuilding. However, financial intermediaries turned out to be contagion transmitters into these and other industries. The higher susceptibility to contagion of the banking sector was indirectly confirmed by the discussion of the recently renewed discussion of the old “zombie lending” problem in a new light – provision during the COVID-19 period of government support in the form of subsidies and preferential loans to companies with low credit ratings whose performance efficiency had been low before the pandemic [Hoshi, Kawaguchi, Ueda 2022]. It possibly made a negative effect on relationship between banks and the real sector resulting in financial contagion.

Quite unexpected was the result that showed weak susceptibility of the transport sector. It seems that transport shipments, being an integral part of the tourist sector of the economy, should have shown a high degree of contagion. Tourism in the entire world, including Japan,⁹ suffered the most from the pandemic. However, the tourist segment in Japan was vigorously supported by the government. Very effective was the “Go-To Travel” program aimed at stimulating demand for internal tourism and suggesting various

⁹ Tourist flow to Japan dropped by 85.1 percent in 2020. It was even 99.9 percent according to the second quarter results, i.e., tourism came to a halt. UNWTO World Tourism Barometer, p. 17. <https://www.e-unwto.org/doi/epdf/10.18111/wtobarometereng.2020.18.1.7?role=tab>

support measures, transport fare discounts included.¹⁰ In addition, support was provided in the form of subsidies to employers who sent their employees on an enforced leave as well as in the form of non-interest and uncollateralized loans. The effectiveness thereof was confirmed by a number of studies (See, for example, [Matsuura, Saito 2022]) and real figures – tourist activity rose to 20–30 million people in the course of the program, and the total decrease of the tourist flow, although not overcome, was only 25–30 percent. We believe it was quick and comprehensive assistance to tourism on the part of the government that prevented contagion in the sector of passenger shipments.

Conspicuous is the large number of recorded cases of contagion in the retail segment, which appeared to be simultaneously a recipient and a transmitter of contagion. This can be explained by the unstable structure of the Japanese' consumer behavior. According to the opinion expressed in [Timonina 2022], the “lost decade” resulted in consumer behavior changes that became evident in the period of the financial crisis and intensified during the pandemic. Growth rate fluctuations in the Japanese' monetary incomes, increased anxiety and worry, emergence of new consumers (the Y and Z generations), and other factors made retail modify their strategies and organizational forms of business. Evidently, not all companies managed to do it, as many proved to be unprofitable, and some went bankrupt. COVID-19 was an extra stress to trade – some market participants were able to adapt to it,¹¹ but many failed to withstand the pandemic shock. As of September 16, 2020, particularly, i.e., six months after the start of the pandemic, 44 bankruptcy cases were detected in clothes retail trade. This segment found itself in the third place in the rating of spheres that were most hit by the pandemic

¹⁰ The campaign was carried out from July 22, 2020, until December 28, 2020, with the total budget of JPY 1.35B (USD 12.8B).

¹¹ For example, the largest Asian retailer AEON invigorated its activity in on-line sales and food delivery.

(the first two places were occupied by catering and hotels) [Kanno 2021]. Trade as a whole, therefore, proved to be more susceptible to the pandemic shock and contagion that followed.

Thus, methods of financial contagion detection in Japan showed that the country was vulnerable to the pandemic shock. Yet, having caught infection, Japan's economy manifested irregularity of shock transmission by internal channels – some sectors became active recipients and transmitters of contagion, while others showed moderate or high resistance to the crisis.

Conclusion

Below are our major conclusions. Japan has gone through three financial crises in its modern history. One of them (the only one indicated in current databases for banking, currency, and lending crises) broke out in the late 1990s. It served as one of the illustrations for the “lost decade” of Japan's economy and manifested itself by a series of bank bankruptcies and reorganizations caused by ubiquitous practice of lending to insolvent companies (the “zombie lending” problem). Japan showed better resistance compared to other Asian crises of those years due to consistent and effective measures taken by government and monetary authorities.

The 2007–2009 global financial crisis had a negative effect on Japan, although formally – if we use the criteria of local crisis identification – there was no crisis in that country at that time, only spillovers. The global shock made a key impact on Japan's trade with other countries – the depth of the recession both in imports and exports considerably exceeded the overall GDP drop (for example, the peak value of the export decline was 50 percent, while the GDP decrease was 5 percent max).

Japan, like many other countries, is affected by financial contagion – a process of shock transmission from one country to another, when fundamental ties are destroyed, and economy loses its stability. Reviewing publications on this issue allows concluding that Japan is susceptible to contagion transmitted through various channels. Japan's situation

is specific in that the key channel of contagion is trade ties rather than financial ones. This circumstance enables the government to build its anti-crisis policy in the best way. Our paper describes a very interesting situation that was observed in the period of the financial crisis when many countries provided assistance predominantly to financial markets, while Japan supported its real sector. This policy is in full conformity with the theory and practice of combatting financial contagion. Shocks during crisis periods were transmitted first to Japan's industry from foreign companies through trade ties and only then to financial markets. This circumstance served as the basis for the government to begin supporting the real sector as a source of inter-industry contagion.

The article deals with an important aspect associated with the contagion spread during the pandemic crisis. Many studies devoted to COVID-19 regarded Japan as a source and a recipient of contagion. We have also decided to dedicate the empirical part of this article to testing the role of Japan in that contagion. We formulated hypotheses about the presence of country and inter-industry contagion effects. A large bulk of data on the securities market was used to confirm them – we collected information on movements of Nikkei225 and other countries' indices as well as a number of Japanese industry indices. Methods of non-classical correlation analysis (statistics calculated by two contagion tests) served as instruments for detecting contagion. The results showed that Japan had been a recipient of financial contagion coming from China, but it weakly transmitted it to other countries. Intra-industry contagion within Japan's economy occurred more vigorously because positive tests were confirmed in 66.1 percent of cases. We also found irregularities in shock transmission between sectors caused by various reasons. Thus, low susceptibility to contagion of the passenger shipment sector can be accounted for by the timely and overwhelming support provided by Japan's government to the tourist sector (particularly, the "Go-To Travel" program being efficiently implemented). Conversely, the high degree of contagion in the retail trade segment may be linked to structural shifts in behaviors of consumers and business that experienced a negative shock during the pandemic and failed to get adapted promptly.

The overall conclusion of the study is as follows: Japan has recently been resistant to financial crises yet susceptible to financial contagion. The major channel of vulnerability to external shocks is global trade rather than finances; however, government policies prevent contagion from spreading ubiquitously and localize it in separate markets.

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Ainu Policy Promotion Act: The Problem of Compliance With International Standards on the Rights of Indigenous Peoples

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Abstract

This article is devoted to the analysis of the Act on Promoting Measures to Realize a Society in Which the Pride of the Ainu People Is Respected (Act No. 16 of 2019). The problem of compliance of Japan's Ainu policy with international standards in the sphere of protection of indigenous peoples' human rights is actively discussed today by foreign researchers. However, it is hardly studied in the Russian historiography. The article discusses the main provisions of the new legislation and reveals the point of view of the Ainu representatives about the measures taken by the government. It has been found out that Japan's Ainu policy is greatly influenced by the position of international community towards the rights of indigenous peoples. International law has become the main lever of influence on the government for the Ainu people. It has been proven that the mechanisms for promotion and protection of the rights of the Ainu in Japan are imperfect and do not fully comply with the United Nations Declaration on the Rights of Indigenous Peoples. The main issues facing the Ainu are discrimination, collective rights, indigenous representation in the government, development of ethnic education, etc.

Keywords: Ainu, Japan, ethnic policy, indigenous people, international law

In 2019, Japan adopted new legislation regarding the Ainu, which was supposed to secure their status as an indigenous people and guarantee the corresponding rights. However, immediately after the adoption of the law, disputes began in academic circles over how it met the provisions of the UN Declaration on the Rights of Indigenous Peoples, issued in 2007. The purpose of this article is to analyze the positive and negative aspects of the new legislation, as well as to assess its compliance with international standards in protecting the rights of indigenous ethnic groups.

The Japanese government currently pays considerable attention to the protection of human rights. The state actively cooperates with various international human rights organizations. In reports to various UN committees, it was repeatedly emphasized that Japan is ready to comply with the “fundamental principles contained in international human rights instruments”.¹

However, it cannot be said that there are no cases of violation of these rights in Japan. The most pressing issue is the discrimination of the Ainu. An aggravating factor in this regard was the long absence of their recognition as an indigenous people, which was realized only in 2008. The non-recognition of the Ainu by the Japanese state made them “invisible” to international law.

The topic of the correspondence of Japanese policy to international standards in the field of protecting the rights of indigenous peoples is being actively discussed abroad. The UN periodically requests reports on the measures taken by the government to prevent discrimination and

¹ Consideration of reports submitted by States parties under article 40 of the Covenant: International Covenant on Civil and Political Rights: Third periodic report of Japan (CCPR/C/70/Add.1). *United Nations: official website*. April 6, 2009.

<http://docstore.ohchr.org/SelfServices/FilesHandler.ashx?enc=6QkG1d%2FPPRiCAqhKb7yhsmoBTkOuDPNIMXWauPwondGLXVHWQLri5duOzZurUViH%2BPqBhoaNOWfJdKLidSo9H%2BaPM37l%2F2%2BiHkvn2%2BTsXuLy7gBUoXND3mCc8APSoffb>

improve the living conditions of the indigenous people. Recently, more and more research works have appeared around the situation of Japanese ethnic minorities. One can note such authors as Y. Sugimoto, M. Weiner, J. Lie, S. Murphy-Shigematsu [Sugimoto 2010; Weiner 2008; Lie 2001; Murphy-Shigematsu 2013] and others. Some subjects are touched upon in the works by J. M. Bazhenova, E. V. Goryan, A. Yu. Levakovskaya, E. L. Frolova [Bazhenova 2014; Goryan 2017; Levakovskaya; Frolova et al. 2010], and others.

Start of Changes in Japanese Ethnic Policy

A significant impact on the socio-economic and cultural development of the Ainu was the fact that, in the post-war period, the mono-ethnicity of Japanese society began to be increasingly emphasized. There was also an erroneous point of view that the Ainu people had been assimilated and no longer existed in the country. Its spread was facilitated by the release of several studies that spoke of the Ainu as an “endangered race” [Hasebe 1946; Takakura 1943; Okuyama 1979]. J. M. Bazhenova in her works emphasizes that, in general, the homogeneity of the Japanese nation in the second half of the 20th century was assessed as a positive feature, since “it provided a high degree of solidarity and integrity of society, allowed Japan not only to overcome the post-war crisis, but also to perform an ‘economic miracle,’ remaining one of the few countries in the world that did not know the destructive influence of interethnic and interfaith conflicts” [Bazhenova 2014, p. 55].

However, as interest in ethnic minority issues worldwide increased, so did the attention to the Ainu. This sudden interest can be seen as the result of developing international trends in the protection of the rights of indigenous ethnic groups. Since the late 1980s, the Ainu have become active participants in the global Aboriginal human rights movement, and since 2002 they have participated in the Permanent Forum on Indigenous Issues. International recognition of the Ainu, as well as Japan’s desire to comply with global trends in internationalization and multiculturalism,

has led to a revision of Japanese ethnic policy. Consequently, the development of international activism by representatives of the people can be seen as a kind of leverage for the Tokyo government. Three events confirm the influence of international trends on indigenous policy: Japan's adoption of the UN Declaration on the Rights of Indigenous Peoples, the official recognition of the Ainu in 2008, and the adoption of the Act on Promoting Measures to Realize a Society in Which the Pride of the Ainu People Is Respected in 2019.

At the beginning of the 21st century, an important and long-awaited event occurred. In 2007, the UN General Assembly adopted the Declaration on the Rights of Indigenous Peoples, and Japan also voted for its adoption. The Declaration was the result of a long process that began in 1982. It is an international treaty of a comprehensive nature, the purpose of which is to democratize relations between indigenous peoples and states. It is not a formally binding document. However, since 148 countries voted for it and only 11 abstained, it has become an important guide for states in developing appropriate policies and laws.²

The outcome of the vote for the Declaration was not obvious. From Japan's point of view, the draft document was far from ideal. For example, it was argued that there should be a clear and objective definition of the term "indigenous people." Japanese Foreign Ministry officials who took part in the vote initially persuaded the government to abstain from adopting the declaration. However, as the voting date approached, Japan's representative in Geneva increasingly insisted that it would lead to criticism of the Japanese government from both the international community and the Japanese public, resulting in a change of decision [Larson 2008, p. 67].

The adoption of the 2007 Declaration led to new legislation and mechanisms for dialogue with indigenous peoples in many countries,

² Indigenous Peoples and the United Nations Human Rights System. Statement of Facts № 9/Rev.2. *Office of the High Commissioner for Human Rights*. Geneva: United Nations Office. 2013. https://www.ohchr.org/sites/default/files/Documents/Publications/fs9Rev.2_ru.pdf

including Japan. In 2008, both houses of the Japanese Diet voted unanimously to adopt a resolution recognizing the Ainu as an indigenous people.³ Such a quick decision regarding the Ainu was not an accident. It was influenced by two international events. First, in May 2008, Japan reported to the UN Human Rights Council on the situation and legal status of the Ainu people. Second, in the summer of 2008, Hokkaido was to host the G8 Summit, and the Japanese government wanted to avoid additional attention to the problem of the ethnic minority. At the same time, shortly before the event, Hokkaido also hosted the Indigenous Peoples' Summit [Lewallen 2008].

According to Ainu activist Kaizawa Koichi, the authorities recognized the Ainu a month before the Summit, and the adoption of the 2007 UN Declaration did not play such an important role here [Kaizawa at all 2011, p. 196]. It is important to note that the Ainu are so far the only ethnic minority and indigenous people officially recognized by Japan. At the same time, there are also large Korean and Chinese diasporas. Japanese citizens include Filipinos, Brazilians, Vietnamese, etc. It is impossible not to mention the Okinawans (or Ryukyus), who define themselves as a separate ethnic group.

New Legislation Regarding the Ainu

After the recognition of the Ainu people in 2008, the drafting of legislation that would secure their indigenous status began. The Council for the Promotion of Ainu Policy became key in realizing this goal. It was composed of 14 members, including 5 representatives of the Ainu people, 5 experts on human rights and indigenous peoples, and 4 heads of national and local governments. It was established in December 2009 and is chaired by the Chief Cabinet Secretary.

³ Ainu minzoku o senju minzoku to suru koto o motomeru ketsugian [Resolution recognizing the Ainu as an indigenous people]. *House of Representatives: official website*. June 6, 2008. <https://www.sangiin.go.jp/japanese/ugoki/h20/o8o6o6-3.html>

The council began drafting the bill in 2017. Experts who participated in the drafting of the document say that, in the process of its preparation, the government tried to listen to the opinion of representatives of the people, and numerous talks were held with the Hokkaido Ainu Association [Tsunemoto 2019]. In February 2019, the Cabinet submitted a bill to the Diet, “On Promoting Measures to Realize a Society in Which the Pride of the Ainu People Is Respected.” It was passed by the House of Representatives and the House of Councillors in April 2019, before entering into force in May 2019. According to official Japanese statements, the law provides for a comprehensive approach, including measures for regional, industrial, and tourist development, in addition to the policies already in place to improve the well-being of the Ainu people and promote their culture.⁴

The document took quite a long time to develop and was adopted only a year before the Tokyo Summer Olympics. As has already been mentioned, Japan, not wanting to draw additional public attention to the problems of the Ainu people, often takes important measures concerning the people only in the run-up to important international events. Japanese researchers also note that the law was supposed to stimulate the development of the tourism industry in Hokkaido. The infrastructure built on the island as part of the new ethnic policy was expected to attract tourists who would visit Japan during the Olympics [Charbonneau, Maruyama 2019a].

The law consists of eight chapters, which are divided into forty-five articles, as well as nine additional provisions. The main purpose of the law is to promote a society “where the Ainu people live with pride in their ethnicity and where all citizens can mutually respect each other’s identity and individuality.”⁵

⁴ Overview of Ainu Policy in Japan. *Cabinet Secretariat. Government of Japan*. https://www.kantei.go.jp/jp/singi/ainusuishin/index_e.html

⁵ Ainu no hitobito no hokori ga sonjuu sareru shakai wo jitsugen suru tame no shisaku no suishin ni kansuru houritsu (Heisei sanjuu ichi nen houritsu dai juuroku gou) [Act “On Promoting Measures to Realize a Society in Which

The law reveals the specifics of the new ethnic policy, which involves “measures to promote culture and disseminate knowledge about the Ainu traditions”. Thus, it is primarily concerned with the cultural sphere, which includes “the Ainu language, way of life, music, dance, crafts, and other cultural products inherited by them, as well as cultural products created on their base” (Article 1). The law also provides for support for research on indigenous culture.

It is noteworthy that the law recognizes for the first time the need to promote Ainu policy and to take measures to “create a favorable environment” conducive to the development of their culture throughout Japan, not just Hokkaido. This is to be done in close cooperation between the state, local governments, and other interested parties (Article 2).

The new legislation speaks of non-discrimination: “No one shall discriminate against the Ainu people or otherwise infringe upon their rights and interests...” (Article 4). However, it does not provide for any penalties in case of an act of discrimination, which is undoubtedly a great omission.

