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Submissions
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China
Over the course of the past twenty years, China has carried out the largest population control policy in global history. China, the world’s most populous country, has endeavored to slow down its population growth for the sake of a better economy and a better standard of living for its people. Its leaders firmly believe, as most economists do, that in order to make significant economic advances, population growth must be held in check. It is not, however, the rationale of family planning that is controversial, but rather its methodology of enforcement. In “Using Many Knives: Regionalism and the Codification of China’s Family Planning Policy,” Ben Kostrzewa explores the diverging trends of regionalism and national codification.

In “The Power of Cuteness: Female Infantilization in Urban Taiwan,” Tzu-I Chuang explores the semantic richness and ambiguity of the very concept of cuteness. What does it mean to be cute, or keăi, in Mandarin Chinese? Are there different ways of being cute? How is cuteness understood by actors and perceived by observers? The word keăi incorporates a multitude of meaning and is presently going through a process of redefinition in Taiwan. Chuang traces the shifting social meaning of cuteness and posits it in relation to entrenched gender ideology and the prospect of emancipation.

Japan
In “The Politics of Restructuring NTT: Historically Rooted Trajectories from the Actors, Institutions and Interests,” Kenji Kushida examines the development of Nippon Telegraph and Telephone in terms of the institutions and market dynamics that drive actors to make political bargains which, in turn, shape the institutional landscape for the next set of interactions between actors. He concludes that the development of the telecommunications sector is highly path-dependent and argues that any understanding of the telecommunications sector, both within and across countries, must be predicated on an analysis of the political dynamics which mediate economic forces.

Jacob Brown dissects the contemporary Japanese political debate over constitutional revision and the nation’s military role in the world in “Catalysts, Choices and Cooperation: Japanese Military normalization and the US-Japan Alliance in the 21st Century.” Analyzing a combination of external factors, from the end of the Cold War to the American engagements in Afghanistan and Iraq post-9/11, and internal factors, including changes in the balance of power among differing political factions and in social attitudes as a new generation voices an opinion of its own, Brown finds the US-Japan alliance is in no danger of withering away anytime soon, though constitutional changes are on the horizon.

Korea
The rise of South Korea and Taiwan to global dominance in semiconductor manufacturing has confusingly been attributed to both state-led and market-led models of technological development. In his “A New Context for Technological Development: Reconsidering South Korea and Taiwan’s Semiconductor Success through Market Space and Business Organization,” Daniel Jung maintains that both arguments ultimately fail to address the dynamics of market space and miss crucial differences between the semiconductor industry in South Korea and Taiwan. In studying these, Jung finds room for a more nuanced narrative of technological development that emphasizes local firms - not the government or multinationals - as the primary protagonists.
Using Many Knives
Regionalism and the Codification of China’s Family Planning Policy

Ben Kostrzewa
University of Washington, School of Law

Over the course of the past twenty years, China has carried out the largest population control policy in global history. Its current population now approximates 1.3 billion, constituting over twenty percent of the world’s population. Without stringent population regulation, this number would undisputably be considerably larger. But while the central government has banned some of the more draconian policies in a bid to centralize family planning policy nationwide, the new codification process has had mixed success in limiting local cadres’ abuses of power. This paper explores the diverging trends of regionalism and national codification in constituting national family planning policy.

Over the course of the past twenty years, China has carried out the largest population control policy in global history. China, the world’s most populous country, has endeavored to slow down its population growth for the sake of a better economy and a better standard of living for its people. Human rights organizations have been appalled by reports of forced abortion and sterilization, the destruction of homes and infanticide. Other international organizations have described the policy as effective and necessary. But the policy is still shrouded in mystery. The “one child policy” (as it is often described in the West) has not been one static document, and until recently was not even nationally codified. In fact, the policy has been a broad patchwork of vague policy directives that have left the particulars of enforcement to the local officials, further obfuscating the actual conditions of the policy. Over the past twenty years the policy itself has not only changed, but the methodology of enforcement has also varied depending on local cadres.

Unlike other policies around the world that are considered in violation of human rights, the rationale behind China’s family planning policy can be understood independently of political ideology. China’s current population is approximately 1.3 billion, constituting over twenty percent of the world’s population. Undisputedly, without population regulation this number would be considerably larger. China’s leaders firmly believe (as most economists do) that in order to make significant economic advances, population growth must be held in check. It is the methodology of family planning that is controversial, not its rationale.

Family planning policy has evolved in the past few decades. The legislation of this policy has taken twenty years, from the first entry of family planning into the constitution in 1982 until the passing of national family planning legislation in 2002. This paper is an exploration of the divergent trends of regionalism and national codification. Currently, regional laws and policies for enforcement tailor the needs of the policy to the specific regions. Regions will be allowed special exceptions to the law depending on the population and geography. The central government has issued statements banning some of the more draconian policies such as the destruction of property and imprisonment of relatives. However, the Chinese Communist Party forces local cadres to resort to such enforcement measures through stringent quota and fertility rates. The new codification process could allow for a limitation of the local cadres’ abuses of power, but only if the new legislation also promulgates the rule of law. While currently the legal reforms are limited to codifying the laws, continued progress towards the rule of law will allow for populations to have effective means of checking local cadres’ power.

History and Development of Family Planning Law
The current family planning policy has its roots in the early 1970s. As the lawlessness of the Cultural Revolution subsided,
a strictly enforced two-child policy became national policy. The early slogan, “wan, xi, shao” detailed the fundamental planks of the campaign: late marriage and childbirth, children spaced by several years, and few children. In city areas the minimum age for women to marry was 25, whereas for men it was 28. However, in rural areas it was more relaxed, with the minimum age being 23 for women, and 25 for men. The gap for spacing children was between three and four years. The goal of this policy was to limit the population to 1.2 billion people in the year 2000. Eight forms of state intervention were used: free access to contraceptives, abortion, sterilization, enforcement of late marriage guidelines, material incentives and penalties to encourage compliance, mass mobilization campaign to encourage smaller families, the creation of family planning bureaucracy, and the inclusion of population targets into economic policy.