In accordance with the law, the national government approves the basic Strategy, which is prepared in advance by the Council for the Promotion of Ainu Policy (Article 7).⁶ Municipalities should independently or jointly develop a Regional Action Plan based on the National Strategy. It should include projects for the preservation of Ainu culture; intra-regional, inter-regional, and international exchange; tourism development, etc. These initiatives may be proposed by any citizen and are included in the plan in consultation with the municipality. In turn, the local authorities, in developing the plan, are obliged to consult with all the parties who will implement it. They also undertake to conduct education and publicity campaigns to enhance inter-ethnic understanding (Article 5).⁷ The regional plan is approved

the Pride of the Ainu People Is Respected” (Act № 16 of 2019)]. <https://elaws.e-gov.go.jp/document?lawid=431AC0000000016>

⁶ Ibid.

⁷ Ibid.

by the Prime Minister, after which the municipalities receive grants to implement it (Articles 10-15).⁸

Significant progress is that the legislation includes special provisions related to traditional Ainu rituals. When included in the Regional Plan, timber and bark harvesting in national forests (this refers to “state-owned forest areas” specified in Article 2 of the National Forest Land Management and Administration Act No. 246 of 1951), salmon fishing in inland waters using traditional methods (i.e., inland waters according to Section 60.5 of the Fisheries Act No. 267 of 1949), trademark registration by local organizations (according to the Trademarks Act No. 127 of 1959), etc., are permitted. These activities are coordinated by the Ministry of Agriculture, Forestry and Fisheries, which, if necessary, must issue special permits in accordance with the above laws (Articles 16-18).⁹

A whole chapter of the law is devoted to the construction of a new museum complex in Shiraoi, which has been named “Symbolic Space for Harmonious Inter-ethnic Interaction.” The facility also has a name in Ainu that sounds like “Upopoi,” which can be translated as “singing in a large group.” The complex was built by 2020 on the basis of the former Museum of Ainu Culture. The Ministry of Land, Infrastructure, Transport and Tourism and the Ministry of Education, Culture, Sports, Science and Technology manage the facilities of the new museum (Article 9).¹⁰ The main mission of the National Ainu Museum and Park is to promote cultural projects, scientific research, and to raise awareness of the Ainu people in Japan.¹¹

In order to implement the law, the General Directorate for the Promotion of Ainu Policy was established under the Chief Cabinet Secretary (Article 32). Its members are government ministers

⁸ Ibid.

⁹ Ibid.

¹⁰ Ibid.

¹¹ Upopoi ni tsuite [About the “Upopoi”]. *Upopoi (minzoku kyousei shouchou kuukan)* [“Upopoy”: Symbolic space for harmonious inter-ethnic interaction: official website)]. <https://ainu-upopoy.jp/en/about/>

(Article 37). The Foundation for Ainu Culture, which was established in May 2019, is the main body for the promotion of Ainu culture, in addition to organizations established by representatives of the people.¹²

Evaluation of the New Legislation by Representatives of the Ainu People and Leading Researchers

It is important to note that the law was controversially received by the Japanese public. The criticism was due to the fact that, although the Japanese government had conferred on the Ainu their special status, it had in fact only partially recognized the relevant rights at the level of national legislation. At present, the most important substantive rights of indigenous peoples are recognized by the international community: the right to self-determination; rights to lands, territories and resources, including those which they have traditionally owned; environmental rights and the right to traditional natural resource use, which includes reindeer herding, fishing, hunting, gathering; collective rights; the right to equality and non-discrimination.¹³

Ainu representatives such as Shimizu Yuji, chairman of the Kotan Society, Hatakeyama Satoshi, head of the Mombetsu Ainu Association, and others sharply criticized the new legislation during a press conference in March 2019 and demanded that it be revised. The main drawbacks of the bill, in their opinion, are, firstly, that it does not reflect the interests of all Ainu communities: in particular, the interests of the Karafuto Ainu (*enchiu*), the statement of whose head was announced

¹² Overview of Ainu Policy in Japan. *Cabinet Secretariat. Government of Japan*.

¹³ Indigenous Peoples and the United Nations Human Rights System. Statement of Facts № 9/Rev.2. *Office of the High Commissioner for Human Rights*. Geneva: United Nations Office. 2013. https://www.ohchr.org/sites/default/files/Documents/Publications/fs9Rev.2_ru.pdf

at the press conference, remained unrepresented.¹⁴ Second, the 2019 bill is narrowly focused on cultural development and ethnic tourism. Indigenous representatives regretted that there was no provision for special scholarships for the Ainu people who study at institutions of higher education, nor for specific anti-discrimination measures and activities aimed at improving the socio-economic situation of the people.¹⁵

In addition, the law is aimed at attracting the attention of municipalities to the government subsidies and grants that they can receive with the approval of the Regional Plan. Consequently, the law is not primarily aimed at improving the welfare of the Ainu people, but at the development of municipalities, services and industry (mainly the tourism industry), while the Ainu are used as a kind of “resource for the development of tourism”.¹⁶

Still troubling is the fact that many members of the Japanese government continue to support the idea of homogeneity. In 2020, Japanese Deputy Prime Minister and Finance Minister Asō Tarō gave a speech in which he said that “Japan is the only country where one nation, one people and one dynasty have existed for 2000 years”.¹⁷ The media assessed this statement as contrary to the policy, given that it was made only one year after the new law on indigenous people was adopted.¹⁸

¹⁴ Statement to the Government of Japan Demanding the Withdrawal of the New Ainu Bill. <http://ihaefe.org/files/news/2019/12-03/zayavlenieainov.pdf>

¹⁵ Press conference “Will the Ainu finally be recognized in Japan?”. <http://ihaefe.org/files/news/2019/12-03/press-conf-rus.pdf>

¹⁶ Rights Groups Blame Japan Gov’t over Bill on Ainu Ethnic Minority. *Kyodo News*. March 1, 2019. <https://english.kyodonews.net/news/2019/03/617eaded1ce23-rightsgroups-blame-japan-govt-over-bill-on-ainu-ethnic-minority.html>

¹⁷ Aso Taro shi “Nihon wa nisenennen, hitotsu no minzoku” seifu houshin to mujun [Taro Aso’s statement: “Japan is the only country where one nation has existed for 2000 years” contradicts government policy]. January 13, 2020. <https://www.asahi.com/articles/ASN1F67HDN1FTIPEooX.html>

¹⁸ Ibid.

The most controversial issue related to the passage of the 2019 law is the collective rights of the Ainu. The modern “Japanese approach” to the implementation of ethnic policy is based on Article 13 of the Japanese Constitution, which says that “everyone must be respected as an individual.” This article protects the rights of individual citizens by suggesting that the Ainu people as individuals are able to choose their way of life as long as it “does not interfere with the public welfare.”

This view, for example, is supported by Tsunemoto Teruki, Director of the Center for Ainu and Indigenous Studies at Hokkaido University, who notes that in Japan the subject of law is an individual, and it cannot be “the Ainu people,” belonging to whom is based only on self-determination. International law assumes that any person “belonging to that indigenous population by virtue of his identity (consciousness of belonging to the group), recognized and accepted by that population as its member (recognition by the group)” may be an indigenous representative.¹⁹ This leads to the impossibility of clearly defining the subject of law and entails contradictions in the Japanese legal system [Tsunemoto 2011]. Prof. Tsunemoto also justifies the inferiority of the Ainu policy by saying that the state should first take care of restoring the favorable environment lost during the assimilation policy, “in which the Ainu could learn about their traditional culture and feel their identity, if they wished” [Tsunemoto 2011].

Nakamura Naohiro, a researcher at the University of the South Pacific, holds a similar view on the issue of collective rights. He argues in his writings that Ainu rights are already protected by the present law, and the issue of granting collective rights can be resolved at the level of adoption of individual resolutions by local governments. Accordingly,

¹⁹ United Nations Declaration on the Rights of Indigenous Peoples: Guidelines for National Human Rights Institutions. *Asia Pacific Forum of National Human Rights Institutions and the Office of the United Nations High Commissioner for Human Rights*. 2013. https://www.ohchr.org/sites/default/files/Documents/Publications/UNDRIPManualForNHRIs_ru.pdf

there is no need to create a special law enshrining the collective rights of the people [Nakamura 2013].

However, not everyone agrees with this position. Studies by Maruyama Hiroshi, a professor at the Muroran Institute of Technology, openly criticize the Japanese government's current policy and its failure to draft a special law to fully ensure the rights of the indigenous ethnic group [Maruyama 2014]. He assessed the 2019 bill as "a law that preserves the legacy of the Japanese government's colonial attitude toward the Ainu" [Maruyama 2013]. Explaining his point of view, the professor draws attention to the fact that all measures concerning the Ainu are created exclusively for the economic benefit of the state or local authorities, and the development of the Ainu culture is only a cover [Charbonneau, Maruyama 2019a]. In addition, according to the scholar, in order to implement effective ethnic policies and achieve consensus with the communities, the authorities should apologize to the entire Ainu population for the discriminatory and assimilationist policies of the past. However, no formal apology has been made.

Professor Maruyama also criticized the Ainu Policy Promotion Council and emphasized the fact that this body was composed mainly of Japanese and that Ainu representatives, a minority in it, were not able to express the interests of all Ainu communities when drafting new legislation [Charbonneau and Maruyama 2019b].

Problem of 2019 Legislation Compliance with International Standards for the Protection of the Rights of Indigenous Peoples

Members of Ainu communities and organizations have repeatedly expressed their opinions on the need to recognize collective rights, saying that it is an integral part of the UN Declaration on the Rights of Indigenous Peoples. Moreover, the representatives of the people often oppose the procedure that requires a special permit from the local authorities to catch fish. As a result, poaching is on the rise, which only fuels the debate over the recognition of collective rights.

Although the 2019 bill would loosen restrictions on salmon fishing and timber harvesting in national forests for rituals, Ichikawa Mochihiro, an attorney, who spoke for Ainu representatives at a March 2019 press conference, said it was to preserve Ainu traditions and was not based on their collective rights.²⁰ The Citizens' Alliance for Ainu Policy Inspection in 2020 sent a written appeal to the governor of Hokkaido asking him to review the current salmon harvesting regulations. The appeal mentioned that police and local officials obstruct traditional Ainu rituals even though the events are agreed upon in advance.²¹ Thus, the issue of collective rights is one of the most painful for the Ainu communities. It is also closely connected with another important problem, the return and reburial of the remains of the Ainu ancestors, which were removed from graves by Japanese researchers for scientific purposes from the Meiji period until the 1970s.

In the late 20th and early 21st centuries, activists and organizations defending the rights of indigenous people (Citizens' Alliance for Ainu Policy Inspection, Urahoro Ainu Association, Karafuto Ainu Association, Kotan-no Kai Organization, etc.) began to advocate that the Ainu remains be returned directly to communities and buried where they had been removed by scientists. However, the Japanese government has its own views on the placement of anthropological material. It has decided to place all the remains in one place, a memorial complex at the National Museum and Ainu Park in Shiraoi. Many Ainu representatives oppose this because it is highly undesirable to move the remains to the memorial and to allow scientists to conduct further research. The disgruntled Ainu

²⁰ Rights Groups Blame Japan Gov't over Bill on Ainu Ethnic Minority. *Kyodo News*. March 1, 2019. <https://english.kyodonews.net/news/2019/03/617eaed1ce23-rightsgroups-blame-japan-govt-over-bill-on-ainu-ethnic-minority.html>

²¹ Mobetsu-gawa de no sake ryou wo megutte [About salmon fishing in the Mobetsu River]. *Ainu seisaku kentou shimin kaigi* [Citizens Alliance for Ainu Policy Inspection: Official Website]. <https://ainupolicy.jimdofree.com/市民会議の提案-声明/モベツ川でのサケ漁をめぐって>

follow Article 12 of the UN Declaration on the Rights of Indigenous Peoples, which affirmed their right to use ceremonial objects and to bury the remains of their dead in their homeland. It also obliged the State to ensure that ceremonial objects and remains of the deceased can be accessed and/or returned to their homeland through fair, transparent and effective mechanisms developed in conjunction with the indigenous peoples concerned.²² Ainu representatives filed several lawsuits, after which the problem began to be discussed. Despite the campaign to repatriate the remains, very few were returned to the descendants. Most of the anthropological material was moved to the museum's memorial because, according to official data, "there is little willingness among the Ainu to accept the remains" [Higashimura 2019]. Indigenous advocacy organizations provide different information and state that the return procedure is extremely slow and difficult. The fact is that, under the Japanese Civil Code, human remains can only be transferred to a direct descendant or blood relative of the deceased, which must be proven through DNA testing.²³ Consequently, a community or an organization cannot make a request or file a lawsuit. Such a principle contradicts indigenous peoples' right to collective property.

The above-mentioned problems are also aggravated by the fact that the local authorities are not always able to ensure the observance of indigenous people's rights at the proper level. On the one hand, this is related to discrimination and the dissemination of the idea of homogeneity in Japanese society, which is the result of insufficient awareness of the Japanese public about indigenous people's problems [Osakada 2021]. On the other hand, most Ainu live in rural areas and small towns, which

²² United Nations Declaration on the Rights of Indigenous Peoples: Adopted by General Assembly Resolution 61/295 of 13 September 2007. *United Nations: official website*. https://www.un.org/ru/documents/decl_conv/declarations/indigenous_rights.shtml

²³ Ainu fight for return of plundered ancestral remains. *The Japan Times*. <https://www.japantimes.co.jp/community/2013/08/12/issues/ainu-fight-for-return-of-plundered-ancestral-remains/>

are gradually disappearing due to urbanization. It is difficult for local governments to carry out their functions in villages distant from cities. The research literature emphasizes that, probably, over time, the rural municipal government will gradually disappear [Goryan 2017, p. 30].

As for the overall assessment of compliance of Japanese ethnic policy with international standards, in 2020, the University of Queens (Canada) conducted an independent study of the level of legal protection of the Ainu people as part of a study of the conditions for spreading the ideas of multiculturalism in different countries. The study analyzed the Japanese government's compliance with the following criteria:

- 1) recognition of the right of indigenous people to land, territory, and resources;
- 2) recognition of the right to self-government;
- 3) respect for previous treaties and/or new agreements relating to indigenous peoples;
- 4) recognition of customary law;
- 5) recognition of cultural rights (language, religion, traditional activities);
- 6) guarantee of representation in the national government;
- 7) legislative confirmation of the special status of the indigenous people;
- 8) support/ratification of international instruments on the rights of indigenous peoples;
- 9) implementation of measures to improve the well-being of the indigenous peoples.²⁴

The study found that Japan is in full compliance with items 3, 5, and 7. Partial compliance with points 6 and 8 of the above list was also revealed. In total, Japan scored 3 out of possible 9 points.²⁵ Consequently, Japan is approximately 33 percent in compliance with the universally

²⁴ Multiculturalism Policies in Contemporary Democracies. Japan. *Queen's University*. <https://www.queensu.ca/mcp/indigenous-peoples/resultsbycountry-ip/Japan-ip>

²⁵ Ibid.

recognized principles and norms of international law for the protection of the rights of indigenous peoples.

Various UN agencies (the Human Rights Council, the Committee on the Elimination of Racial Discrimination, the Special Rapporteur on contemporary forms of racism, racial discrimination, anti-Semitism, xenophobia, and related intolerance) have made numerous human rights recommendations to Japan. Among the recommendations are the following: recognition of the right of the Ainu to compensation (including restitution) for lands, territories, and resources that traditionally belonged to them; the need to solve the problem of Ainu representation in government; overcoming the lower level of education and quality of life of Ainu; developing a law that would prohibit racial discrimination and could be a remedy for victims of racial discrimination, etc.²⁶

In 2019, current Japanese Prime Minister Abe Shinzō acknowledged the validity of criticisms of the lack of clear guarantees for the return of land, resources, and political power to the Ainu people in the text of the Act Promoting Measures to Achieve a Society in which the Pride of Ainu People is Respected. He agreed that, so far, the recognition of the Ainu people has occurred only in words and does not meet the conditions stipulated by international law. Abe also noted that all recommendations are being taken into account and that Japanese legislation will continue to improve.²⁷

However, the problem lies not only in the activities of the Japanese authorities. Speaking about the lack of full-fledged representation of the Ainu in the government, it is worth noting that it is largely due to the fact that the Ainu community itself is rather heterogeneous.

²⁶ Observations on the State of Indigenous Human Rights in Japan. *The 28th Session of the United Nations Human Rights Council Universal Periodic Review*. March 2017. <https://uprdoc.ohchr.org/uprweb/downloadfile.aspx?filename=4287&file=EnglishTranslation>

²⁷ From assimilation to recognition: Japan's indigenous Ainu. *Minority stories from around the globe*. <https://stories.minorityrights.org/japan/chapter/from-assimilation-to-recognition-japans-indigenous-ainu/>

At the beginning of the 21st century, a serious crisis appeared in the Ainu national movement. It manifests itself in a lack of consensus among communities and organizations representing their interests on many issues, including the return of remains. The Ainu Association of Hokkaido, for example, stands in solidarity with the government in this situation. At the same time, the authorities see the Association as the only serious representative of the indigenous people. Nevertheless, this organization does not represent the opinion of most of the Ainu people. It includes representatives of only 50 local associations, while there are about 200 of them in Hokkaido.

Accordingly, there is a problem of lack of an organization that would represent the interests of all Ainu communities, including the Karafuto Ainu Association, the Ainu Women's Association, etc. This also draws the attention of government officials, who say that of all the members of the Hokkaido Ainu Association, only 20 percent actually have Ainu blood [Higashimura 2019]. Researcher Osakada Yuko notes, however, that until the Ainu create a common representative organization, they will not be seen as bearers of collective rights [Osakada 2021].