However, as the seventies came to a close, it became increasingly clear that this policy was not going to be sufficient, and that a more rigorous policy was necessary to achieve the desired demographic goals. In 1979 and 1980, the more aggressive “one child policy” came into effect. Beginning in 1980, rural couples, like urban couples, were not allowed to have more than one child. In 1982, family planning policy was written into the constitution, in Article 25: “The state promotes family planning so that population growth may fit the plans for economic and social development.” During this same time forced sterilizations and abortions became common practice. Women who had already had two children or more were often sterilized as a result of this policy.

This was in fact the high point of the “one child” policy. While it was still enforced in the cities, provinces were given more autonomy to create their own policies in the rural areas. The policy was met with such animosity from the peasantry that it became all but impossible to enforce. Reports of widespread resistance from the peasantry quickly led to an adaptation of the policy.

From that point forward, family planning policy ceased to be dictated by national legislation. Rather, the central government created the State Family Planning Commission and imposed official maximum levels of fertility. This shifted the focus from creating new family planning legislation to indirect regulation by the central authorities. It was set at 1.62 children for every woman in the 1980s (a number that remains largely unchanged today). While this is the national average, each province varies as their policy dictates. Highly industrialized areas on the coast may be as low as 1.3, while in areas with many minorities in which population planning is even more relaxed, it may be as high as 2.4.

As the “one child policy” was rolled back in the rural areas, the policy of “One-Son-Two-Child policy” prevailed in many regions. This policy allowed couples whose first child was a girl to try again for a boy, as long as they waited at least four years and the mother was at least 28 years old. Other policies put into effect included the provision that if the parents were both from single child homes, they would be allowed to have two children. Similar policies have been practiced ever since, to varying degrees of aggressiveness and effectiveness. Each province set its own policy, while the national office was simply there to coordinate efforts and set national goals.

These policies were further altered in a conference in Beijing in 1984. The Party Central Committee put forth a document entitled ‘Document No. 7’, which outlined reform of the “One Child Policy.” The document, while still requiring that the country meet the population growth limits, also stated that the policies should reflect reality and that they should not be too stringent. The document created a mass perception that population control was over and fertility rates immediately began to rise. As national policy planners saw a significant decrease in the number of

<table>
<thead>
<tr>
<th>Year</th>
<th>IUD Insertions</th>
<th>IUD Removals</th>
<th>Vasectomies</th>
<th>Abortions</th>
<th>Tubal Ligations</th>
</tr>
</thead>
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<tr>
<td>1971</td>
<td>6,172,889</td>
<td></td>
<td>1,223,480</td>
<td>1,744,644</td>
<td>3,910,110</td>
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<td>1974</td>
<td>12,579,886</td>
<td>1,352,787</td>
<td>1,445,251</td>
<td>2,275,741</td>
<td>4,984,564</td>
</tr>
<tr>
<td>1977</td>
<td>12,974,313</td>
<td>1,941,880</td>
<td>2,616,876</td>
<td>2,776,448</td>
<td>5,229,569</td>
</tr>
<tr>
<td>1980</td>
<td>11,491,871</td>
<td>2,403,408</td>
<td>1,363,508</td>
<td>3,842,006</td>
<td>9,527,644</td>
</tr>
<tr>
<td>1983</td>
<td>17,755,736</td>
<td>5,323,354</td>
<td>4,359,261</td>
<td>16,398,378</td>
<td>14,371,843</td>
</tr>
<tr>
<td>1985</td>
<td>9,576,980</td>
<td>2,278,892</td>
<td>575,564</td>
<td>2,283,971</td>
<td>10,931,565</td>
</tr>
</tbody>
</table>

abortions and tubal ligations being performed across the country, it became apparent that a new strengthening must occur. Local cadres were encouraged to enforce the pre-1984 rules and return to the same number of interventions.

During the time from 1971 to 1983, the use of birth control increased dramatically. They dropped in 1985 to reflect the relaxations occurring in family planning policy.

After the spike in fertility rates in 1985, state planners realized that the unpopular policy had to be enforced. However, they also realized the populace would not accept the policy without additional effort by the state. From 1985, the state sought to balance the forces of popular unrest with family planning goals. This population spike remains significant in contemporary government rationale: if the CCP relaxes the family planning code, then the population rises. The government is therefore wary of any relaxation of policy.

**Contemporary Policy**

During the 1990s, the State Family Planning Commission (SFPC) sought to continue the progress that was made in the 1980s. The major objectives were to: (1) cut the natural growth rate to less than ten per thousand by 2000 and (2) keep the total population under 1.23 billion by 1995 and under 1.3 billion by 2000. The SFPC is not an enforcement body, nor does it create specific policies within the provinces. It allows local municipalities, villages, and provinces to create policy and punishment guidelines. While the SFPC ostensibly discourages coercive family planning operations, it also lacks motivation to crack down on local officials in violation of policy. In 1995, the SFPC issued its five year plan to achieve maximum efficiency. In order to achieve the goal of keeping the population below 1.3 billion in 2000, it listed seven measures that were to be followed. In a document outlining the goals of the SFPC, broad planning initiatives were offered that guaranteed the flexibility of the policy. These measures included:

1. Top government officials should be put in charge and held responsible for the whole endeavor of family planning work. The government at all levels is committed to fulfilling population plans in their respective areas.

2. Population and family planning should be incorporated into the overall planning of the national economic and social development so that population growth will be made compatible with socio-economic development. While population growth should be put under strict control, population plans should be feasible and practical.

3. The current policies for family planning should be implemented in an all-encompassing way. Efforts should be made to ensure their stability and consistency and bring family planning into the realm of the legal system.

4. Family planning should serve and be subordinated to the central task of economic development. It should be integrated with the development of a socialist market economy and a socialist culture and ideology.

5. We should adhere to the principle of combining government guidance with people's voluntariness [sic] and implement the policy of “three priorities,” namely giving priorities to information, education, and communication, to contraception and to regular services in family planning work....

6. Family planning should rely on the progress of science and technology. Efforts should be made to ensure better use of more advanced science and technology in family planning so as to help control the population size and improve the people's quality of life.

7. We should proceed from actual conditions and offer specific guidance that suits different localities. In our work, we should focus on the rural areas, especially in populous provinces and economically underdeveloped regions, while continuing to ensure the success of family planning in urban areas.

In looking at this document that outlines the tactics of the government, it is striking to see it is devoid of technicalities and specifics. It is for the most part devoid of any specific policies - in fact, there is an emphasis on pragmatism. As section 7 states, “We should proceed from actual conditions and offer specific guidance that suits different localities.” By specifically tailoring the policy to the needs of certain regions, peasants benefit from the law. Before outlining these principles, the document states that they should work “by freeing ourselves from obsolete conventions” and “seek truth from facts”. These pronouncements are similar to the 1984 conference and paraphrase similar jargon the economic reform
movement has been using since 1978. The SFPC has the intent of using a utilitarian policy to reach its goals, as has been emphasized in all of Chinese politics since liberalization in the late seventies.

Because the SFPC operates under broad policy conditions, this has led to a broad array of family planning initiatives. While emphasis in foreign media is placed on the more controversial measures, it is involved in many different aspects of population control and reproductive health. The SFPC divides its initiatives into six different areas: migrant workers, teenagers, family life, sexually transmitted diseases, gender equality, and reproductive health. These initiatives often have the broad support of international organizations and are frequently unrelated to the policies governing the quantity of children allowed.

**Codification of National Policy**

Passed in the standing committee of the National People’s Congress in 2001, China’s first National Family Planning Law took effect on September 2, 2002. This law, entitled “Population and Family Planning Law of the People’s Republic of China,” represents for the first time a codified national law concerning birth control. By having an explicit public policy, two functions of the law are fulfilled, satisfying both the state actor and the people. The law gives state intervention greater legitimacy in the eyes of the public and the international community because codification is an important first step in establishing the rule of law. Legislation results in a greater institutionalization of a policy, which could allow a greater respect for family planning (and therefore greater efficiency of enforcement). In the eyes of the citizens, codified legislation allows citizens to learn of the law and the limitations of state power. The new national legislation offers definitive rights under the law by outlining the limits of the local cadres’ power:

Enacted to bring population into balance with social economic development, resources, and the environment: to promote family planning, to protect citizens’ legitimate rights and interests, to enhance family happiness, and to contribute to the nation’s prosperity and social progress.

This piece of legislation does not just concern birth control. It defines the mandate of the entire China family planning policy. In its 47 articles, it enumerates a wide variety of issues varying from responsibility of enforcement to social security matters. It begins by outlining that while the SFPC has the ultimate authority in dealing with birth control, it is the responsibility of the government at a county level to be in charge of family planning programs and population programs (article 6).

The legislation states the State Council has the authority to “devise population development plans and incorporate them into the national economic and social development plans (article 9),” beginning from the county level shall devise population plans and be responsible for implementation (article 10).

The bill also outlines the way in which the public will be educated. By mandating pro bono public service messages, in-school education on sexual health and public education campaigns as well as other forms, the state intends to educate citizens in family planning law and citizens’ responsibilities.

In terms of fertility regulations, the law is very specific that China’s citizens have the right to reproduction and also the responsibility to follow state-regulated family planning (article 17). In article 18 it declares that the state will maintain its current policy of late marriage and childbearing, as well as one child per couple. It also allows for the specific exceptions to the one child policy made by each province, autonomous region, or municipality (Chongqing, Tianjin, Beijing, and Shanghai).

The law also states that primary emphasis will be placed on contraception (article 19). However, it lists a variety of incentive-based programs such as old-age insurance, basic medical insurance, welfare benefits, and childbearing insurance (article 24). It explains that women who marry late and have children later in life will have maternity leave and other “job-safety protections.” It also specifically bans all use of ultrasound technology for non-medical purposes and all other forms of sex-selective pregnancy termination (article 35).

Probably the most important aspect of this new legislation is the last section, which concerns legal liability. Article 39 clearly enumerates illegitimate measures that may not be used by family planning officials:

1. Infringement on a citizen’s personal rights, property rights, or other legitimate rights and interests
2. Abuse of power, dereliction of duty or graft
3. Seeking or accepting a bribe
4. Withholding, reducing, redirecting or embezzling family planning program funds or social compensation fees
5. Distorting, under-reporting, fabricating, modifying or refusing to report statistical data on population or family planning.

It goes on to state that family planning officials who violate the law will be rebuked and administrative penalties will be imposed on the agency and the individuals responsible (article 40).

It is clear the law is intentionally vague, which has several different consequences. While it allows for the various provinces and other local government bodies to create laws suitable for their own area, it also creates a policy which does not allow for a great degree of accountability. In areas such as article 23 which deals with incentives, it states: “the State shall, in accordance with regulations, recognize and reward couples who practice family planning.” By leaving it up to these regulations, which are far more difficult to find, the specific rewards become nebulous. Also, even when it does create specific policies, such as the old-age insurance and medical insurance, it does not state where funding will come from and what office is responsible for meting this funding out. Because it is up to the responsibility of the individual local offices, the coherency of the entire national structure is endangered.

In many nations around the world, the national legislation is often vague and it is left to the bureaucracy or local governments to create regulation to enforce the law. In China this is also the case. The difficulty lies in the fact that the national law was largely designed to solve problems at the local level. By creating a law attempting to define the role of the local cadres but leaving the specifics to those officials, the effectiveness of the legislation is jeopardized.