At present, the Ainu are not represented in Japan's National Diet. The only Ainu who was elected to the National Diet as a member of its Upper House from the Socialist Party was Kayano Shigeru, and that was back in 1994. Furthermore, it is important to draw attention to the situation of ethnic education among the Ainu. Article 14 of the UN Declaration on the Rights of Indigenous Peoples states that "indigenous peoples have the right to establish and control their educational systems and institutions providing education in their own languages, in a manner appropriate to their cultural methods of teaching and learning".²⁸ Nevertheless, this article of the Declaration is also only partially observed by the Japanese government. The importance of

²⁸ United Nations Declaration on the Rights of Indigenous Peoples: Adopted by General Assembly Resolution 61/295 of 13 September 2007. *United Nations: official website*. https://www.un.org/ru/documents/decl_conv/declarations/indigenous_rights.shtml

ethnic education has been repeatedly raised by Japanese and Ainu scholars such as Kayano Shigeru, Maruyama Hiroshi, Maeda Koji, etc. In particular, Professor Maruyama Hiroshi considers the improvement of ethnic education and the inclusion of the Ainu language in the school curriculum to be extremely important for the preservation of identity and development of the people [Maruyama 2013]. Nevertheless, at present, the study of the Ainu language remains a hobby for most Ainu people [Dubreuil 2007], and its introduction into the educational program is difficult. However, it should be taken into account that, in Japan, the internationalization and promotion of multicultural trends in the sphere of education in general is rather slow.

Conclusion

Obviously, the problems of securing and protecting the rights of indigenous peoples are not unique to Japan. ILO specialist Martin Oelz argues that the process of improving indigenous peoples' living conditions has been slow in many states. In order to speed it up, "public policies must take into account the needs of indigenous peoples and reflect their aspirations, and the lack of an institutional and legal framework for indigenous peoples to participate in decision-making must be combated".²⁹ According to recent UN reports, despite international recognition and the adoption of numerous legal instruments, indigenous peoples around the world continue to face serious obstacles and their rights are often violated.³⁰ There is also the threat of the destruction of aboriginal cultures. UN representatives emphasize that systems for

²⁹ Urgent action is needed to combat poverty and inequality among indigenous peoples. *International Labor Organization: official website*. February 3, 2020. https://www.ilo.org/moscow/news/WCMS_735849/lang--ru/index.htm

³⁰ On Indigenous Peoples and Human Rights. *United Nations: Official Website*. <https://www.ohchr.org/ru/indigenous-peoples>

promoting the rights of indigenous peoples, ethnic, religious, and social minorities require continuous improvement.³¹

At the same time, it can be said that Japan has done much in the way of establishing mechanisms for the legal protection of indigenous people. The influence of global trends, which Japan is forced to follow while constantly looking at the opinion of the world community, has played a major role in this issue. A key event in the change in Japanese ethnic policy was the recognition of the Ainu as an indigenous ethnic group in 2008, which marked the beginning of the formation of a legal framework to safeguard their interests.

At present, however, the country still lags behind international standards. Japan only partially recognizes the rights of the Ainu, and ethnic policy is mainly focused on the promotion of culture and the development of tourism in Hokkaido. In addition, a clear shortcoming of the 2019 law is that it does not include specific anti-discrimination initiatives or measures to improve the socio-economic situation of the people. The situation with collective rights, representation of the Ainu people in government bodies, and the development of ethnic education remains unresolved. The dispute over the return of ancestral remains to Ainu communities and the possibility of salmon fishing by members of the people without special permission is particularly acute. These problems are deepened by the lack of unity among the Ainu people about the issues that affect them. This leads to the impossibility of creating constructive interaction between the Ainu people and government officials.

The opinion of the Japanese government on this issue is also contradictory. On the one hand, it recognizes the need to improve legislation. On the other hand, Japanese society continues to support the idea of ethnic homogeneity, which creates misunderstanding among Japanese citizens about the current ethnic policy. Nevertheless, the

³¹ Indigenous Peoples and the United Nations Human Rights System. Statement of Facts № 9/Rev.2. *Office of the High Commissioner for Human Rights*. Geneva: United Nations Office. 2013. https://www.ohchr.org/sites/default/files/Documents/Publications/fs9Rev.2_ru.pdf

problem of realizing and securing the rights of indigenous people in Japan is very multifaceted and requires cooperation between the Ainu and Japanese sides. Only then can it be effectively resolved.

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Calligrapher Takayasu Rōoku and the Question of Authorship of the *Tokai Setsuyō Hyakkatsū* Encyclopedia

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Abstract

This work focuses on calligrapher Takayasu Rōoku (years of life are unknown), who lived and worked in Osaka in the second half of the 18th century. The life and work of Takayasu Rōoku deserve attention because it was him who compiled one of the most popular encyclopedias of his time, *Tokai Setsuyō Hyakkatsū* (*Complete Compendium of Urban Knowledge*, Osaka, 1801), which went through several editions during the 19th century and affected the worldview of city dwellers of that time. Based on the evidence from contemporaries and the analysis of books on which Rōoku worked, this work describes his social circle, interests, lifestyle, and his main areas of work.

Keywords: Takayasu Rōoku, *setsuyōshū*, calligraphy, *bunjin*, book publishing, Kamigata, engraving

The *Complete Compendium of Urban Knowledge* was compiled in Osaka in the second half of the 1790s and belongs to the genre of *setsuyōshū* popular encyclopedias, which contained information about etiquette, history, geography, calendar, and various aspects of daily life. The contents of the encyclopedia are compilatory rather than original. However, given its multiple reprints and, probably, influence on public consciousness, it is important to know who its author and compiler was.

The printer's imprint includes three names: Takayasu Rōoku (died in the second half of the 1790s), Matsuni Dōjin (1753–1822), and Niwa Tokei (1760–1822). Matsuni Dōjin (other variants of the signature: Kamata Kansai, Kamata Tei) was a scholar, a disciple of Katayama Hokkai (1723–1790), head of a *juku* academy, calligrapher, and author of several dictionaries, books on poetry composition, and Chinese history. Some of his works were co-authored with calligrapher, art connoisseur, and collector Minagawa Kien (1735–1807). Niwa Tokei was an artist and illustrator, a disciple of Shitomi Kangetsu (1747–1797), an author of illustrations for books of various genres, including reference books, encyclopedias, and technical manuals. He is credited as the author of illustrations for the encyclopedia. Matsuni Dōjin is credited as the compiler, and Takayasu Rōoku – as *hanshita*, that is, the copyist who prepared the clean copy of the manuscript for print. More detailed information about who created the encyclopedia is provided in the foreword. Listing the authors and the history of creation of the book or another work in the introduction was a common practice of the time. The foreword is placed in the first spread, before the table of contents. It is repeated in all editions available to us without any alterations. In terms of its contents, it is quite typical for the genre [Takanashi 2004]. It speaks about the structure of the world, the contents of the book, and the history of its creation. In particular, it says that, initially, Kō Rōoku worked on the encyclopedia, but he died without finishing the job, so the publisher asked Matsuni Dōjin to complete the book. The major part had been ready by that time, and Matsuni only added some additional materials. Therefore, it follows from the foreword that Kō Rōoku (another variant of Takayasu Rōoku's signature) was the main author and compiler of the encyclopedia. If one compares the time of publication and the years of life of Takayasu Rōoku, one can consider the version that he died without completing his work a plausible one.

We do not know much about the life and work of Rōoku. This is quite understandable – he was neither a writer nor an artist, but, first and foremost, a book copyist and an editor of various reference publications. However, his life, his relations with his colleagues, his worldview and

interests deserve our attention. He became the compiler of one of the largest and most popular reference publications of his time, which served his contemporaries as one of the few available sources of information about the world around them and, according to the opinion of some scholars, defined the necessary minimum of knowledge and the way of thinking of the common townsfolk. Besides, the study of life and work of Rōoku will help to shed light on some aspects of the book publishing business and the connections in the intellectual circles of his time.

There are not many studies focusing on Takayasu Rōoku. The earliest and most detailed of them belong to Mori Senzo (1895–1985), an outstanding researcher of popular urban literature of the Edo period and the author of more than a hundred biographies of writers, artists, calligraphers, representatives of other book-related professions of the Edo period. Two of his works are dedicated to Rōoku: *Takayasu Rōoku* and *About Takayasu Rōoku* [Mori 1989, pp. 198–229]. He traces the creative path of Rōoku through forewords to books and the evidence from his contemporaries. There are more recent works as well, belonging to Konoe Noriko, a scholar of the work of Ueda Akinari. These are a sketch of life and work of Takayasu Rōoku in the context of his relations with Ueda Akinari [Konoe 2002] and a description of Takayasu Rōoku's satirical subscriptions to the illustrations by Tachibana Kunio [Konoe 2003].

Takayasu Rōoku in the Eyes of His Contemporaries

Brief biographical data about Takayasu Rōoku can be found in several indices of notable residents of Osaka, published in different periods. These are the *Catalogue of Famous Authors From Osaka* (*Ōsaka Meika Chōjō Mokuroku*, 1914), the *Revised Catalogue of Authors* (*Tenseki Sakusha Kōran*, second half of the Edo period), *Stories About Outstanding People From Naniwa* (*Naniwa Jinketsu Dan*, 1860), *Records of Outstanding People of Osaka* (*Naniwa Jin Ketsudan*, Ishida Shintarō, 1927). Almost all of these works contain similar descriptions of Rōoku and his life.

Mori Senzo notes that the most likely source thereof is a biography of Takayasu Rōoku written by Ikenaga Hadara, a disciple of Takayasu Rōoku and Ueda Akinari [Mori 1989, p. 218]. Mori mentions two variants of this biography, slightly different from each other. The earlier version can be found in the collection of stories *A Description of Original People of Our Time* (*Toyo Chijinden*, 1795), while the second one – in the book *The Biographies of Notable People of Our Time* (*Kinsei Kiyuden*, 1825), where real names and toponyms are changed, but the characters remain recognizable [Ibid., p. 202]. The following is a partial translation of Takayasu Rōoku's biography from *Naniwa Jinketsu Dan*, the way it is provided in the article [Ibid.]:

...Takayasu Sojiro, named Cho, Ro-no Oku, from Naniwa. Comes from a wealthy family but became poor. Honest and selfless, a talented calligrapher... Earned his living by copying books. Worked on the book Wakan Nenkei for a long time, and this work brought him much success... He liked neither wearing beautiful clothes nor decorating himself, was very skinny, and for this he was dubbed Yamai Sojiro (Sojiro the Sick).

The biography of Takayasu Rōoku from *Kinsei Kiyuden* almost completely coincides with the one provided above, even if with altered names [Ibid., p. 203]:

...The real name of Yamai is Imada Shotaro. He was dubbed sick because he always had a sickly appearance. During his childhood, he studied under Yanagisawa Kien (1703–1758) and was considered a talented pupil. Comes from a wealthy merchant family, but, by the time he became an adult, his family grew poor, and he earned his living by copying books.

Besides this short story, *Kinsei Kiyuden* provides several more stories from the life of Takayasu Rōoku, characterizing him as a man far removed from material world and prone to various eccentricities – the qualities typical for a *bunjin*, “a man of arts and sciences.” For example, there is a story about him giving to a woman from a tea house a stick of

Chinese ink, which he relished greatly, as a gift, or the story about how Rōoku loved dogs and puppies and organized splendid funerals when some of his pets died.

Another source of information about Takayasu Rōoku, which both Mori and Konoe refer to, are the autobiographic records *Zaishin Kinji* by Rai Shunsui (1746–1816), one of the most notable intellectuals who lived in Osaka in the last quarter of the 18th century [Ibid., p. 204]. Rai Shunsui was born in the province of Aki to a family of humble origins, earned his living by Chinese studies, calligraphy, wrote Chinese poems. In 1764, Rai Shunsui moves to Osaka, joins the “*Kontonsha*” (“Chaos Society”) poetic circle, maintains professional and friendly relations with members of the intellectual elite of Osaka and Kyoto. In 1773, Shunsui opens his own *juku* academy. Since the 1780s, Shunsui travels a lot due to matters of business, reads lectures in Edo, makes descriptions of historical documents, and reforms the education system of the Aki Province [Beerens 2006, p. 132–133]. In *Zaishin Kiji*, he writes about Rōoku (cit. ex: [Mori 1989, p. 204]):

Chō Sōjirō ... earned his living by copying books, created the clean copy for print of the manuscripts of *Tawaregusa*, *Genjitei*, many works of Irie Masayoshi (1722–1800). At first, his writing was unskillful and vulgar ... he borrowed a book by Watanabe Sōhei (years of life unknown), thoroughly studied and copied it, and his characters became better... Chō was a merry and resourceful man. He often made up tales and served them to his guests as if they were tea and sweets... Chō’s appearance was unkempt, his clothes – dirty and ragged. Chō had neither wife nor children. He was helping his elderly parents.

Takayasu Rōoku’s Teachers

We know little about Takayasu Rōoku’s education, and we can only judge by the records of his contemporaries and by the mentions by Rōoku himself of those whom he considered his teachers.

Kinsei Kiyuden says that Takayasu Rōoku learned under a disciple of Ogyū Sorai, an artist, Confucian scholar, and physician Yanagisawa Kien, and the teacher distinguished him from other pupils. However, comparing the approximate date of birth of Rōoku and the date of death of Kien, 1758, Mori concludes that Rōoku could only be his pupil in his early youth, as, at the time of the teacher's death, the pupil was no older than 15 years old [*Ibid.*, p. 206]. We do not have more detailed data about the relations of Yanagisawa Kien, one of the first and most notable representatives of the *bunjinga* school, and Takayasu Rōoku. There is no evidence that Rōoku practiced painting, and all of his biographies available to us state that he was a scholar of Chinese language and Chinese studies and made his living with calligraphy. He probably mastered the basics of these skills under Kien's guidance. As for practicing medicine, Mori, based on the poems dedicated to Rōoku by his friends, hypothesizes that he ran a drugstore. Mori also mentions that Rōoku had certain connections to Kimura Kenkado (1736–1802), who, besides literature and art, was a well-known herbalist and expert on plants. Probably, Rōoku studied under him in later years [*Ibid.*, p. 222].

Another teacher of Takayasu Rōoku was Suga (Kan) Kankoku (1691–1764). Kan Kankoku studied in Edo under Ogyū Sorai, and later he moved to Osaka and opened a school there. We can conclude about Rōoku's and Kankoku's relations as those of a teacher and a disciple from the posthumously published collection of Kankoku's poems, where Rōoku calls Kankoku his teacher. This edition was prepared by Takayasu Rōoku together with other disciples of Kan Kankoku – Tanaka Meimon (1722–1788) and Shinozaki Santō (1736–1813). Rōoku's study under Kan Kankoku, like, several years before that, his study under Yanagisawa Kien, ended with the teacher's death in 1764. Takayasu Rōoku was slightly over 20 years old then. It is difficult to say what exactly Rōoku studied under Kankoku. We can assume that he studied poetry composition in Chinese, calligraphy, and Chinese studies. After the death of his teacher, Rōoku continues professional and creative communication with his fellow pupils. Together, they prepare a posthumous edition of their teacher's poems, they visit the meetings of “*Kontosha*” together, work on publication of

books. Shinozaki Santō was born in Osaka to a wealthy merchant family, which specialized in paper trading, showed interested in studying, studied Chinese sciences, calligraphy, poetry composition. In 1757, he inherited his father's business, however, he did not abandon scholarship, and was known as a good calligrapher and an owner of a large collection of books and calligraphy. In 1776, he retired from business and opened his own school [Beerens 2006, p. 141–142]. Tanaka Meimon came from the Omi Province and moved to Osaka because he inherited a business of producing pots and kettles from one of his relatives. After moving there, Meimon started to learn under Kan Kankoku, met members of the intellectual elite of Osaka and Kyoto, was acquainted with Katayama Hokkai, Toriyama Shūgaku (1707–1776). In 1765, he became one of the founders of the “*Kontonsha*” poetic circle and remained one of its most active members [Ibid., p. 150].

Mori Senzo believes that, after the death of Kan Kankoku, Rōoku became a disciple of Nakai Chikuzan [Mori 1989, p. 206], but there is no documentary evidence supporting this. Rōoku is not to be found in the list of Nakai's disciples, and Rōoku himself does not call Nakai his teacher.

Professional and Creative Activity of Takayasu Rōoku

Mori Senzo ascribes to Rōoku himself the *zuihitsu* “*Yūhi Saisatsuki*” and draws information about his life from this book [Ibid., pp. 220–223]. However, later researchers, Konoe Noriko among them, reject the version that this book was authored by Takayasu Rōoku [Konoe 2003]. Therefore, the books in the creation of which Rōoku participated are the main source of information about his professional and creative life.

Rōoku starts to actively participate in book publishing since the second half of the 1770s. He creates clean copies of text for print (*hanshita*), does proofreading, editing, compiles reference editions, writes forewords to published works. The genre and content characteristics of the books in the creation of which Rōoku participated were largely

defined by the circle of his professional and personal communication and, of course, by the demand from and the interests of the publishing houses. Rōoku was an active member of the Osaka intellectual community of the last quarter of the 18th century, which also included, among others, Ueda Akinari, Tsuga Teishō, Irie Masayoshi, and many others.