### Regionalism

The state does have ways of overseeing the officials. In order to ensure that national policy goals are achieved, each province is held accountable for population goals. First started in the early 1990s, the responsibility system requires heads of both the party and the government in each province and municipality to be fully responsible for implementation of population policy. Each level must answer to the next, but is also responsible for the creation and development of effective family planning policy tailored to that particular area. Each level, therefore, has the autonomy to implement policies, but it is answerable to the next level should the policies be found to be ineffective.

As can be seen from the table below, at each level there is a member of government and a member of the party to oversee population policy. This is a product of the Leninist-party model of governance. By having a party member at each level as well as a governmental official (though this is can be the same person), the CCP is guaranteed party supervision over each area. This allows for increased centralization in policy. However, management of the system is not at the top of the structure. The national-level SFPC works with the provincial level government adapted to local conditions. It is at the county level at which many of the policies are formulated. The party members at each level serve to confirm that central policy directives are followed, communicate to Beijing the repercussions of the policies and make recommendations for improvements. Within this hierarchy there are 300,000 total workers, 200,000 of whom work at the township level or below.

In addition to these state workers, another 50,000,000

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<table>
<thead>
<tr>
<th>Administrative Level</th>
<th>Executive Branch</th>
<th>Party Unit</th>
<th>Health Unit</th>
<th>Family Planning Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nation</td>
<td>State Council</td>
<td>Poliburo</td>
<td>Ministry of Public Health</td>
<td>State Family Planning Committee</td>
</tr>
<tr>
<td>Province/AR/City</td>
<td>Provincial Government</td>
<td>Provincial Party Committee</td>
<td>Provincial Health Dept., Hospitals</td>
<td>Prov. Family Planning Committee</td>
</tr>
<tr>
<td>County</td>
<td>Country Government</td>
<td>County Party Committee</td>
<td>County Health Dept., Hospitals</td>
<td>County Family Planning Committee, Family Planning Service Station</td>
</tr>
<tr>
<td>Town/Township</td>
<td>Town Government</td>
<td>Township Party Committee</td>
<td>Town Health Central</td>
<td>Town Family Planning Committee, Family Planning Clinic</td>
</tr>
<tr>
<td>Village</td>
<td>Vil. Lead. Group</td>
<td>Village Party Branch</td>
<td>Coop. Medical Station</td>
<td>Family Planning Leading Group, Family Planning Post</td>
</tr>
<tr>
<td>Group/Team/Unit</td>
<td>Group Leader</td>
<td>Party Members</td>
<td>Part-time Health Aide</td>
<td>Part-time Family Planning Worker</td>
</tr>
</tbody>
</table>

members of the China Family Planning Association assist the SFPC with the implementation of the policy. Working at 900,000 local branches, they are significant in their ability to report women in violation of the policy as well as to assist in pre-natal care and counseling. By diffusing authority to the provinces and counties, the central government is able to create laws specific to each region. Because responsibility for devising methods of reaching the fertility rates dictated by the state is left to local officials, the state is less able to intervene if problems occur in implementation. While the hierarchical system is in place, it remains difficult for the common Chinese citizen to address wrongdoing by a local cadre in larger offices.

Codification of Regional Policy

Over the past eight years, Provincial Party Congresses have passed legislation codifying the provincial policies governing family planning. There are many similarities between each piece of provincial legislature, but of greater import are the small differences in each province which allow for local conditions to affect policy. In taking a sampling of laws from four different provinces, Hebei, Fujian, Gansu, and Guizhou, it was found that it is considerably easier for rural residents to receive permission to have a second child. In fact, each divides its population according to its household registration (hukou), and its population laws are derived from these divisions. These provinces each allow, regardless of household registration, a second child if:

- The child has genetic defects that would prevent him/her from being a laborer
- The wife becomes pregnant after adopting legally
- Remarried couples with one party having a child from previous marriage but the other having none
- Rural couples with the husband married to a woman whose family has no son and with only one child
- Both parents are overseas Chinese or from Hong Kong, Taiwan, or Macao and have returned to China (although each province has different requirements)

The differences in the provincial legislation are more significant than the similarities. In Hebei, for example, there are 13 different provisions allowing for a second child including reasons such as: the parents are fishermen or miners, live in hilly regions, or if the husband’s brothers are not fertile. In Fujian, provisions exist for each minority within the region with the exception of the Zhuang people. The Zhuang people are not allowed an additional child unless they fell into a different exception, whereas the other minorities would be allowed to because of their ethnicity.

In addition to exceptions to the one-child policy, the legislation passed by the provincial congresses allows each province to make laws governing other aspects of family planning. Fujian, Guizhou, Gansu, and Hebei all make provisions for spacing between births and exceptions if women are over the age of 30. Hebei’s legislation includes clauses denying an additional birth to couples that either commit infanticide or sex-selective abortions in order to have a son.

Provincial-level legislation provides for the specific laws and regulations governing family planning. While clearly each province looks to the national government for assistance in framing the targets for population and for the language of the law, the province still has a degree of autonomy to allow itself exceptions to the rule and is able to highlight elements of the law significant to the region. Since 1984, the national government has realized a “one size fits all” family planning policy is neither realistic nor effective.

The interests of both the state and the population are being met through an elastic policy. The policy allows for people to maintain economic stability through traditional means of reliance on offspring. In addition, the population also enjoys access to better health care and education through the state. Consequently, the state gains greater compliance with the law. Gaining compliance causes the state to achieve the results it desires with less costs of enforcement. However, the danger remains that the central government loses oversight of the transgressions of local cadres.

Enforcement

The vast majority of the criticism of Chinese family planning policy has not been a question of its necessity, but rather the severity of its enforcement. Enforcement of the family planning policy creates the most difficulty for the government. As was seen in the eighties, without stringent enforcement and disciplinary recourse the government cannot meet the population goals deemed necessary for a healthy society. However, the implementation of these severe policies causes a cacophony of domestic dissent and international criticism. In rural areas families often resist
the family planning policy with great vigor. As a result of this resistance, local governments have felt forced to implement coercive measures in order to achieve the ambitious goals set by the national government. Governmental denials notwithstanding, couples who violate the policy are often subject to the destruction of their homes, incarceration, and forced sterilization. These punishments are implemented at a local level. Local cadres, anxious to meet certain fertility rates, mete out punishments that have been declared illegal by the central government. Often central authorities turn a blind eye to these actions. Commonly used penalties include:

- Ineligibility of the child for school or any form of government assistance
- Forced abortion
- Tubal ligation
- Forced sterilization
- Destruction of homes
- Imprisonment of family members
- Prison time
- Loss of job

Human rights organizations, the American government, and some Chinese dissidents regularly criticize the policy for being too heavy-handed. The Chinese government denies these reports, claiming it has already enforced its own prohibitions on coercive policy. In 1995, the government released a set of regulations called the ‘Seven Disciplines’, outlining what a family planning official cannot do in order to fulfill policy objectives.

1. He/she cannot illegally detain, beat or humiliate people who do not obey regulations.
2. He/she is not allowed to destroy the property, crops, or houses of people in violation of regulations.
3. He/she is not allowed to impose any unreasonable fines and may not arbitrarily confiscate property.
4. He/she may not unjustifiably implicate relatives or neighbors.
5. He/she may not prevent legal childbearing in order to fulfill the population target.
6. He/she may not retaliate against persons who make a complaint or report.
7. He/she is not allowed to organize checkups for unmarried women.

These policies were enacted in response to popular discontent with flagrant abuses of power. Of notable exception are abortion and sterilization. It is the policy of every province to forcibly sterilize violators of the policy and to require the abortion of “illegitimate” babies.

In spite of the recent codification of documents, the Leninist model and policy directives, local cadres still enforce family planning laws without enough national oversight. National laws include articles outlining punishment for egregious abuses of power, but the central government remains reluctant to enforce these laws out of fear of rising fertility rates. Occasions of officials tearing down houses as punishment for refusal to submit to family planning services are still being reported. In 1998, Gao Xiaoduan, a senior administrator in the family planning office in Fujian province, gave testimony to congress giving details of some of the tactics still employed by the family planning officials. In her testimony, Ms. Gao gave accounts of women who had their homes destroyed and whose extended family was persecuted.

In 2001, Harry Wu of the Laogai Research Foundation testified before Congress on the immense pressure the central government exerts over local officials to maintain low fertility rates. He asserted that due to this pressure, local officials resort to often barbaric practices:

Cadres at all levels are duty bound, authorized, and determined to make it impossible for population growth to surpass fixed quotas during their time period. If they fail to do so, they will lose their promotions and lose their job and also face punishment. This is the principal reason why Communist cadres at all levels resort to desperate, barbaric practices of forcing artificial abortion and sterilizations and killing infants. Such a practice relates directly to the security of their jobs.

The central government’s message to local officials is divergent from its practices. In order for the government’s family planning campaign to gain greater legitimacy, bans on certain forms of punishment, as defined in the legislation, must be enforced.

Effects of Codification

If local officials are not incentivized to follow the ‘seven disciplines’ policy directive or national legislation, the effect these new national
laws will have on local conditions will be minimal. Rather than creating a legitimate tool that enhances the effectiveness of family planning policy, these new national laws will be viewed as simply more government propaganda. If, however, the government commits to their enforcement and punishes local cadres that step outside their bounds, the law could institutionalize the policy and enhance its effectiveness. Furthermore, the law could become a significant channel for dissent to be voiced against abuses of local officials. The central government, aware of the problems of corrupt local officials, has been willing to create means to combat local corruption, thus garnering support from the populace. However, the government is equally wary of a ballooning population if the family planning policy is loosened. Currently, the greatest effect of the existence of public laws regulating family planning policy is the education of the public on their rights. In addition to teaching the importance of family planning for the nation, the SFPC provides information to the Chinese population concerning a wide variety of contraceptives, reproductive health, STD's, and other less controversial areas of family planning. In addition, the SFPC also publishes the national and provincial legislation for public consumption. This allows the population to educate themselves on the laws regulating their behavior and also the actions permissible by local officials. Rather than having a complicated patchwork of laws, citizens are able to learn their rights under the law. By having greater knowledge of the law, families may be more inclined to simply follow the law rather than risk punishment. If the rule of law is implemented effectively, the effects of the new legislation will be far greater. A family planning official who violates the law could be punished or tried in court. However, this can only occur if the government is genuine in its interest in establishing the rule of law, not just codification.

China's legal reform is by no means limited to just family planning policy. Criminal code, labor laws, environmental regulations, investment law, and the civil code have gained clarity and strength in the last twenty years. In areas such as labor disputes, workers have had modest success at using lawsuits to address wrongdoings by companies. China's judicial system itself is more diverse and effective. Currently there are over 120,000 lawyers in China in 9,000 law firms, representing a growing number of people who use Chinese law every day. However, the establishment of the rule of law in China's family planning policy is still in its infancy. The family planning legislation has only been in effect for eight months. The success of this legislation is still very much in doubt and depends heavily on government motivation to continue significant legal reform beyond mere codification.

**Overall Effectiveness**

The policy is considered a successful campaign by the State Family Planning Commission. The plan for the 1990s was to keep the average national birth rate at approximately 12.5 per thousand and to maintain the population at below 1.2 billion. While the policy did not successfully keep the population below this level in 2000, it did significantly decrease the fertility of the nation. From 1990 to 1998, fertility rates dropped from 2.18 to 1.82. The crude birth rate decreased from 2.58 percent to 1.06 percent, while the total fertility rate dropped from 5.81 percent to 2.00 percent from the early eighties to the mid-nineties.