According to Konoe Noriko, Takayasu Rōoku participated in the creation of 47 books [Konoe 2002, p. 58–60]. In our study, in the cases of disputed authorship, we will follow Konoe's opinion, as this is the most recent piece of research, based on the works of all previous researchers. We can distinguish several directions which, probably, to some degree reflect the specifics of Rōoku's circle of communication and his personal preferences. These include calligraphy, reference editions and textbooks of the Chinese language, books created in cooperation with Tsuga Teishō and Inaba Tsūryū, re-editions of the classics with commentaries, dictionaries for classical works, scholarly works by the *kokugakusha* and *kangakusha*, with whom Rōoku was acquainted from the "*Kontonsha*" poetic circle. A special place in his creative biography is occupied by poetry books – both *kanshi* and *waka*.

In the biographies, Rōoku is mentioned as a calligrapher or a man who made his living by copying books. It is known that Rōoku's calligraphy teacher was one of the disciples of Niioki Mōshō (1687–1755), a famous calligrapher and the founder of the Osaka school *Shoki Naniwaha*. In memory of this teacher of his, in 1776, Rōoku publishes a textbook he himself used as a student: *Tōgai Sensei Shōsoku* [Konoe 2002, pp. 57–58]. This book is an *oraimono* composed by Itō Tōgai (1670–1736) for teaching writing. Itō Tōgai was a calligrapher, a Confucian scholar, and had his own *juku* school named Kogidō (古義堂). This book became one of the first in the calligraphy career of Rōoku. Later, calligraphy becomes one of the main directions of his activity. In total, we know of seven books on calligraphy in the creation of which, at different times, Rōoku participated. These are a collection of calligraphy by Zhu Yunming (1460–1526), published in 1779; *Yakakuteikinsho* (1780), a textbook on calligraphy by Fujiwara-no Koreyuki (1139–1175); a re-edition of *Nyobō Sanjūrokunin Kasen* (1780) by Watanabe Sōhei; a collection

of calligraphy by Fujiwara-no Yukinari compiled by Watanabe Sōhei (1784). The edition titled “Handbook of Japanese and Chinese Famous Artists and Calligraphers” (*Wakan Shoga Ichiran*), published in 1786, is also thematically connected with calligraphy.

Two books by Rōoku are connected with Watanabe Sōhei. For them, Rōoku wrote prefaces and afterwords [Ibid., p. 57]. In the preface to *Nyobō Sanjūrokunin Kasen*, Rōoku provides a biography of Sōhei and says that he has long admired characters written by this master [Mori 1989, p. 208–209]. *Zaishin Kiji* says that Rōoku borrowed a book by Sōhei from Irie Masayoshi, and it is due to hard work with this book that he reached high proficiency in calligraphy. It is unclear when exactly Rōoku first became acquainted with Sōhei’s calligraphy, but it is beyond doubt that Rōoku mimicked him and that Sōhei’s style influenced the formation of Rōoku’s style.

Kanshi poems were one of the creative interests of Rōoku. Two poems of his were selected by Emura Hokkai (1713–1788) for the collection *Nihon Shisenzokuhen* in 1779 [Konoe 2002, p. 58–60]. Rōoku was part of the literary society of *kanshi* enthusiasts and poets “*Kontonsha*.” The society was established in 1765, Katayama Hokkai (1723–1790) became its head, and many disciples of Kan Kankoku were its active members. We have no detailed information about how its meetings were conducted, and it is only known that the participants met once a month, composed poems on a set topic without preparation, and later discussed them. Contemporaries report that every educated person who came to Osaka strove to participate in the meetings of the club.

Besides *kanshi* poems, the professional and, probably, personal interests of Rōoku included *waka* poetry. In 1775, he prepared a clean copy of *Maniōshū*, a collection of *kyōka* composed by Ueda Akinari. Besides, Rōoku cooperated with Goshōan Chomu (1732–1795), a poet from Kyoto, an abbot of a Buddhist temple, and a proponent of restoring the poetic principles of the Genroku period (1688–1704), one of the recognized experts on the heritage of Matsuo Bashō (1644–1694). In 1784 and 1786, Goshōan published two of his books: “*Yoshinofuyuno*

Ki” (“Notes About Winter in Yoshino”) and “*Toomino Ki*” (“Notes About Toomi”) [Beerens 2006, p. 55].

Besides preparing collections of works by contemporary poets, Rōoku also participated in re-publishing the works of *waka* poets of the early Tokugawa era. For example, he prepared manuscripts for re-publishing the poems by Kamishima Onitsura (1661–1738), *Onitsura Hokku Shū*, in 1783, and an early Tokugawa era *kyōka* collection (first edition in 1672), *Gosen Ikyoku Shū*, in 1785, prepared by Inaba Tsūryū.

A separate category of books created with the participation of Takayasu Rōoku and connected to poetry composition are re-editions of Japanese classical poetry anthologies. For example, in 1775 Rōoku made the clean copy of *Kokon Niwakasen*, a selection from classical works, such as *Uji Shūi Monogatari*. In 1779, Rōoku was preparing for publication and proofreading the text of *Nyobō Hyakunin Isshu*. In 1780, he wrote the preface for and was engaged in publishing *Nyobō Sanjūrokunin Kasen* (a reproduction of calligraphy by Watanabe Sōhei) – a collection of best poems created by female poets of the Kamakura period. In 1790, Rōoku participated in re-publishing a Nanbokuchō period (1336–1392) private poetic anthology *Soan Wakashū Ruidai Shui*.

On numerous occasions, Rōoku participated as a calligrapher in publishing his contemporaries’ commentaries on classical texts. Rōoku was acquainted and worked with many *kokugakusha* scholars of the Kamigata region. Among them were Irie Masayoshi (1722–1800), Kato Umaki (1721–1777), Fujitani Nariakira (1738–1779). In 1777, Rōoku works as a calligrapher on the commentary to the *Tale of Genji* by Kato Umaki, *Yuyamonogatari Tamikotoba*. In 1784, Rōoku creates *hanshita* for the commentary on *Taketori Monogatari* by Katayama Hokkai’s disciple Koyama Tadashi (1750–1775), *Taketori Monogatari Sho*, with commentary by Irie Masayoshi and preface by Rai Shunsui.

Another genre in which Rōoku cooperated with *kokugakusha* is *zuihitsu*. In 1771, he prepares the publication of the work by Irie Masayoshi, *Yūen Zuihitsu*; in 1778, he edits a work by Kato Umaki titled *Shizunoya Zatcho*; in 1784, he prepares the clean copy of the manuscript by Irie Masayoshi *Kubono Susabi*. Mori considers this book one of the

best examples of calligraphy by Rōoku [Mori 1989, p. 215–216]. In 1786, Rōoku writes a foreword to the work by Fujitani Nariakira, *Hinarubeshi*. Mori Senzo believes that Rōoku prepared this edition for print all by himself, as was the case on other occasions, when he had Inaba Tsūryū print the books, and he also notes that, in this book, Rōoku is using the *kaisho* calligraphic style, which was not usual for him [Ibid.].

Work With Tsuga Teishō and Inaba Tsūryū

Another notable member of the *bunjin* community in Osaka, with whom Rōoku frequently cooperated, was Tsuga Teishō (1718–1794) – the author of several abridged variants of Chinese popular historical literary works, which are believed to be early examples of the *yomihon* genre. He studied calligraphy and seal engraving under Nioki Mōsho (1687–1755), and medicine under Kagawa Shūan (1684–1755) and, probably, Ueda Akinari. The main area of interest of Tsuga Teishō was studying the information about China which was present in Japan during his time. Besides his literary and scholarly activities, he had medical practice in Osaka and was one of the first popularizers of *sencha* tea in Japan [Beerens 2006, p. 155].

The first joint work of Takayasu Rōoku and Tsuga Teishō was *Shimeizen*, a collection of popular Japanese plays in the Chinese language, created in 1771. In the 1880s, Rōoku creates *hanshita* for several *yomihon* by Tsuga Teishō. This is the book *Yoshitsune Banjakuden* (1783), on which Rōoku worked with Shitomi Kangetsu, an artist and author of illustrations to many *meisho zue*. Rōoku worked on the encyclopedia *Tokai Setsuyō Hyakkatsū* together with Kangetsu's disciple, Niwa Tokei. It is known that some works made by Niwa Tokei are signed by the name of his teacher, Shitomi Kangetsu. So, in this case, it is difficult to determine precisely who authored these illustrations.

The second book by Tsuga Teishō on which Rōoku worked was *Hitsujigusa* (1786), a *yomihon* based on stories from Chinese history. Rōoku also worked as a calligrapher with other *yomihon* authors. For example, in 1787 he creates the clean copy of a book by Ueda

Akinari's disciples, Morikawa Chikuso and (probably) Nagaike Hadara, *Shodaichobunshū* (based on stories from Chinese history). The foreword to this edition was written by Shinozaki Santō. In 1789, Rōoku writes the clean copy of the manuscript for printing the book by Amenomori Hōshū (1668–1755), *Tawaregusa*, which was a commented rendering of Japanese and Chinese traditional historical plots.

Rōoku's friendship and cooperation with Inaba Tsūryū played an important role in Rōoku's life and work. Inaba Tsūryū (1736–1786) was a physician from Osaka, but he became a publisher in the 1780s. It is probable that he entered the publishing world due to Rōoku [Konoe 2002, p. 61]. Inaba Tsūryū ran a printing shop named *Shisuikan* and used the signature Inaba Shin'uemon as a publisher. Besides the printing shop, he also ran a store for evaluating and selling accessories for swords. This is why books composed by Inaba Tsūryū were connected to swords. We know of two editions of this sort, where Rōoku participated in the publication. These are re-editions of earlier catalogues of decorations for swords, *Sōkenkishō* (1781) and *Kōhiseigi* (1785). Both editions state that Rōoku was *hanshita*, and Inaba Tsūryū – the compiler. Another joint book by Inaba Tsūryū and Rōoku was a revised edition of the catalogue of printed patterns for textiles *Sarasa Zufū* (1785). We do not know in what form Inaba Tsūryū and Rōoku cooperated. Probably, Inaba referred orders to Rōoku, but Mori claims that, probably, Rōoku came up with ideas, compiled books, while Inaba printed them [Mori 1989, p. 213–214]. Besides the above-mentioned books, there were also other ones printed at Inaba Tsūryū's shop on which Rōoku worked – *zuihitsu* and commentaries to classical works, where Rōoku was *hanshita*.

Reference Books on Chinese Language and History and Other Editions

Chinese history and Chinese language were crucial areas of work for Rōoku. In books on these topics, he is frequently not only the calligrapher, but also editor, author, or commentator.

In 1784, Rōoku compiled a reference work on placing additional characters during composing *kanbun* texts, *Yakubun Yoketsu*, and in 1785, a revised version of *Yakubun Yoketsu Furoku* was published, its author believed to be either Rōoku, or Minagawa Kien. Another book on studying the Chinese language the authorship of which is attributed to Rōoku is *Shōsetsu Jii*, published in 1791. However, there is some doubt as to whether Rōoku was the author of the entire book, or just the foreword, as the book contains many inaccuracies and errors, and the author, most likely, was an ill-educated person, while Rōoku, in other editions, showed himself to be an expert on Chinese language. Rōoku also participates in publishing Chinese classical books as an editor. These are an index to the 12th century commentary by Kyō Jian on the historical work *Spring and Autumn Annals*, *Sashishōran* (1779), and a variant of the Four Books, *Kentai Shisho*.

In 1789, Rōoku compiles the book *Wakan Nenkei*, which contained tables on Japanese and Chinese history. It was published posthumously in 1797. This book occupies a special place in the creative biography of Rōoku. The book itself is not original and is a compilation of two earlier chronological tables [Mori 1989, p. 215]. However, it is this variant of a reference material on the history of China and Japan which gained great popularity and went through several editions until the Meiji era. For example, in the library of the Waseda University, there are presently 19 editions of this book from various years. Among them is a re-edition of *Wakan Nenkei* published by the printing shop of Matsumoto Gihei (1786–1867), *Gengendo*, in Osaka on copper plates.

Besides reference editions focusing on the Chinese language and history, Rōoku also worked on other reference materials, definition and character dictionaries, schemes for money conversion, which were published in great volume at the time.

Takayasu Rōoku compiled by himself and published in 1782 a character dictionary *Taiseiseijitsū*. In 1789, he wrote the foreword to the reference book *Kenpōchōhōki*. The author of this reference book was a friend of Kyokutei Bakin (1767–1848), Tamiya Chūsen (1753–1815). He came from a merchant family in Kyoto, but led a debauched

life, moved to Osaka and started to make a living by writing *gesaku*. In 1794, the dictionary *Tama-no Kotoba* was published, the clean copy of the manuscript of which was prepared by Rōoku. The foreword and the afterword to the dictionary were written by Tsuga Teishō. In 1794, Rōoku made *hanshita* for a thematic dictionary *Imyō Bunruishō* by Irie Masayoshi. This dictionary probably became one of the last works of Rōoku. In 1796 (according to Konoe Noriko's version), Rooku was working on the dictionary *Tokai Setsuyō Hyakkatsū*, but does not manage to finish it [Konoe 2002, p. 60].

There are several other books of various genres, in the creation of which Takayasu Rōoku participated. In 1785, *Yūhōsai Zatsu Ga*, a collection of humorous pictures by Tachibana Kunio (years of life unknown) with commentaries, was published. Tachibana Kunio was a disciple of Tachibana Morikuni (1679–1748), not very successful as an artist, as only three books by him are known. Mori Senzo and Konoe Noriko believe that Rōoku added the foreword and the captions to pictures. A detailed analysis of the book and its transcription are provided in the work [Konoe 2003]. In 1789 and 1791, collections of melodies for *koto* compiled by Rōoku were published. In 1798, *Journey to the West. The Continuation (Saiyuki Zokuhen)* by Tachibana Nankei (1754–1806), for which Rōoku created the clean copy of the manuscript, was published.

While the information we have about Takayasu Rōoku is rather scarce, his short biographical descriptions create the image of a “man of arts and sciences,” *bunjin*. Rōoku's contemporaries considered him an educated man and a skillful calligrapher; he was part of poetic circles and maintained relations with writers, artists, and scholars of his time. His main creative interests were calligraphy, *kanshi*, *waka*, Chinese history. We do not know how long it took Rōoku to compile the *Tokai Setsuyō Hyakkatsū* encyclopedia, but, given that it was one of his last works, we can conclude that, by this time, he had sufficient experience in compiling, editing, and commenting reference editions. Personal interests and professional experience of Rōoku could not but be reflected in the contents of the encyclopedia. Even though all encyclopedias are

similar in contents, one can distinguish some specific features in each of them. For example, in *Tokai Setsuyō Hyakkatsū*, there is a separate section focusing on Chinese calligraphers.

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Evolution of the Concept of “Small Japan” in the late 19th and early 20th centuries

A. N. Meshcheryakov

Abstract

After the Meiji Revolution, Japan developed a strong national inferiority complex. It was manifested, in particular, in relation to the size of Japan's territory. Even though it was comparable to the major European countries, it was still considered “small”, since Japan compared itself with the collective and “hostile” West. In addition to the territorial “smallness, there was another meaning justifying the use of the term “small” with regard to Japan. During the Meiji period, Japan had an exceptionally rapid population growth. Malthusian-tinged concerns about this began to be pronounced in the late 1880s. Economists and demographers started talking about the fact that the territory of Japan was “small” for the rapidly growing population. The measures proposed by Malthus to reduce the birth rate were not discussed in Japan for ethical reasons, and also because a large population was seen as the “power” and “vitality” of the nation. Instead of measures to change reproductive behavior, projects for the resettlement of the Japanese abroad began to be proposed. However, all plans to encourage emigration were frustrated by the reluctance of the Japanese to leave their homeland. In the emigration context, publicists of that time often regarded the attachment of the Japanese to their home area as a negative property. The debate about Japan's overpopulation escalated in the 1920s due to the food problem. It could certainly have been solved, but it would have required considerable effort and time. However, the military-political elite showed impatience and decided that the main way to solve the problem of overpopulation was military expansion. Despite the continued population

growth and increasing demographic pressure, a policy of encouraging fertility began to be implemented in the late 1930s.

Keywords: Japan, history, territory size, historical demography, overpopulation, food problem.

In the Tokugawa era, thinkers of Confucian orientation determined the sentiments and emotions of the ruling elite. In their understanding, neither “big” nor “small” were positive characteristics in relation to the size of the country. They believed that the ideal state was to be “average”. The well-known astronomer and geographer Nishikawa Joken (1648–1724) wrote: “If a country is big, it does not mean that it is respected. Its honorability is determined by the correct alternation of the four seasons, the advantages and disadvantages of its people. If a country is too big, the feelings of people and their customs are very diverse and it is difficult to make them the same. And therefore, China, although it is a country of sacred sages, but still the dynasty there comes after some time into disarray and governance becomes difficult for a long time... As for Japan, its size is neither small nor large; the customs and feelings of its people are the same, and it is easy to manage them” [Nishikawa 1988, p. 25].

Japan was closed to entry and exit and did not seek to expand its territory. Despite the high population density, the shogunate did not make any serious attempts to acquire even “no man’s” Hokkaido, which was so close.

During the Meiji period, the situation changed dramatically. Now the large size of the country began to be considered an advantage and a matter of pride. In the 1890 Constitution, the country was called the “Great Empire of Japan” (*Dainippon Teikoku*). At that time, the Japanese were still suffering from a strong inferiority complex; so that name hardly reflected an honest understanding of the situation. Rather, it showed the level of ambitions and geopolitical dreams.

Before the victorious war with China (1894–1895), pessimistic sentiments prevailed in society both regarding the geopolitical

significance of Japan and the size of its territory. It was common to define the country as a “lonely (small) island” located in the Far East. Japan fought against unequal treaties imposed on it by Western countries in the 1850s. Moreover, the West acted as a united front in this case: all European countries and America received the status of the most favored nation, i.e., when one of the countries managed to get any privileges from Japan (for example, in preferential customs taxation or in the rights of its citizens to extraterritoriality), they extended to all countries that had a “friendship treaty” with Japan. Therefore, it is only natural that Japan felt itself to be in an unfriendly world, the aggregate size of which was huge in terms of both territory and population. The philosopher Inoue Tetsujirō (1855–1944), who was close to government circles, wrote in 1891: “Japan is a small country, its population is only 40 million people, it is surrounded on four sides by enemies, and therefore the only way to defend its independence is the willingness of every Japanese to sacrifice his life for the sake of the state, the emperor, the motherland” [Oguma 2010, p. 50–52].

In the early Meiji period, the size of Japan increased significantly due to the inclusion of Hokkaido, the Ryukyu Archipelago, the Ogasawara Islands and the Kuril Islands, but the Japanese compared the size of the country not with the former Japan, but with the “great” Western powers. Those of them that were comparable in size to Japan (say, England or France) had extensive colonies, which greatly increased their size. There was another reason for complaining about the smallness of Japan: the enormous internal difficulties that the country experienced in the process of modernization (in particular, the high level of poverty) began to be explained by the “insignificance” and “scarcity” of its territory [Yoshida 1944, p. 154].

The feeling of the “smallness” of Japan’s territory in relation to the “world” (first of all, the West) is well studied; no work dealing with issues of geopolitics can do without mentioning the inferiority complex, infirmity, and impotence that possessed the Japanese [Meshcheryakov 2012, p. 72–84]. However, it was not only the territorial and geopolitical aspect of Japan’s “smallness” that worried the Japanese of that time.

There was another aspect related to the demographic situation, which was given much less attention in the works of Western researchers. In the early 18th century, the population of Japan reached demographic equilibrium and stabilized at the level of 31-32 million people. As for the Meiji period (especially its second half), the country began to show an extremely rapid population growth. According to the first household census in the history of new Japan (1872), its population numbered 33 million 110 thousand people. Japan was ahead of Great Britain (26.3 million people) and Italy (26.7) in this indicator, but behind Germany (40.8) and France (36.8) [Livi Bacci, 2010, p. 192]. By 1913, the population of Japan (excluding the colonies) had already increased to 53 million 362 thousand people (in the UK it was 42 million, in Italy – 35 million, in Germany – 65 million, in France – over 41 million people).

The rapid growth of the Japanese population was primarily due to an increase in the marriage rate. This increase can be explained by several reasons. Under the Tokugawa Shogunate, the principle of male primogeniture prevailed; this means that the eldest son was the sole heir of the house. This principle prevented disputes over the division of inheritance, but younger sons were limited in the possibility of creating their own family. Now these restrictions were significantly relaxed. In addition, the elimination of class restrictions during the Meiji period created better opportunities for finding a marriage partner. All this had increased the marriage rate 80 to 98 percent by the late 19th century. At the same time, the number of children in the family did not change and was about five per married couple [Meshcheryakov 2021, pp. 80–100].

Pro-nation state publicists saw in the population growth evidence of the power of Japan, whose mission was to create a colonial empire, which would put it on par with the “world powers”. As time went on, the life and consciousness of the Japanese became more and more militarized. Many of them were convinced that the wellbeing of the country depended on the power of the army, and the strength of the army was young people. The more of them, the more powerful the army and Japan on the whole. There should be a lot of Japanese young men so that the number of conscripts can be increased. These

are the ideas expressed by Kure Ayatoshi (Fumiyaki, 1851–1918), a statistician, professor at Keio University, one of the main organizers of the population censuses. His credo was formulated in the preface to the book released immediately after the end of the victorious war with Russia. No sooner had one war ended than the professor began to think about future wars – both with certain states and with an indefinite (at that time) range of countries. In particular, he was sure that Russia would not put up with the loss of Southern Sakhalin and the Kwantung region and would look for an opportunity to “take revenge” on Japan [Kure 1905, p. 92]. The 1920 edition proudly emphasized that in terms of population, Japan ranked third among the “world powers” (Asian countries were not among them) after the United States and Russia. It was argued that the cherished desire of the Japanese people was that the rapid population growth would continue in the future [Jinkō mondai... 1920, pp. 95, 100].

Some Japanese considered population growth as a favorable factor for the country, but, at the turn of the 1880s–1890s, the most far-sighted economists and demographers began to express concern about the overpopulation of “tiny” Japan. The scientists based their concern on the ideas of Malthus. Agreeing with him that uncontrolled reproduction inevitably leads to overpopulation, they believed that in the future the Japanese would face hunger, struggle for survival, excessive competition and unemployment, which would cause social unrest.

However, Malthus’s ideas regarding voluntary restrictions in procreative behavior (reduction of sexual contacts, late marriages or rejection of them for economic reasons) were not popular. They were rejected for two main reasons: firstly, they contradicted “human nature” and, secondly, such self-restraint went against the purpose of Japan, since the ability to reproduce was seen as the “strength” and vitality of the nation. On this basis, it was not the thoughts of Englishman Malthus regarding self-restrictions that were in demand, but the historical experience of his homeland, England, which solved the problem of overpopulation not at all by changing procreative behavior, but by emigration and creation of a colonial empire.

Great Britain was considered the mightiest world power, and the Japanese strove to equal it. At the same time, it was not about imitation in liberalism or democracy – conservative German ways turned out to be closer to the Japanese. No wonder the Japanese constitution was based on the German one (Great Britain successfully managed to do without a constitution). In the historical experience of Great Britain, the Japanese were most attracted to the end result – a colonial empire and world hegemony, and in this Germany could not compete with Great Britain, on whose possessions “the sun never set.” In 1875, the then iconic thinker Fukuzawa Yukichi wrote: “since England produces high-technology goods with a high added value, it brings wealth, the population grows, and therefore the British have managed to settle all over the world” [Fukuzawa 2009, p. 279–280].

During the Tokugawa era, Japan was closed to entry and exit. Now it had opened up to the world and received unprecedented opportunities for demographic policies in its resettlement aspect. One of the pioneers of Japanese demography, Sugi Koji (1828–1917), wrote in 1888, when the population of Japan had not yet reached 40 million: “Having embarked on the road that the rest of the world is following and having received the right to resettle, my compatriots should immediately deploy a powerful resettlement movement.” Since the Japanese population is “growing every year,” this means that the country’s territory is becoming cramped for the Japanese. Such population growth is fraught with unthinkable spending on food and clothing. This imposes on us a responsibility to future generations, for the sake of which the emigration of the Japanese of the present is urgently needed. If you do not resort to it, the competitive struggle for existence will escalate; there will not be enough food and clothing, which will eventually lead to cannibalism [Yoshida 1944, p. 161–162].

Thus, the demographic problem was largely transferred to the moral dimension: some of the Japanese were asked to realize that their departure would ease the fate of those who remained at home. In the Tokugawa era, they thought in a similar way: leaving for seasonal work (and it was a very common phenomenon) brings benefits to

the family remaining in the small homeland, since it eliminates extra mouths to feed and serves as a source of income for the family remaining in the countryside. It was believed that daughters sold by their parents to be city prostitutes also did their honorable filial duty. But now it was not about duty to the family, but about duty to the whole nation.

The government began encouraging emigration in 1885 (primarily to Hawaii and the United States), but emigration initiatives encountered great difficulties not only of material, but also of psychological nature. The reign of the shogunate formed a type of person characterized by an increased degree of sedentariness. This was due to both the nature of wet rice growing and the social policy of the shogunate, which prevented resettlement and suppressed the “pioneer” spirit. The ability to endure, adapt to circumstances and “landscape” were the features of the introverted character of the Japanese of that time. These properties hindered external migrations; publicists often reproached their compatriots with “excessive” love for their small homeland and persistently suggested that the Japanese should take off and rush to explore new territories.

The economist Hattori Tooru (1863–1908) was a prominent propagandist of the resettlement movement. In 1891, he said that, in comparison with the Japanese of the 16th century, the Japanese of his time had lost the pioneer spirit and differ from the former as “clouds and swamp slime.” Stating the excessive population density of Japan, Hattori urged its inhabitants to “be filled with bestial determination and overcome the boundless stormy waves” [Hattori 1891, p. 101].

In 1893, the Society of Colonists (*Shokumin kyōkai*) was founded, and it enjoyed state support. It also tried to persuade the Japanese to get rid of the cowardly legacy of the shogunate era: “From the point of view of the geographical location of our country, resettlement is the most natural thing... For the inhabitants of a maritime country, the sea is blue everywhere, and it is only natural to have the courage to surf the vast expanses, not to lock yourself on a secluded island and to conquer distant lands” [Yoshida 1944, p. 198].

According to Hattori's calculations, in 50 years (that is, in 1941), the population of Japan would reach an "unthinkable" level of 65 million people, whom the "tiny" Japanese land would not be able to feed and clothe, even taking into account the fact that sparsely populated Hokkaido would be able to accommodate 9.5 million people in the future [Hattori 1891, pp. 105–108]. (In fact, the population of Japan reached 65 million in 1931, and the number of residents of Hokkaido numbered less than 3 million at that time and never reached the level of 6 million people.)

All estimates of the future population of Japan emanated anxiety. In the first issue of the bulletin of the Society of Colonists, the need for emigration was justified by the high population density (more than 1,600 people per square ri, i.e., about 104 people per square kilometer) and high rates of its growth (400–500 thousand people per year). Thus, in 70 years (in 1963), the number of Japanese will double, and 80 million people will be doomed to poverty on the insignificant Japanese land. In this regard, resettlement measures to reduce the number of people feeding in Japan should be taken immediately [Yoshida 1944, p. 193]. In 1895, the same bulletin stated: since Japan ranks first in the world in terms of population density and growth rates, it should also take first place in terms of the number of emigrants [Ibid., pp. 197–198].

The assertion that Japan was a "champion" in terms of population density and growth rates was, of course, some exaggeration, but the propensity for sweeping judgments was an inherent property of the publicists of that time (of all times?). At the same time, comparisons of Japan with similar indicators for Asian countries, as a rule, were not carried out: partly because there were no accurate statistics for these countries, but partly because Japan compared itself only with "civilized" countries. In any case, however, the belief that Japan was the most populous country with the highest population growth rates had practically no alternative. The desire to stand out and consider your country "unique" was strong, but at that time it was largely fulfilled by complaining about unprecedented difficulties, and not by emphasizing its merits.

The need for emigration was recognized by many thinkers and ideologists. However, not everyone considered this task realistic. In 1889, Inoue Tetsujirō wrote with chagrin: “There is only one place for Japanese people to live in the whole world – Japan; it should be borne in mind that a Japanese person can live only in Japan. It is hard to expect a change in the current situation; when the Japanese will be able to develop, become a strong and large nation, they’ll spread around the world, begin to move to other countries. Therefore, for a certain time, the Japanese will only be able to live in tiny Japan” [Inoue 1889, p. 6].

At that time, almost no one openly argued that there were too many Japanese and that their numbers should be limited or reduced in some way. The emphasis was on the fact that they had too little of their own land. Thus, not so much the large number of the Japanese was emphasized, as the smallness of the territory in which they had to live. In fact, in comparison with the European countries with which the Japanese liked to compare themselves, the land of Japan did not look tiny at all: it was larger than the territory of England or Italy. Nevertheless, in the discourse of that time, not only objective indicators were actualized, but also the emotional perception of reality.

There were three ways to ease demographic pressure:

Firstly, a reduction in the birth rates through the permission of abortions and the use of contraceptives. Such measures began to be seriously discussed in society only in the 1920s, but as a result, the government banned the family planning movement.

Secondly, mass voluntary emigration; however, the Japanese sedentary complex could not be overcome, and the results of emigration turned out to be extremely limited. In 1925, 987 thousand Japanese lived outside the country in the territories that Japan considered its colonial possessions. A significant part of them were there temporarily. The same applies to foreign countries, where there were 596 thousand Japanese. This was absolutely not enough to mitigate the demographic situation in the “ancestral” Japan. Moreover, there was also a flow of immigrants to Japan (primarily from Korea).

Only the third way turned out to be really demanded – the creation of a colonial empire, that is, the seizure of foreign territories. Calls for voluntary and peaceful resettlement had a military component from the very beginning. Having justified the need for emigration and colonization with the help of arguments about the smallness of the country's territory and its populousness, the influential economic journal *Tokyō Keizai Zasshi* wrote in 1893: currently, the number of voluntary migrants is only 22,845 people, but all of them are members of the "Yamato people and require care" from the Navy [Yoshida 1944, p. 191]. The Colonists' Society advocated the construction of a powerful fleet on the same basis. It is hardly necessary to remind that aggression under the pretext of protecting one's subjects or citizens (now it is called "humanitarian intervention") was (and is) a common practice of Western "diplomacy," which was a model for Japan.

Tokutomi Sohō (Iichirō, 1863–1957), one of the leading journalists of the time, wrote on July 3, 1894: "The key condition for the greatness of a people is its ability to multiply." Since Great Britain demonstrated this ability to a greater extent than Holland or France, it was Great Britain that became the mightiest world power. Japan also shows high fertility – despite the fact that its population density has already reached the limit. Now two Japanese persons share a room with an area of two mats, but in the future they will literally have to sleep on top of each other. In order to at least not increase the current population density with its annual growth of 400 thousand people, Japan needs to expand its territory by an area equivalent to the former province of Omi every year. When water boils, it spills over the edge. When it spills, it will definitely flow somewhere. The same thing happens with the population" [Tokutomi 1894, pp. 78, 11–12].

Thus, expansion was equated with an "objective" law, which gave it credibility and released from irrelevant moral reproaches and remorse of one's own conscience. The most natural direction of this "fluid" expansion of the Japanese is, according to Tokutomi Sohō, China. To substantiate this thesis, "objective" data are again provided – this time geographical. European peoples allegedly spread to those places that

most correspond in climatic terms to their homeland. Therefore, the Spaniards and Portuguese go to the tropics, the English – to warm lands, and the Scandinavians – to cold lands. Since the length of Japan along the north – south axis is very large, the Japanese are accustomed to any climate, and temperature difficulties do not frighten them. Therefore, unlike the inhabitants of European countries, they have the opportunity to spread in any direction and create “new homelands” (*shin furusato*) everywhere. In this respect, the Europeans are not able to compete with the Japanese. Therefore, the only competitor of the Japanese is the Chinese, who are also accustomed to any climate, and therefore the belligerent eyes of the Japanese should turn towards China [Tokutomi 1894, pp. 12–18].

Tokutomi Sohō was a well-informed and non-shy person. It was as if he saw it in a crystal ball: Japan attacked China on August 1, 1894, and in 1897, Emperor Meiji granted Tokutomi the senior degree of the 5th rank.

Having attacked China, Japan acquired Taiwan. In 1904, it attacked Russia and annexed Southern Sakhalin, and also took away from Russia the right to lease the Liaodong Peninsula with its fortress Port Arthur. In 1910, Korea was annexed, which caused a storm of enthusiasm, since now Japan had become a “mainland power.” Military victories dramatically raised the self-esteem of the Japanese. After the Japanese-Chinese war, even the “doubter” Inoue Tetsujirō stopped talking about the weakness of the Japanese and changed his pessimism to the confidence that they have the highest spirit of enterprise [Oguma 2010, p. 63].

The acquired colonies significantly expanded the borders of “tiny” Japan, which began to be steadfastly called “great” and “multinational.” The self-deprecating phrase “island country” fell out of use. After the victory over Russia, talk about Japan’s smallness in geopolitical terms was put to an end – it was assumed that Japan had acquired the status of a “world power.” The prominent theorist of Japanese colonialism Nitobe Inazo (1862–1933) was pleased to record that, with the annexation of Korea, Japan ended its closed and limited “island consciousness” [Ibid., p. 125]. Other publicists were happy to state that the area of present-day Japan was larger than the territory of Germany;

like Great Britain, it owned colonies, including those on the mainland. Thus, complaints about the closed and tiny island space were replaced by imperial pride.

However, despite significant territorial acquisitions and awareness of their country as big and even "great," the theme of "smallness" of Japan had not lost its relevance. But now the focus of concern had shifted to the small territory in terms of producing food resources for the growing population. Some scientists raised this topic back in the late 1880s, but now it had become really widely discussed. The discussion was provoked by the "rice riots" (1918), when rice prices soared 3 times. Although the problem was solved relatively quickly by importing rice from Taiwan and Korea, a hypothetical shortage of food stirred public opinion.

In 1927, the population of Japan proper (excluding colonies) was 61 million 659 thousand people with a density of 161.5 people per square kilometer. In 1935, there were already 69 million 254 thousand people in the country, and the population density increased to 181 people. Since three-quarters of the country's territory is occupied by mountains, the concentration of the population on the plains and in the cities was much higher. In Tokyo, it was 2,970 people, and in neighboring Kanagawa Prefecture – 782 people. However, the geographical distribution of the population was very uneven. Thus, the population density in Hokkaido was only 35 people per square kilometer [Eisei nenpō 1939, p. 46].