However, the policy has left China with several different demographic disparities. The overall male-female ratio has changed drastically, creating a wide variety of social problems. Official estimates quote approximately 106 males for every 100 females; which is roughly the natural difference. However, independent sources believe the disparity is considerably larger. Studies found that from 1981 the ratio increased from 108.5 to 111.3 in 1989, and then to 117 males for every 100 females in the year 2000. In combination with the current unemployment rates in rural areas, this means nearly twenty percent of males will be unable to find a bride or a job. Some experts worry these unwed, unemployed male youth will become a cause of social disruption and upheaval.

There are other explanations for the missing female infants. In addition to traditional beliefs that boys are superior to females (zhong nan qing nu), it is also likely that a large percent of these baby girls are not being reported to officials. It is relatively common for women to hide their births by becoming pregnant at the beginning of fall, when bulky clothing is worn, and then having the child born clandestinely in the spring.

The issue of underreporting female births also poses a significant risk. Unregistered children, male or female, find it more difficult to receive government benefits such as cooking oil or dairy products. While for middle and upper-class Chinese this is less of an issue, for poorer Chinese families it creates a great strain when attempting to raise a child. Children considered
“blacklisted” inevitably have great difficulties attending schools, finding employment, getting marriage licenses, and accessing most other government resources.

However, this answer is also incomplete. New ultrasound technology has come to the countryside of China, leading to sex-selective abortions. Concerns of maintaining the family line and other traditional customs cause males to still be favored. Sex selective-abortions are a nationally recognized problem and strictly banned, but remain a viable option for those desperate for a male child and able to bribe a local doctor. In Guangzhou, authorities have taken steps to strip doctors of their medical license if they perform a non-medically related ultrasound more than once. The previous tactic of female infanticide is now being replaced with sex selective abortions as the popular means of preventing unwanted female infants.

Another side effect is the aging of the population. It is estimated that by 2050 more than 400 million Chinese will be over the age of 60, representing more than a quarter of all Chinese. Not only does this create a considerable burden for medical services, but it also could place additional pressure on families to have more than one child. An adequate social security system is not in place in China, so most elderly couples rely on their children to support them in retirement. However, because of new medical technology as well as other factors, seniors now live longer. As a result of the family planning policy, senior citizens will not have the amount of children or grandchildren to support them, it will place additional economic pressure on the younger generations. Unlike previous eras, the younger generation will consist of only one couple to support two sets of parents. Current high rates of unemployment in the countryside only increase the pressure to have additional children in order to be supported in their old age. Social Security should be offered in conjunction with the family planning policy in order alleviate this pressure.

Policy Recommendations

The Chinese government can increase the legitimacy and efficiency of the family planning policy through a variety of short term and long term changes. In order to prevent constant rebellion and subversion of the family planning policies, the government must continue to garner greater support from the populace. Continued education by the government and international organizations on reproductive health issues along with the Chinese law will create an environment of self-regulation by the citizenry. A population well-informed about prophylactic use, women’s health, and other reproductive health issues will cause drastic reductions in state-intervention. Reproductive education in conjunction with access to social security benefits, pensions, inexpensive medical care, and other benefits directed towards senior citizens will diffuse the dependency seniors have on their younger generations, thus decreasing the need for many children. Continued economic development in the countryside will also have long term family planning benefits.

National legislation is an important first step in addressing the problems facing family planning policy in China. The central government must force local officials to abide by national standards of policy implementation in order to effectively meet the needs of its citizenry. The limitations of punishment as articulated in the ‘Seven Disciplines’ policy memo and in the regional legislation are an important step in centralizing the management of local abuses of power. While tailoring the needs of the policy to individual regions is pragmatic, failing to oversee local officials is dangerous.

Regulation of the local cadres must also come from the judicial system. An effective family planning law appeals court must be instituted, either through the judicial system or through an independent board dedicated to family planning cases. The appeals system must have the ability to both prevent state family planning injunctions and offer modes of redress for citizens who have suffered abuses by the system. The ability to appeal local cadres’ decisions to a higher level in government or through the judiciary system will provide an important check on government power.

Conclusion

During the agrarian revolutions of the Maoist era, there was a saying in China: “Yi dao qie”, or “one knife cuts all”. The slogan explained that one method of farming could be used all throughout China. The result was that farmers used tactics unsuitable to the local environment, causing massive crop failure and starvation. When China first began its family planning policy, it too tried to use one knife, but quickly found it was unable to effectively implement such a system. Instead, over the course of the past twenty years, it developed a system that allows for local regions to create policies.
that are regionally appropriate. However, regionalism has also led to a decrease in government oversight. The new national legislation is an important step towards oversight of local cadres by the central government and by the citizenry of the region.

Aside from the new legislation, additional voluntary measures are being adopted. Starting in 1994, the SFPC began implementing more non-coercive population control measures. International organizations, such as the United Nations Family Planning Association, have been successful in lowering fertility rates without the use of coercion. Organizations such as these should be encouraged to continue to offer reproductive health education and teach the Chinese their rights under Chinese law.

The CCP’s refusal to enforce bans on abuse of enforcement and their inability to hold local cadres accountable leads to the conclusion that family planning problems in China are systemic. The evolution of secretive policy directives to codified, public law will allow for greater accountability of local officials. While the system does not conform with American values, the Chinese argument that stringent family planning policy is a necessary evil should not be discounted. Chinese officials view their work as important not only for China, but also for the world. Yet the reports of abuses cannot be ignored. The legal reforms that could allow those who have suffered violations of the Chinese law to seek redress in China’s courts should be encouraged by the international community. Though the new laws do not conform with international family planning standards, they offer the hope of greater transparency and regulation of local cadres. While China’s family planning program may be a “necessary evil,” it can be made less evil than it currently is. Advances in the rule of law, including but not limited to family planning, will have a great effect on Chinese society and governance. Modicums of appeal and dissent within the governmental system will help alleviate resentment towards the current political system and the Chinese Communist Party. The rule of law is a significant tool the Party can utilize to internally combat corruption and abuse of power. If, however, the new legislation and the judicial system continue to be seen as mere tools of the government to oppress the people, resentment and anger towards the CCP will crescendo, with dangerous and potentially destabilizing consequences.