The existing technologies no longer allowed increasing harvest yields in a noticeable way. Food production could theoretically be increased by expanding agricultural land. In terms of population density, Japan was inferior to some European countries – Belgium, Holland, and Great Britain. However, when calculating the population density not for the entire territory of the country, but only for arable land, it confidently led: 9.69 people per hectare of land (in Great Britain – 2.26, in Germany – 1.85, in France – 1.08) [Kiyomizu 1929, pp. 24–25]. In many Western countries, a much larger part of the territory was given over to agricultural land than in Japan. In France, it was 42 percent, in Germany – 44 percent, in Great Britain – 25 percent, and in Japan –

only 16 percent [Waga kuni... 1928, pp. 5–6]. In Japan, there were lands that could be turned into arable land, but they were of poor quality and were located in areas less suitable for field cultivation (especially for rice cultivation) – for example, in the Tohoku region, Hokkaido, or Southern Sakhalin. However, the development of these lands required significant investments. Peasants did not have such funds to invest, and large businesses invested capital mainly in industry with its higher rate of profit. The government allocated funds for the development of Hokkaido, but they were not enough, given the increasing costs of the army: in connection with the conquest of Manchuria in 1931, their share in the budget increased sharply and exceeded 30 percent; in 1934 they amounted to 44 percent, and in 1937 – almost 70 percent, which made it impossible to implement any large-scale peaceful programs. As a result, the population growth outstripped the growth of acreage.

By modern standards, the dependence of “Japan proper” on foreign food was not so great (for rice, it was about 15 percent), and the shortage was covered by the export of industrial products. However, politicians and publicists sounded the alarm: Japan, which in ancient times was proudly called “the country of rich harvests” or “the country of abundant reed plains and amazing ears of rice,” had become an importer of rice. It was emphasized that the entire population growth was provided by those products that were grown in the colonies (mainly in Korea, partly in Taiwan) and abroad [Yanaihara 1928, pp. 143–145]. This was extremely unpleasant from the point of view of self-identification of the Japanese, for whom “rice” and “Japan” were in the same synonymic row. So thought, for example, the founder of Japanese ethnology Yanagita Kunio (1875–1962; see about him: [Meshcheryakov 2020]). This idea enjoyed support at the very top. In 1929, a rice field was arranged for Emperor Hirohito on the palace grounds, which he allegedly looked after himself. Of course, it had nothing to do with the food of the sovereign or his people, but it had a very important symbolic meaning – the unity of the emperor with the people. Starting from 1931, rice from the imperial field was used for offerings to Shinto gods during the harvest festival. Both the emperor and his people and their common

gods ate the same food. The Japanese received about a half of their calories from rice.

The government's position on the demographic issue was ambivalent. On the one hand, the population growth caused deep sovereign satisfaction, but, on the other hand, concern. At the first meeting of the Government Committee on Demography and Food (July 20, 1927), Prime Minister Tanaka Giichi (1864–1929) said: "In recent years, the population of our empire has grown rapidly, which symbolizes the prosperity of the state and evokes joy. Population growth not only testifies to the vitality of our people, but also forms the basis for a strong country. However, the territory of our country is small and deprived of natural resources, and the development of industry is still insufficient, so due to the high population density, food consumption is growing rapidly, and now and then there is an imbalance in the supply and demand of workforce, which brings instability to the life of the people" [Fujino 1998, pp. 121–122].

The publications of economists and demographers were filled with anxiety. Professor Yanaihara Tadao (1893–1961) of Tokyo Imperial University (1893–1961) wrote with undisguised anxiety in the first sentence of his book on demographic problems: "The natural population growth in our country is almost a million people a year, which has an intimidating and depressing effect on the psyche of the people, so that discussions on demographic issues are bursting with heat" [Yanaihara 1928, p. 1]. The main concern was the food supply of the multi-million people. It was not for nothing that in 1928, the Government Committee on Food compiled a bibliography of recent (1922 – January 1928) publications on demographic problems. The list consisted of 153 works. At the same time, the compilers stipulated that they were unlikely to be able to track all the publications [Jinkō mondai-ni kansuru seron 1928, p. 1].

Even children's writer Miyazawa Kenji (1896–1933) could not ignore the food problem that so worried the Japanese. In the fairy tale "The Great Feast of Vegetarianism" (*Bijitarian taisai*), he, mentioning the theory of Malthus, confronts different opinions about diet in an almost journalistic form and comes to the conclusion that the most effective

way to solve the food problem is to abandon meat in favor of plant food, since its production is much cheaper [Kōhon Miyazawa... 1973, p. 229].

The thesis that Japan was small for a rapidly growing population was exaggerated in every way. The discussion about overpopulation reached its peak in the second half of the 1920s, when supporters of birth control and family planning entered the arena. However, as a result, the government banned this movement and took an even more determined course to seize foreign territories that qualified as a necessary “living space” for the Japanese. The ideas of Karl Haushofer (1869–1946) regarding the lack of “living space” were extremely popular not only in Germany, but also in Japan. Recognizing Haushofer’s intellectual achievements, the Japanese government awarded him an order.

Since the early 1930s, the military in Japan had been gaining more and more influence. They intended to obtain food and natural resources “for free” by conquering new territories (the colossal costs of the army were not taken into account in this strategy). The goal of the military was not the intensive development of the economy (a task that requires many years of hard work) and international trade, but the immediate provision of resource and food self-sufficiency. As elsewhere in the world, the style of thinking of the Japanese military assumed pressure, determination, impatience, reliance on simple ways to solve complex problems, and complete disregard for other people’s interests.

In 1931–1932, as a result of the Japanese aggression in Manchuria, the “independent” state of Manchukuo was created, which was completely controlled by Japan; in 1937, Japan began a “big” war with China. That year, a campaign to increase the birthrates was launched. Whereas before that time there had been concern about too rapid population growth, now the government decided overnight that there were too few Japanese people. On January 22, 1941, a grandiose programme was adopted to increase the number of the Japanese. Its preamble stated that an increase in population was necessary for the successful construction of a “sphere of co-prosperity in East Asia” under the auspices of Japan. In December of the same year, Japan declared war on the United States and Great Britain.

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Since the Meiji Revolution, the concept of a “small country” has undergone a significant evolution. In the early years of Meiji, it sounded like a complaint about a small territory and geopolitical insignificance. Together with the creation of the colonial empire, complaints about the smallness of the territory in its opposition to Western countries stopped or softened, and in the 1920s the thesis of overpopulation of the country came to the fore. It was implied that Japan was small for the increasing number of the Japanese, and its land was not able to feed them. The ruling elite showed impatience and did not seek solutions to the food problem with the use of domestic resources, which would have taken too much time. They preferred to resort to an expansionist policy accompanied by a course not to reduce the birth rate, but to increase it.

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Foreign Policy Decision Making in Japan During the Gulf War

V. V. Nelidov

Abstract

The Gulf War (1990–1991) became a watershed event for Japan’s foreign policy, testing its readiness to address the challenges of the post-Cold War world. However, one can hardly say that Japan successfully passed this test. Despite substantial pressure from the United States and heated debates in the Diet and beyond it, Japan failed to make any contribution to the resolution of the crisis other than providing financial aid. Neither the plan to send peacekeepers to assist the U.S.-led coalition nor the proposal to dispatch JASDF aircraft for the evacuation of refugees were realized. The only “human contribution” Japan made was sending JMSDF minesweeper vessels to the Persian Gulf, but even this was done after the active phase of the hostilities was over. This severely harmed Japan’s image in the world and simultaneously served as stimulus for change, leading to Japan assuming a more active international role from the 1990s on. The present article focuses on the domestic political background of Japan’s reaction to the Gulf crisis. It shows how the factors including the political weakness of the prime minister, factional nature of the ruling party, the situation of the “twisted Diet,” where the LDP did not control the House of Councillors, as well as political opportunism of the opposition, insufficient support for the government’s proposals from public opinion, and the general focus on minor and technical details, rather than strategic foreign policy goals, combined to cause a paralysis of the decision-making mechanism. The study of this historical episode will, among other things, help us to better understand the roots of present-day Japanese foreign policy.

Keywords: foreign policy, decision making process, domestic politics, Gulf War, LDP, National Diet of Japan.

Introduction

The Gulf War, which began with Iraq's invasion of Kuwait on August 2, 1990, went into the active phase as the US-led coalition forces started their military operation on January 17, 1991 (Operation Desert Storm), and ended on February 28, 1991, with Kuwait's liberation from Iraqi occupation, became a watershed event for post-war Japan's diplomacy and security policy.

Japan could not afford to stay away from the conflict. It was not only that the Japan-U.S. alliance, which had been the cornerstone of Tokyo's foreign policy throughout the entire post-war period, forced Japan to show solidarity with the United States. Japan also had vital economic interests in the Middle East region, with as much as 70 percent of Japan's crude oil imports coming from there [Kistanov 1994, p. 6]. Finally, the Gulf War was the first serious crisis of the post-Cold War world, where every country had to redefine its place in the international arena.

However, one can hardly say that Japan successfully passed this test. Japan's reaction to the crisis revealed the inadequacy of its habitual foreign policy mechanisms and their inability to respond to the challenges of the new era. Despite intense debate in the Diet and beyond it, primarily focused on whether various options of Japan's involvement in the situation were acceptable from the point of view of the "pacifist" Article 9 of the Constitution, Japan's ruling circles could not decide on even a symbolic "human contribution" (*jinteki kōken*), which meant sending Japanese personnel to the conflict zone to assist the international coalition. Japan's government limited itself to financial assistance and, only after the active hostilities ended, sending Japan Self-Defense Forces (JSDF) minesweeper ships to the Persian Gulf.

Inability to perform what was perceived as Japan's duty before the international community severely harmed the nation's international status. When, in March 1991, the Kuwaiti government published a letter

of thanks to the coalition countries, Japan was not even mentioned there, despite Japan's financial contribution exceeding that of any other country save for the U.S. and Kuwait, amounting to 13 billion USD [Nakamura 2005, p. 210]. Another example thereof is that, after the war was over, the Japanese Foreign Minister Nakayama Tarō was not even invited to a summit in Washington, unlike his European counterparts [Purrington 1992, p. 169].

It was the unsuccessful experience of reacting to the Gulf War that stimulated further transformation of Japan's foreign policy mechanism. The fact that, as early as in June 1992, the Diet adopted the International Peace Cooperation Law and amended the JSDF Law, making it possible for the Japanese armed forces to participate in UN peacekeeping operations, even if with some serious restrictions, showed that Japanese diplomacy started to adapt to the world after the Cold War.

Therefore, a study of the way Japan's foreign policy decision making apparatus reacted to this crisis is an important task, which will, among other things, help us to better understand the roots of present-day Japanese foreign policy.

Domestic Political Situation in Japan Before the Gulf War

One of the reasons for the half-hearted response of Japan to the Gulf War was the crumbling power of the Liberal Democratic Party, the dominant political force since the mid-1950s. The negative impact of several corruption scandals, as well as the general tiredness of voters from the almost four-decade-long rule of the LDP became clear in 1989, when the ruling party lost control over the House of Councillors for the first time, even while remaining dominant in the more powerful House of Representatives. Facing this "twisted Diet" situation, the Liberal Democrats had, for the first time, to seriously negotiate with opposition parties. Under these conditions, Kaifu Toshiki, who became prime minister on August 10, 1989, was meant to use his image of a "clean politician" to support the falling popularity of the ruling party [Pavlenko 2006, p. 63].

Lacking his own power base within the party, Kaifu depended on influential faction leaders and was quite limited in pursuing an independent course. As will be shown below, this often led to substantial controversies between the prime minister, on the one hand, and party leadership (in particular, the LDP Secretary General Ozawa Ichirō and the LDP General Affairs Committee Chairman Nishioka Takeo), on the other [Inoguchi 1991b, p. 188–189].

There were also other factors complicating the situation of the new prime minister. Kaifu's experience in the field of foreign policy was quite limited, as his previous Cabinet experience was limited to the posts of Deputy Chief Cabinet Secretary in 1974–1976 and Minister of Education in 1976–1977 and 1985–1986. Besides, unlike, for example, Nakasone Yasuhiro, Prime Minister in 1982–1987, Kaifu lacked his own staff of advisors, who he could turn to for assistance regarding issues of foreign policy and national security, and so he had to rely on the Ministry of Foreign Affairs.

Meanwhile, the idea of participating in UN peacekeeping activities was not completely foreign to Japanese policymakers long before the Gulf War. In 1966, Japanese newspapers reported that the government prepared draft legislation regulating Japan's participation in UN peacekeeping missions. Officials later denied the existence of this document but acknowledged that the issue had been studied. Later, in 1982, the Ministry of Foreign Affairs asked a group of experts to consider the same problem, which resulted in a report containing proposals for the participation of Japanese personnel in peacekeeping operations, even though it did not provide for JSDF service members' participation in such missions [Shibata 1994, p. 309].

These issues drew particular attention towards the end of the 1980s, as exemplified by the International Cooperation Initiative (*Kokusai kyōryoku kōsō*), announced by Prime Minister Takeshita Noboru in London in May 1989.¹ Takeshita mentioned “active participation

¹ Kokusai bunka kōryū no ayumi: Takeshita sōridaijin Rondon supīchi [The Progress of International Cultural Cooperation: London Speech

in diplomatic cooperation for conflict resolution” and “personnel dispatchment,” and even though this only meant the deployment of civilian specialists, it was nevertheless a substantial step forward for Japan. However, these plans did not see full realization. There were indeed cases of Japan dispatching small groups of civilian specialists, but this was done on a very small scale. For example, Japan dispatched small groups of observers for election monitoring within the UN operations in Namibia and Nicaragua, numbering 27 and 6 people respectively.² And even though Prime Minister Kaifu mentioned the International Cooperation Initiative in his speeches, up until the beginning of the Gulf crisis in summer 1990, he usually focused on the economic and humanitarian aspects of this plan.

Not only did the government’s attitude towards Japan’s desirable role in the international arena evolve, but the views of other political forces were changing as well. Most opposition parties (excluding the Communists), and even the Japan Socialist Party (JSP), which remained the second largest force in the Diet after the LDP, essentially accepted or, at the very least, were close to accepting the existence of the U.S.-Japan Security Treaty and the JSDF. Meanwhile, as Japanese political scientist Inoguchi Takashi notes, by the early 1990s, there were two close and partially overlapping groups in Japanese politics who were in favor of a more active foreign policy. On the one hand, there were those who supported a more internationally active Japan in tandem with the United States. The supporters of this view included the LDP Secretary General Ozawa Ichirō, the Diet members belonging to the defense “clan” (*zoku*), as well as the Defense Agency and the private companies benefitting from

by PM Takeshita]. May 4, 1989. https://www.mofa.go.jp/mofaj/gaiko/culture/koryu/others/kokusai_3a.html

² Dai 4 setsu. Kokurentō no kokusaikikan no yakuwari to wagakuni no kyōryoku [Section 4. The Role of UN and Other International Organizations and Japan’s Cooperation With Them]. Gaikō seisho 1990 [Diplomatic Bluebook 1990]. <https://www.mofa.go.jp/mofaj/gaiko/bluebook/1990/h02-2-4.htm>

defense contracts. On the other hand, there were those who, while not insisting on a complete breakup with Washington, nevertheless spoke in favor of a more independent foreign policy. According to Inoguchi, this camp included some large corporations (in particular, in the finance sector), as well as the “economic” ministries, particularly the Ministry of Finance and the Ministry of International Trade and Industry. Among the Foreign Ministry officials, there were both supporters of a more active role of Japan and those who deemed it necessary to stick to a more cautious course, with the latter ones being more influential in practice [Inoguchi 1991a, p. 268–271].

Foreign Policy Decision Making During the Gulf War

The news of Iraq’s attack on Kuwait on August 2, 1990, became a surprise for Japan, which did not have sufficient political and intelligence presence in the region [Ibid., p. 257–258]. Nevertheless, economic measures were taken by Tokyo quite swiftly. On August 5, Chief Cabinet Secretary Sakamoto Misoji presented a statement which contained harsh condemnation of the Iraqi invasion of Kuwait, called on Iraq to immediately fulfill the terms of the August 2 UN Security Council Resolution 660, which demanded that Iraq immediately withdrew its forces from Kuwait, and also introduced economic sanctions against Iraq.

It is hard to say whether this decisiveness was caused more by Washington’s insistence or by Tokyo’s own initiative. It is known that, on August 4, there was a telephone call between Prime Minister Kaifu and U.S. President George Bush, with Bush stressing the importance of the international community’s joint actions to restore the legitimate government of Kuwait [Orita 2013, p. 123]. At any rate, the Japanese government was even ahead of the UN Security Council, which only adopted its own resolution on economic sanctions a day later, on August 6.

Still, even in the first days of the crisis, there started to appear first disagreements between various agencies. The Ministry of Foreign Affairs, the position of which turned out to be the dominant one at this

stage, supported solidarity with the United States, while the Ministry of International Trade and Industry, fearing for the fate of the 600 billion yen Iraq was owing to Japanese trade companies, was initially more cautious, believing that Japan had to wait until Western European countries formulated their response [Purrington 1991, p. 308].

Tokyo was, in principle, ready to provide financial aid to the regional countries and the U.S.-led coalition, but the discussion about the more decisive measures, primarily focusing on Japan's "human contribution," turned out to be extremely difficult even despite substantial pressure from Washington. On August 14, President Bush once again called Prime Minister Kaifu, urging his colleague to dispatch Japanese personnel to the conflict zone to assist with clearing the waters of mines and delivering humanitarian aid. The Japanese prime minister, however, gave no affirmative answer, mentioning legal and political difficulties such steps would be accompanied with [Orita 2013, p. 125].