Endnotes

f In March of 2003, the State Family Planning Commission became the State Population and Family Planning Commission, or the SPFPC.
g ATTRANE, 2.
j Ibid.
m Please see Appendix A for the complete text of the legislation, available online at <http://sgea.stanford.edu>.
o Please see Appendices B-E for the complete text of the law from each of these provinces, available online at <http://sgea.stanford.edu>. The data is also accessible at <http://www.unescap.org/esa/dpi/paipopulation/database/poplaws/law_china/ch1.htm>.
v ATTRANE, 11.
w Xinwu Yao and Hua Yin, Basic Data of China’s Population (Beijing: China Population Publishing House, 1994).
Since the 1980s there has been a growing obsession among Taiwanese women with the aesthetics of cuteness. Everywhere on the streets, one sees fashionably dressed women talking on brightly colored cell phones with fluffy stuffed-animals dangling from the bottom. They carry credit cards that feature cartoon figures and, every now and then, exclaim in giggly unison “bao ke’ai oh!” (Oh...so cute!) over their friend’s new handbag or a store window display. The cuteness craze began to spark public discussions in the summer of 1999, when McDonalds in Taiwan started offering stuffed dolls of Hello Kitty at reduced price for their customers. The campaign immediately boosted McDonald’s business and sent enormous crowds, mostly women and children, to the fast food restaurants all over the island. Fearing that the discounted Hello Kitty dolls would soon sell out, people in the cities lined up for entry into McDonalds even before daybreak.\(^1\)

As most analysts of the phenomenon have observed, the penchant for cuteness represents more than just a consumer fad. It reveals a new and widespread mode of subjectivity manifested in many women’s speech, bodily comportment, and their conceptions of the self and gender relations.

In this paper I will explore the semantic richness and ambiguity of the very concept of cuteness. What does it mean to be cute, or ke’ai in Mandarin Chinese? Are there different ways of being cute? How is cuteness understood by the actors and perceived by the observers? I contend that the word ke’ai incorporates a multitude of meaning and is presently going through some subversive re-definitions in Taiwan. It appears that as a style and manner, cuteness in Taiwan is slowly shifting from unconsciously embodied “habitus” to a kind of performance. In other words, whereas in the past cute behaviors conformed closely to the social expectations of women and were second nature, in recent years similar behaviors are often displayed with a certain level of playfulness or even cynicism due to growing awareness among Taiwanese women of the social implications of acting cute. This paper will trace the shifting social meaning of cuteness and try to posit it in relation to the entrenched gender ideology and the prospect of emancipation. The Chinese word ke’ai, usually translated as cute or cuteness, literally means “lovable” or “adorable.” In general understanding, ke’ai is embodied in a person, animal or small object that arouses feelings of pity, tenderness, and a desire to take care of it.\(^2\)

Linguistic anthropologist Catherine Farris describes the word ke’ai as one among many vocabularies that are covertly marked as feminine. She explains that, although commonly defined as...
“adorable” or “lovable,” ke'ai in fact has a broader descriptive range than the English gloss, and

It basically seems to be appropriate to describe anything that is diminutive, the relative size alone apparently taking on endearing connotations. All children can be described as ke'ai, as well as small animals and insects, and also inanimate objects. While children of both sexes are often described as ke'ai, at some time in early adolescence the term becomes covertly marked for reference to females, and boys are no longer described this way. In contrast, young unmarried women are often described as ke'ai, and, indeed, consciously strive to elicit such a response by their dress and deportment. As can be derived from the above definitions, two qualities—femininity and weakness—are essential to cuteness. This definition is further sustained by an interview with Mr. Wu, a 29-year-old electrical engineer who, when asked if he would be attracted to a woman who does not seem particularly cute, replied that he honestly could not think of any such woman. Women, according to Wu, are born to be cute (muren tiansheng jiushi ke'ai de), and especially so when they are “vulnerable and in need of you” (cuiruo, xuyao ni de shibo). In terms of his criteria for selecting a spouse, Wu said that she would have to be considerate (titie), docile (tinghua) and pretty. His idea of relationships can be best captured by one question that he asked rhetorically: “Aren’t women meant to be coddled and pampered?”

As Farris points out, cuteness is believed by many to be intrinsic to the female sex and so expected of all women, especially of those who are at an age for courtship and marriage. Such a high regard for cuteness and apparent vulnerability is effectively and imperceptibly inculcated in the individual by insignificant aspects of everyday life, in bodily comportment, or in myriad ways of seeing things and talking about them. In other words, the cute styles and manners constitute what Bourdieu calls “habitus,” that is, a composite of social identity and dispositions that reflects and naturalizes the asymmetrical social conditions. It is integral to the body and so operates on an unconscious, instinctual basis.

Farris’ study of language and sex role acquisition provides a good example of how cuteness as a habitus is transmitted and manifested. Based on her fieldwork conducted in a kindergarten in Taipei during the 1980s, Farris describes that little girls were encouraged to talk and behave in a particularly endearing, vulnerable, and accordingly “cute” manner from an early age. Such behaviors persist into adulthood and may even intensify at periods of courtship, as exemplified by the female kindergarten teachers and other women Farris encountered in daily life. Native speakers understand such behavior as sajiao, which has two related meanings: (1) “to show pettiness, as a spoiled child,” and (2) “to pretend to be angry or displeased, as a coquettish young woman.”

Elaborating further on the definition, sajiao can be referred to as “a communication style that spoiled children of both sexes, and young (particularly unmarried) women engage in when they want to get their way from an unwilling parent/boyfriend/husband.” The sajiao style of communication is most noticeable at the level of voice quality, tempo and pitch, for while the standard man’s voice is inclined toward the low and heavy, thick and strong, the “standard woman’s voice” observed by social linguists often tends toward “the young and immature, warm and respectful, sometimes having bashful overtones or even a petulant air.” Moreover, to accentuate these feminine attributes, women tend to nasalize their utterances and to prolong the sentence final particles, such as ma, ah, la, oh, and eh, resulting in a distinctively whiny sound that is decoded by native speakers as the sajiao tone of voice. A typical example is the ubiquitous exclamation: “hao ke’ai ooobhh!” (Oh, it’s so cute!)