As the government was hesitant to react to Washington's calls for aid, the LDP politicians who supported a more active national security policy took the lead. One of these "hawks" was the LDP Secretary General Ozawa Ichirō. On August 26, 1990, Ozawa met with Kaifu, trying to persuade him to send a JSDF force to the Middle East, claiming that it could be done within the existing legal framework, but the prime minister turned down these proposals [Shoji 2011, p. 208].

Three days later, on August 29, the government announced the measures Japan promised to take to help in resolving the crisis. It was said that Japan would provide financial assistance, the amount and specific forms of which were to be announced later. It was also stated that Japan was going to make a "human contribution" by providing civilian vessels and aircraft to deliver food and medical supplies, and also by dispatching a medical team of approximately 100 people.³ Later, however, it turned

³ Wangan kiki ni kansuru siryō, chūtō ni okeru heiwa fukkatsu ni kakawaru wagakuni no kokensaku [Materials on the Gulf Crisis, the contribution to be made by Japan related to the restoration of peace in the Middle East]. August 29, 1990. <https://worldjpn.net/documents/texts/JPME/19900829.O2J.html>

out that the promises to dispatch medics and transport vessels could not be fulfilled, as there were no organizations or private persons in Japan ready to perform this mission [Orita 2013, p. 126].

Kaifu stressed that these measures would be taken in strict accordance with Japanese constitutional norms. He said, however, that, in order to provide a more effective contribution to peace, Japan should consider amending its laws – again, within the framework of the constitution. He suggested that Japan could pass the “United Nations Peace Cooperation Bill,” which would stipulate the conditions under which Japan could provide its “human contribution.”⁴ The initial reaction of the United States to these proposals was lukewarm, and the next day the government announced that the total amount of Japan’s aid was to amount to 1 billion USD.

Meanwhile, the position of the prime minister, who decided to provide this amount of aid, was not coordinated not only with the United States, but even with the Japanese Foreign Ministry. According to the then-Deputy Chief Cabinet Secretary Ishihara Nobuo, the Foreign Ministry initially reported to the prime minister that the initial amount of aid Japan had to provide to the coalition was in the range of 2 to 3 billion USD. On the other hand, the Ministry of Finance disagreed with the Ministry of Foreign Affairs and recommended to provide only 1 billion USD – the amount announced by the government on August 30 [Shoji 2011, p. 208–209].

The Japanese public deemed these measures adequate. According to a Kyodo poll conducted after the details of the first aid package were announced, 59 percent of respondents stated that they were satisfied with Japan’s contribution to the resolution of the crisis, 22 percent believed it excessive, and only 16 percent said that the government’s actions were insufficient. However, the sort of “human contribution”

⁴ Wangan kiki ni kansuru shiryō, kisha kaiken ni okeru Kaifu naikaku sōri daijin hatsugen yōshi [Materials on the Gulf Crisis, main contents of the statement by Prime Minister Kaifu]. August 29, 1990. <https://worldjpn.net/documents/texts/JPME/19900829.01J.html>

which was expected by Washington remained unacceptable for most Japanese: according to the same poll, 83 percent of respondents were against sending JSDF troops to the Gulf region [Purrington 1991, p. 309].

The United States still believed that Japan had to do more and so continued to press the Japanese leadership. The U.S. Ambassador to Japan Michael Armacost was lobbying this issue so intensely that, in the Japanese political circles, he was dubbed “*Misutā Gaiatsu*” (“Mr. External Pressure”) [Nakanishi 2011]. Besides, to provide additional clarifications about the U.S. demands, the U.S. Minister of Finance Nicholas Brady arrived in Tokyo and met with his Japanese counterpart Hashimoto Ryūtarō on September 7, 1990. During this meeting, Brady insisted that Japan needed to provide additional 1 billion USD as aid to the coalition and 2 billion USD to help the regional countries. The Japanese Ministry of Finance was not ready to approve such spending, and so Brady had to return to the United States without a definite answer from the Japanese side.

Several days later, the resistance of the Ministry of Finance was overcome, with the pressure from the Foreign Ministry playing a certain role. On September 14, Chief Cabinet Secretary Sakamoto Misoji announced that Japan would provide additional aid amounting to 3 billion USD. The total amount of aid, 4 billion USD, had to be divided equally between emergency aid, provided as long-term low-interest loans to Egypt, Turkey, and Jordan, who suffered economic damage from the Gulf crisis, and aid to the multinational forces (these funds were meant for purchase of “non-lethal” equipment, as using them to purchase weapons and ammunitions could be seen as violation of the “pacifist” Article 9 of the Constitution). Japanese diplomats emphasized that, in most cases, the equipment necessary for the multinational forces would be purchased in the United States [Purrington 1991, p. 310–311].

Therefore, the U.S. demands regarding the provision of additional funds were being satisfied, even if not without resistance from the Ministry of Finance. But Washington kept asking Tokyo not to limit itself to financial aid and to provide “human contribution,” which could become a more tangible proof of Japan’s willingness to play a more

substantial global role. For example, on September 29, President Bush once again urged Japan to consider sending JSDF personnel to assist the multinational coalition, even if the Japanese troops were not permitted to use force and were limited to providing rear support to the coalition [Nakamura 2005, p. 204].

Nevertheless, the prime minister's proposal to pass the United Nations Peace Cooperation Bill, meant to realize this "human contribution," faced substantial resistance even at the stage of preliminary consultations within the ruling party and the government. The differences focused on the most basic question: whether Japan's "human contribution" involved sending JSDF military personnel, as Washington and the "hawks" within the ruling party insisted (Ozawa Ichirō, for example, claimed that sending troops would not contradict the Japanese Constitution if it is done in accordance with UN decisions), or whether, as the proponents of more pacifist views believed, Japan had to limit itself to sending only civilian personnel, as any dispatch of troops abroad would violate the Constitution [Orita 2013, p. 127]. The situation was further complicated by the fact that, as the then-Administrative Deputy Minister of Foreign Affairs Kuriyama Takakazu recalls, the Foreign Ministry, which was doing the bulk of work drafting the bill, had very little time. The extraordinary Diet session, where the bill was to be discussed, was slated to begin on October 12, 1990, and so the Foreign Ministry had less than a month to prepare the document [Shoji 2011, p. 210].

A special working group was established on the basis of the United Nations Department of the Ministry of Foreign Affairs to do the technical work of drafting the document. However, given the importance of the issue, it was under constant supervision of the Cabinet and the ruling party. On the Foreign Ministry side, Administrative Deputy Minister Kuriyama was the one responsible for preparing the bill, while, from the Cabinet side, it was Deputy Chief Cabinet Secretary Ishihara Nobuo [Ibid., p. 210–212]. Besides, in addition to the daily activities of the working group, there were also regular consultations of top government and party leadership held at the Prime Minister's Office. Among others, these consultations included Prime Minister Kaifu, Minister of Foreign

Affairs Nakayama, Minister of Finance Hashimoto, Chief Cabinet Secretary Sakamoto, and also the top leadership of the LDP, the so-called “three party posts” (*tōsan'yaku*) – the LDP Secretary General Ozawa Ichirō, Chairman of the General Affairs Committee Nishioka Takeo, and Chairman of the Political Affairs Committee Katō Mutsuki. We can assume that it was this closed format where the most important decisions about the contents of the future bill were taken.

Prime Minister Kaifu himself initially believed that the Japanese peacekeepers had to be a completely civilian force, similar, for example, to the Japan Overseas Cooperation Volunteers [Orita 2013, p. 130]. Of the same opinion was the Administrative Deputy Foreign Minister Kuriyama, who believed that Japan had to limit itself to a purely non-military contribution, as dispatchment of military personnel would cause negative reaction both within and outside Japan [Shoji 2011, p. 212]. However, even some top Foreign Ministry officials disagreed. For example, director of the International Treaties Department Yanai Shunji claimed that Japan could also send the JSDF as “human contribution” [Orita 2013, p. 129]. The proponents of this opinion, among whom were also representatives of the Defense Agency, stated that the establishment of a new structure, the members of which could be sent to the Gulf area to assist the international coalition, “from scratch” would take substantial funds and time. And so, they claimed that it would be much more rational to send the JSDF service members, even if they were given some special status for the time of the mission [Shoji 2011, pp. 212–213].

Eventually these arguments, as well as pressure from the United States, seemed to change the minds of those who had believed in the idea of a purely civilian peacekeeping force. On September 14, 1990, speaking at a meeting at the Prime Minister’s Office, Kuriyama reported that there were three options: establish a new structure that would have no relation to the JSDF; revise the Self-Defense Forces Law and thus enable a direct deployment of military personnel; or send the JSDF, but change their status for the time of the mission, so that they were no longer military personnel. Kuriyama himself was in favor of the last variant. The prime minister supported him, ordering to develop such scheme, wherein the

dispatched JSDF personnel would leave the armed forces for the time of the deployment and would be sent to the Middle East not as members of the military, but as “Prime Minister’s Office staff” (*sōrifu jimukan*). But even this “trade-off” formula met fierce resistance from both the Defense Agency and the “hawks” in the ruling party. One of the arguments against this variant was that the JSDF service members trained to act as a unit, and so, if they participated in a peacekeeping operation individually, they would be unable to function effectively.

Deputy Chief Cabinet Secretary Ishihara, who was responsible for coordinating the drafting of the bill, had to take this into account. A one-page memorandum prepared by him spoke about establishing a “Cooperation Corps” (*kyōryokutai*), the core of which would be constituted by JSDF service members. They would act as a single unit, even though they would be dispatched under the flag of the “Cooperation Corps.” The document also mentioned that they would have a right to the “minimal” use of arms and that it would not be necessary to revise the Self-Defense Forces Law to realize the proposed plan [*Ibid.*, pp. 213–214].

Eventually, taking these opinions into consideration, the Ministry of Foreign Affairs prepared the final draft of the bill, which was approved by the LDP top bodies on October 11, 1990, by the Cabinet on October 16, 1990, and on the same day was submitted to the 119th extraordinary Diet session. According to the final draft, a “Headquarters for United Nations Peace Cooperation” (*Kokusai rengō heiwa kyōryoku honbu*) was to be established at the Prime Minister’s Office, headed by prime minister himself. Subject to this body, a “United Nations Peace Cooperation Corps” (*Kokusai rengō heiwa kyōryoku tai*) was to be established, which could be sent abroad for purposes of “peace cooperation.” The bill provided for the possibility of dispatching JSDF service members, as well as members of other administrative bodies to the Corps, with the dispatched specialists having a double status of a member of the Corps and an employee of their original organization for the time of this appointment. Besides, the text mentioned that, in the case of necessity, members of the Corps could be equipped with light arms, but they were only to use them in the case

of extreme necessity and only for defensive purposes [Wangan sensō 1991, pp. 213–223].

As the Foreign Ministry was finalizing the bill, the Prime Minister's Office started to work with opposition parties, trying to secure their support – this was a necessary step given the “twisted Diet” situation. For example, Chief Cabinet Secretary Sakamoto tried to woo the Komeito Party. As the JSP was strictly against the government's plans, it was Komeito who could help to pass the bill in the House of Councillors. But the government's hopes were not realized. On September 27, Komeito Secretary General Ichikawa Yuichi said that his party could not support the government's bill, saying that such provisions as dispatching whole units or the possibility of combining the status of a peacekeeping force member with that of the JSDF member were paving the way for full-scale dispatchments of military forces abroad [Shoji 2011, p. 217]. Eventually Komeito proposed amendments to the bill that would put time limits on it, but this time the Foreign Ministry was unwilling to accept them, as it was planned that the bill would become the basis for a system that would let Japan participate in UN peacekeeping in a swift and effective way in the future [Ibid., p. 220–221].

The JSP also opposed the bill proposed by the government. It insisted that Japan refrained from providing help to the international forces, limiting itself to dispatching civilian specialists. The Socialists prepared an alternative document, which was published on October 15 and titled “Guidelines for Establishing the United Nations Peace Cooperation Mechanism” (*Kokuren heiwa kyōryoku kikō setchi taikō*). This provided for the establishment of a purely civilian and unarmed organization, which could perform such functions as truce monitoring, rescue operations, and evacuation of refugees. Even though the JSP proposal did not specify the connection between this structure and the JSDF, Yamaguchi Tsuruo, the party's secretary general, stressed that the JSDF servicepersons would only be able to participate in it after they left the military.⁵

⁵ Nihon Keizai Shinbun. 16.10.1990, Morning Issue. P. 2.

As one might have expected, the Communists' reaction to the draft bill proposed by the government was negative as well. In his speech in the House of Representatives on October 17, 1990, the JCP Chairman Fuwa Tetsuzō stressed that Communists believed that the very existence of the JSDF, in principle, contradicts the Constitution, and so demanded not only that the “dangerous bill” be abandoned, but that the very attitude of Japan towards the U.S.-led coalition be revised.

Even the chairman of the center-left Democratic Socialist Party (DSP), Ōuchi Keigo, expressed a cautious position: approving the government's decision to create a force that could be used for peacekeeping without using military force, he still noted that this decision could pave the way for future military operations abroad.⁶

One could easily see how fragile the support for the bill was from the results of the survey conducted by Asahi Shimbun among the House of Representatives members on October 29–30, 1990. According to it, even in the LDP (181 representative out of the 397 surveyed) the support for the bill was not absolute, as only 63,5 percent of the members of the ruling party expressed their approval. And if one excludes those who did so with reservations (“support [the bill] because the party decided so,” or “support in the case that amendments are introduced”), then the level of support among the members of the ruling party drops to 49,2 percent. Meanwhile, there was not a single person among the Diet members from the opposition parties (JSP, Komeito, JCP, and DSP) and the independents who supported the bill.

A similar pattern was demonstrated by the responses to another, more abstract question: “Should foreign dispatchment of the JSDF be allowed under the condition of non-use of military force by them?” Only 71,8 percent (130 out of 181 surveyed) of the LDP Diet members answered in the affirmative, and 20,4 percent (37 people) in the negative. Among the opposition, only the majority of the DSP representatives supported

⁶ Dai 119 kai kokkai. Shūgiin. Honkaigi. Dai 3 gō [Diet session 119. House of Representatives. Plenary session. Meeting No. 3]. 17.10.1990. <http://kokkai.ndl.go.jp/SENTAKU/syugiin/119/0001/11910170001003a.html>

this view, while most or all of the Diet members from the JSP, Komeito, and the JCP, as well as the independents, once again gave a negative answer [Wangan Sensō 1991, p. 197–199].

This lack of support from the opposition parties was, to a large extent, the direct consequence of the hurry with which the Foreign Ministry, which was drafting the bill, had to act. During the brief time assigned to the preparation of the United Nations Peace Cooperation Bill, it was difficult to conduct the necessary preparatory work (*nemawashi*, or “going around the roots”) even within the Foreign Ministry itself and with the key forces in the ruling party. The consultations with the opposition parties were postponed until after the opening of the Diet session, which defined the critical position these parties took when the bill was introduced [Shoji 2011, pp. 220].

The hurry in preparing the bill led to the Cabinet members giving inconsistent and contradictory answers during the discussions in the Diet, which, naturally, aroused suspicions on the part of the opposition, the public, and even some members of the ruling party. For example, Prime Minister Kaifu and head of the Cabinet Legislation Bureau Kudo Atsuo, replying to the inquiries of the opposition Diet members, essentially confirmed that the Self-Defense Forces’ participation in the multinational coalition is forbidden according to the Constitution if the coalition’s actions are “connected to the use of force.”⁷ The Cabinet representatives could neither formulate what armaments were supposed to be provided to the “unarmed” corps, neither explain whether its members could defend themselves when attacked [Purrington 1991, p. 313].

The proposed plan’s lack of support from the public also played its role. According to a survey conducted by Asahi Shimbun in November 1990, 78 percent of respondents opposed the deployment of the JSDF

⁷ Dai 119 kai kokkai. Shūgiin. Kokusai rengō heiwa kyōryoku ni kansuru Tokubetsu iinkai. Dai 2 gō [Diet session 119. House of Representatives. Special Committee on United Nations Peace Cooperation. Meeting No. 2]. 24.10.1990. <http://kokkai.ndl.go.jp/SENTAKU/syugiin/119/0730/11910240730002a.html>

abroad, while only 15 percent supported the idea. More than a half of respondents, 58 percent, were against the government-backed United Nations Peace Cooperation Bill. This delivered a heavy blow to the Kaifu Cabinet's popularity as well: according to another poll, its popularity rating, which had remained at the level of more than 50 percent before that, fell to 33 percent [Shoji 2011, p. 221].

At the same time, one must admit that public opinion was also frequently self-contradictory. A large percentage of the Japanese believed that the "checkbook diplomacy" conducted by the government was insufficient, but they were against sending the JSDF abroad [Purrington 1991, p. 319]. Given such mixed signals from the voters, the Cabinet's inconsistency seems quite understandable.

There were also those who criticized the government for the insufficiency, rather than excessiveness of the measures proposed in the bill. For example, Ito Ken'ichi, a political scientist and former Foreign Ministry official, was one of those who supported the deployment of the JSDF for participation in the international operation. In his article published in the summer of 1991, he accuses JSP Chairperson Doi Takako and other opponents of troop deployment of "emotional demagoguery" and Prime Minister Kaifu – of lack of courage to propose a reinterpretation of the Constitution, calling the entire deliberation process about the United Nations Peace Cooperation Bill "a theological dispute not on the question of "what can we do" but "what can we *not* do?" [Ito 1991, p. 277–278].

Partly acknowledging the justified nature of the criticism Ito and others directed at the government, as well as the JSP and other adherents of the "state pacifism" principle, one cannot but point out that such adamant views fit in the logic of Japanese politics, where issues of foreign policy often take a back seat to issues of domestic politics. It is not germane whether Doi Takako and others expressed their views sincerely or merely out of political opportunism. Acting within the framework of the Japanese political culture, the opposition grasped the chance to deliver a blow to the government. In this sense, Ito's lamentation that "politics conducted according to public

opinion polls cannot be good politics” [Ibid., p. 280] seems far too idealistic.

Finding itself in such a dire situation, when the bill was insufficiently popular among the public and had no prospects of passing through the opposition-controlled House of Councillors, the government had to admit defeat. On November 5, 1990, at a meeting between Prime Minister Kaifu and LDP Secretary General Ozawa, a decision was taken to withdraw the bill, and on November 8, this decision was approved by the party leadership [Wangan sensō 1991, p. 228]. Komeito and DSP agreed with LDP’s proposal to introduce a new bill during the next Diet session, with the condition that the JSDF were to be excluded from the peacekeepers, but this plan was never realized [Purrington 1991, p. 313–314].

The first attempt of Japan to make its “human contribution” thus ended in failure. There was also the urgent issue of Japanese citizens who were in Iraq and Kuwait at the time of the beginning of the war. Numbering 261, they were captured by Iraqi authorities, who intended to use them as “human shield.” Eventually, due to efforts of both the Japanese government and individual Japanese politicians (among the negotiators were, for example, former Prime Minister Nakasone Yasuhiro, as well as Inoki Antonio, a former wrestler turned politician). Finally, on December 6, 1990, Saddam Husein ordered to free all hostages, after which the last group of the Japanese returned home.⁸

The Gulf crisis entered a new phase after, on January 15, 1991, the ultimatum set by the UN SC Resolution 678 expired, and on January 17, 1991, the US and their allies began Operation Desert Storm against the Iraqi forces.

On January 17, Prime Minister Kaifu published a statement in which he expressed “decisive support” for the coalition forces’ actions, saying that they were “the last means of restoring peace” and promising to provide possible assistance in realizing the UN SC resolutions, citing as

⁸ Dai 4 setsu. Hitojichi mondai [Section 4. Problem of Hostages]. Gaikō seisho 1991 [Diplomatic Bluebook 1991]. <https://www.mofa.go.jp/mofaj/gaiko/bluebook/1991/h03-2-4.htm>

an example of such assistance aid in organizing evacuation of refugees. He also proclaimed the establishment of the “Headquarters for Measures in Relation to the Persian Gulf Crisis” at the Prime Minister’s Office.⁹

The prime minister’s words about participation in the evacuation of refugees referred to the plans to send several Japan Air Self-Defense Force (JASDF) transport aircraft to the Middle East for this purpose. The proponents of this idea, which started to be discussed in the ruling party and the government even before the beginning of the active phase of the operation, believed that, unlike the deployment of peacekeepers to the conflict zone, such transport mission would not require adopting new laws or revising existing ones. At the same time, not everyone in the government or in the ruling party was confident about the legal justifiability and practical possibility of this plan. Even the Defense Agency representatives said that, given the recent failure of the UN Peace Cooperation Bill in the Diet, such an operation, which still involved sending troops abroad, would violate democratic norms. Experts also pointed to organizational and technical difficulties such an operation might entail.¹⁰

The beginning of the active phase of the operation against Iraq also led to the United States demanding additional financial contribution from Japan. On January 20–21, 1991, on the sidelines of the G7 summit in New York, the Japanese Finance Minister Hashimoto and his U.S. counterpart Brady met three times, with the latter asking for additional 9 billion USD. This time, Hashimoto agreed almost immediately, and on January 21, 1991, Prime Minister Kaifu called President Bush to say that Japan was ready to provide this sum [Shoji 2011, p. 210]. Therefore, as of the beginning of 1991, the total amount of aid promised by Japan to the US-led coalition and the Middle Eastern countries amounted to 13 billion USD.

⁹ Naikaku sōridaijin danwa [Prime Minister’s Speech]. January 17, 1991. Gaikō seisho 1991 [Diplomatic Bluebook 1991]. <https://www.mofa.go.jp/mofaj/gaiko/bluebook/1991/ho3-shiryō-5.htm#a10>

¹⁰ Asahi Shimbun. 17.01.1991, Morning Issue. P. 1.

While the financial aid did not arouse any objections regarding its constitutional permissibility, the government still found it difficult to gain approval for it under the conditions of the “twisted Diet.” To secure the approval for the second supplementary budget for FY 1990, which provided for these 9 billion USD of aid, the government had to make several concessions to the opposition. The first such concession was the limitation on the possible uses of these funds. In January 1991, the government officially declared that these funds could only be used for “non-lethal purposes.” This caused substantial irritation from the US side, which had to take this into consideration [Kuriyama 2016, p. 409]. The second one focused on the source of these funds: the government abandoned its plans to raise the tobacco tax, instead announcing that corporate taxes would be raised, and budget expenses (including military ones) would be cut. Finally, the third concession involved electoral cooperation: LDP Secretary General Ozawa agreed that the LDP would support Komeito’s choice of a mayoral candidate in Tokyo. Support was provided to Isomura Hisanori, former NHK host, which caused a rift between the national and the metropolitan organizations of the LDP, with the latter supporting acting mayor Suzuki Shun’ichi. In April 1991, after the end of the Gulf crisis, it was Suzuki who won the elections, which forced Ozawa Ichirō to assume responsibility and resign from his post of the party secretary general [Purrington 1991, p. 311].

All these political maneuvers required a lot of time, and, as a result, by the time the second supplementary budget for FY1990 was approved on March 6, 1991, the active phase of the Gulf War had already been over. This further eroded the importance of Japan’s aid in the eyes of the international community.

As for the plan to send JASDF airplanes for evacuation of refugees, the situation largely repeated what had happened to the UN Peace Cooperation Bill. Just like the failed bill, the government’s proposal attracted attacks from the opposition. JSP, JCP, and Komeito were against the proposal, with the JSP chairperson Doi Takao accusing the government of an attempt to push through deployment of troops

abroad, and only DSP expressed cautious support for it.¹¹ The idea was criticized by some members of the ruling party as well: for example, it was not supported by Miyazawa Kiichi, leader of one of the LDP factions [Purrington 1992, p. 166]. Meanwhile, public opinion was critical even of the plans to issue the additional 9 billion USD, to say nothing of the dispatchment of JASDF aircraft. According to a survey conducted on February 2–3, 1991, only 39 percent of Japanese approved the former measure, and only 33 percent – the latter one.¹² As a result, even though the government indeed issued a decree permitting to use the JSDF airplanes to transport refugees, no specific actions to implement it were taken.

Eventually, Japan could only make its “human contribution” after a ceasefire was announced on February 28, 1991, and the active phase of the war was over. This was done by sending minesweeper vessels of the Japan Maritime Self-Defense Force (JMSDF) to clear the Persian Gulf of naval mines. The proposal to do it was revealed by the Foreign Ministry on March 13, 1991, with the explanation that it entailed no risk of involving Japan in a conflict. Therefore, even if this operation were carried out by the JSDF, it would cause no objections regarding its constitutional permissibility.¹³ It was also stated that the operation was necessary because Japan’s providing only financial aid was not sufficiently appreciated by other countries, and also because a large number of Japanese tankers passed through the Persian Gulf, so a dispatchment of Japanese ships there was necessary to provide the security of Japanese sea traffic.

No Diet approval was needed to send JMSDF vessels in times of peace, so there were no insurmountable political difficulties regarding this decision. On April 24, 1991, the Security Council and the

¹¹ Dai 120 kai kokkai. Shūgiin. Honkaigi. Dai 5 gō [Diet session 120. House of Representatives. Plenary session. Meeting No. 3]. 18.01.1991. <http://kokkai.ndl.go.jp/SENTAKU/syugiin/120/0001/12001180001005a.html>

¹² Asahi Shimbun. 14.03.1991, Morning Issue. P. 1.

¹³ Ibid.

Cabinet approved the dispatchment of Japanese minesweepers. The government's statement claimed that this decision was based on Article 99 of the JSDF Law, which directly stated that clearing of sea mines was one of the tasks of the JMSDF, and it was stressed that such operations did not constitute "deployment of troops abroad" (*kaigai hahei*) and "use of force".¹⁴ However, this plan did not avoid controversy either. As was the case with the UN Peace Cooperation Bill and the plan to send JASDF airplanes for the evacuation of refugees, this idea attracted criticism from a significant part of the opposition in the Diet (once again, with the exception of the DSP). For example, on April 24, 1991, during a plenary meeting of the House of Representatives, Komeito member Inokuma Jūji claimed that Article 99 of the JSDF Law provided only for the clearing of mines in the territorial waters of Japan itself.¹⁵

Still, the government's position was further strengthened by the fact that, this time, the public by and large supported this plan. According to a survey conducted on April 21–22, 1991, by Asahi Shimbun, 56 percent of respondents approved the deployment of minesweepers, while only 30 percent were against it.¹⁶ Besides, the idea was supported by several notable representatives of the business community, among them the chairman of Keidanren Hiraiwa Gaishi and the chairman of Nikkeiren Suzuki Eiji. The Japanese companies were worried not only about the safety of sea lines of communication per se, but also about the fact that lack of concrete actions by Japan could undermine its image in the eyes of Middle Eastern countries, thus harming Japan's economic relations with the region.

Finally, on April 26, 1991, six vessels of the JMSDF, including four minesweepers, departed from the port of Yokosuka and, a month later, jointed the ships of eight more countries clearing the Persian Gulf of

¹⁴ Asahi Shimbun. 25.04.1991, Morning Issue. P. 1.

¹⁵ Dai 120 kai kokkai. Sangiin. Honkaigi. Dai 21 gō [Diet session 120. House of Councillors. Plenary session. Meeting No. 21]. 24.04.1991. <http://kokkai.ndl.go.jp/SENTAKU/sangiin/120/0010/12004240010021a.html>

¹⁶ Asahi Shimbun. 25.04.1991, Morning Issue. P. 3.

sea mines [Purrington 1992, p. 171–172]. The long-awaited “human contribution” of Japan to the resolution of the Gulf crisis was secured, even if only after the end of its active phase.

Conclusion

Despite the failure of the UN Peace Cooperation Bill and the plan to send JASDF airplanes to evacuate refugees, caused by what was essentially a paralysis of the foreign policy decision making mechanism, the Gulf Crisis became an important step towards a more active role of Japan in the international arena. The International Peace Cooperation Law, adopted by the Diet on June 15, 1992, was largely based on the failed UN Peace Cooperation Bill [Nakamura 2005, p. 200].

The Gulf crisis vividly demonstrated the inadequacy of Japan’s crisis management system, which became one of the important reasons for the administrative reform of the 1990s. This also stimulated discussions of constitutional revision, which had remained in the periphery of Japanese politics for several decades.

The entire situation also revealed several notable features of the Japanese foreign policy making mechanism. Contradictions and often trivial disagreements not only between the LDP and the opposition, but also within the ruling party, as well as within the bureaucracy, were a common occurrence. One should also note the emphasis on technical and specific details, often to the detriment of a general and strategic vision of the situation. There were virtually no discussions of the fact that, even should this or that plan (be it the deployment of the Japanese peacekeepers, civilian or composed from JSDF members, or the dispatchment of several JASDF transport planes) come to fruition, Japan’s “human contribution” would remain almost purely symbolic and incomparable not only with the role of the United States, but also with what other coalition members did.

At the same time, the real difference between the proposed solutions was not as radical as one might have assumed judging by the intensity of debate. For example, the plan to establish a purely civilian peacekeeping

corps proposed by the Socialists largely repeated what both Prime Minister Kaifu and a part of the Foreign Ministry officials wanted to do before the pressure from the LDP leadership forced them to provide for the participation of JSDF units in the “United Nations Peace Cooperation Corps.”

Finally, such episodes as the opposition’s willingness to support the additional aid package, but only under the condition that the LDP support their candidate in the Tokyo mayor elections, demonstrates that issues of foreign politics were frequently, from the point of view of Japanese (but, of course, not only Japanese) politicians, nothing but a bargaining chip in the domestic political game, rather than means to achieve strategic foreign policy goals.

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Financial Crises and Financial Contagion in Japan

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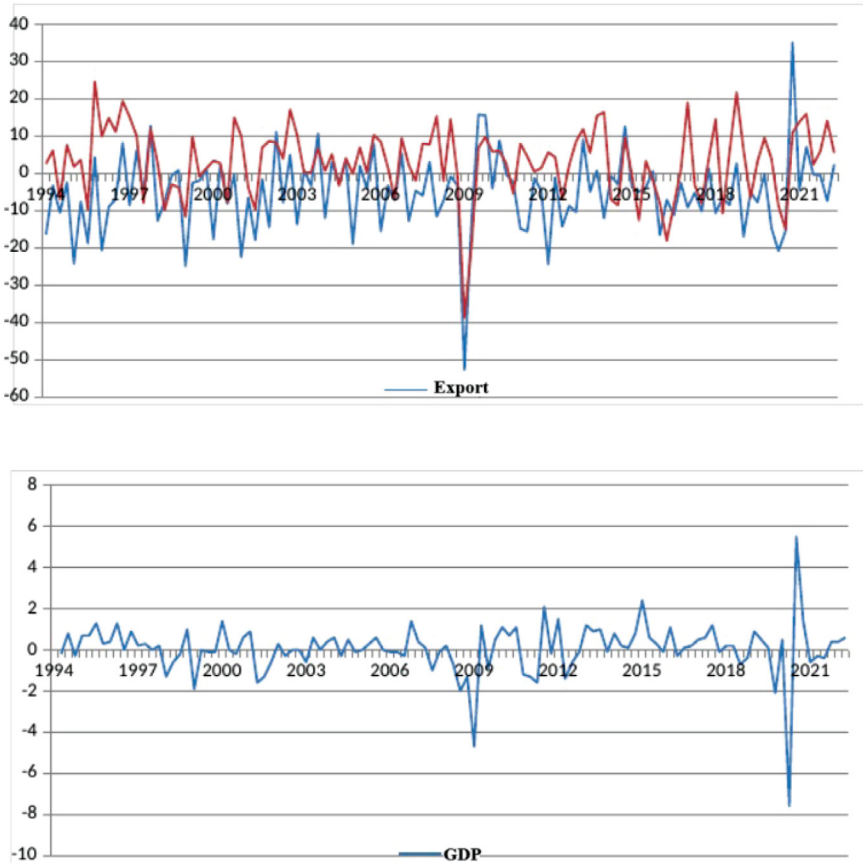


Figure 1. Growth rate of export, import, and GDP in Japan in 1994–2022, percent.

Calculated and compiled as per: Trade Statistics of Japan. https://www.customs.go.jp/toukei/suii/html/time_e.htm; GDP (Expenditure Approach) and Its Components. https://www.esri.cao.go.jp/en/sna/data/sokuhou/files/2022/qe222_2/gdemenua.html

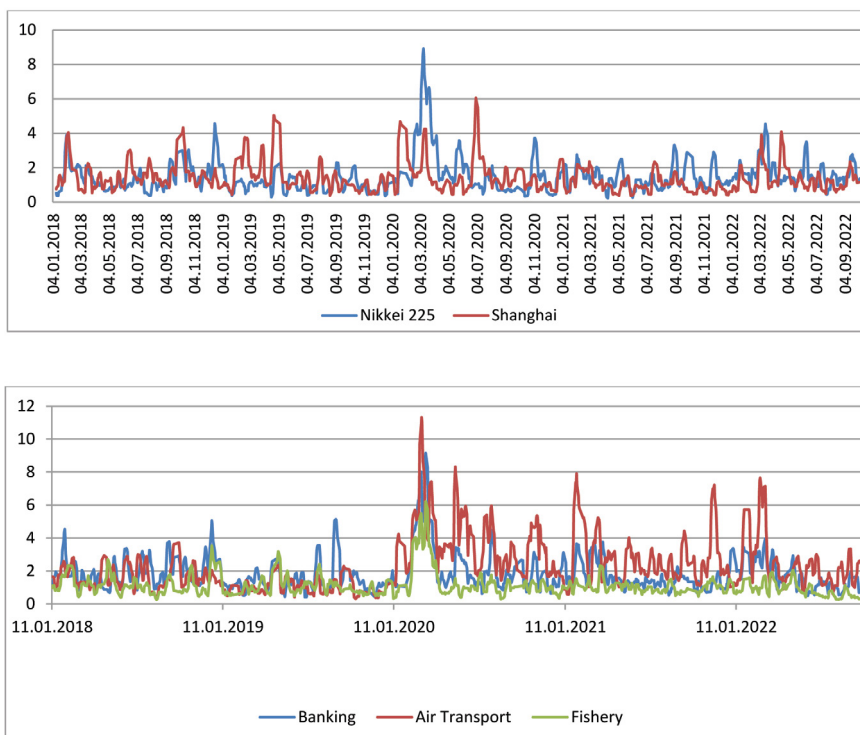


Figure 2. Volatility of country and industry stock indices in the pre-pandemic and pandemic periods, percent.

*Calculated according to: World and Sector Indices.
<https://www.investing.com/indices/world-indices>*