Another important feature of the sajiao speech can be identified in the reduplication of monosyllabic words. In the case of adjectives, reduplication has the semantic effect of intensifying and making more vivid of the original meaning. Thus “da” for big becomes “dada de” while “xiang” for fragrant turns into “xiangxiang de”. Reduplicating nouns, on the other hand, has the effect of endowing the addressed object a diminutive quality. For example, instead of referring to a dog as “gou,” many women prefer to say “gou gou,” and similarly, “che” for car becomes “che che,” while “chi fan” (to eat rice) becomes “chi fan fan.” The practice of constantly reduplicating words is a typical feature of how a mother would talk to her baby child. Yet curiously, this baby talk has become a common way of speaking among many adult Taiwanese women in their daily life. Men, on the other hand, would be mocked as sissys if they exhibit traits of infantilized speech, except in the cases when they deliberately affect such a speech to remind a woman of her minor status, to tease her, or to show paternal protection over her.
I have singled out the sajiao style of speech as an example of infantilized femininity because it is by far the most widespread and taken-for-granted aspect of cuteness in Taiwan. While all of the young women I talked to were aware of the girlish fashion that dominates the market in recent years, and some even profess to dislike it, most were surprised to realize that they themselves also shared the features of baby talk. The sajiao style of speech thus conforms closely to the idea of habitus, which is marked by a long and slow process of acquisition and a lack of awareness in its execution.

The Political Economy of Cuteness

The prevalence of infantilized speech indicates that girlish fashion is not so much a transient phenomenon as a contemporary expression of a much older and entrenched cultural logic. In fact, the growing obsession with cuteness may be inferred as a reenactment of the Confucian ideal, in which women must always be humble, yielding and reverential in relation to men. Since the early 1900s, such an ideal is embodied in the nationally celebrated image of xianqi liangmu, meaning “good wife and virtuous mother.” The discourse of xianqi liangmu preached the importance of women’s education in the belief that educated women make better wives and mothers, better housekeepers and citizens. Thus the major purpose of educating women was to enable them to teach and rear children more effectively instead of helping them pursue self-fulfillment. This ideal was carried over to the Kuomintang (KMT) regime in Taiwan, and a recent example of its application can be found in a government decision regarding holiday scheduling. In 1996, the March 8th “International Women’s Day,” which has been a national holiday since the Republican period, was canceled due to the new policy to switch from a six day to five-day workweek. The holiday that celebrates women’s struggle for equality, justice, and peace was nominally merged with “Children’s Day,” which falls on April 4th. The newly created holiday was thus declared to be fu you jie, that is, Women and Children’s Day. This symbolic action carried out by the state has three-fold significance: it at once denies the importance of feminist movements, re-situates women in the family, and ultimately identifies women’s social status with that of children.

Yet despite persistent emphasis on women’s domestic role, rapid economic growth and women’s increased participation in wage labor during the last twenty years have rendered the housewife image practically obsolete. Recent sociological studies reveal that nowadays young women in Taiwan tend not to view work as a transitional stage between school and marriage; on the contrary, they expressed a strong will to continue work after getting married for reasons of personal preference, economic necessity, and the social expectation for them to engage in wage labor. As one young mother said in an interview:

I actually don’t mind quitting my job and being a full-time mother. I think it’s important to spend time with my daughter before she turns three. But the fact is, these days there is hardly anyone who quits upon childbearing. If women leave it is usually for a better job, not for giving birth. I’ve seen one woman who used giving birth as the reason to quit — but three months later I found her in another bank. If you quit, your coworkers may wonder: Why? What’s wrong? Why are you quitting a job if nothing is really wrong? It’s as if quitting a job because of giving birth is not acceptable.

Such high expectation for women to engage in wage labor may be a result of the political and economic developments during the last two decades, which have substantially elevated women’s educational level and opened up new job opportunities. Specifically, Taiwan’s many small and medium-sized family businesses provide relatively hospitable organizational culture to married women, since “the degree of formalization in job titles is low and promotional trajectories are short in these firms, and employers’ need for labor sometimes makes them amenable to allowing working mothers to have slightly more flexible schedules.” Also, feminist organizations led by the Awakening Foundation have in recent years pushed to eliminate the “single-and-no-pregnancy” rule, which was a customary regulation that discriminated against married women and especially mothers in many private enterprises. Another recent improvement concerning women’s working conditions is the revision of Labor Standard Laws so as to extend its protection over hitherto unregulated sectors where women are employed in great numbers, such as service industry and banking. Moreover, studies have shown that today, most young and unmarried working women among the urban middle class no longer remit salary to their parents, as women a generation ago were expected to do. As a result, young working women nowadays benefit more directly from their labor and have
acquired autonomy in deciding how to dispose of their income.\textsuperscript{16} With the money they earn, they can save to buy an apartment for themselves or in conjunction with their husbands once married. They can also purchase fashionable clothing, makeup, and other consumer items. The appeal of consumer culture is then another important factor that encourages women to stay in the work force and dismiss the domestic lifestyle of a good wife and virtuous mother.

The fact that these days many women are individually competent and do not need to depend on men for a living have inadvertently thrown the patriarchal structure off balance. For one thing, the cultural dictate that “men rule the outside, women rule the inside” (nan zh\textsuperscript{u} wai, nu zh\textsuperscript{u} nei) no longer strictly applies, and with it men have lost the rationale to demand women’s dependence and subordination. It is here that cuteness takes on its significance, for it is a key feature that can be enabled and intensified to maintain the equilibrium of the pre-established power relations. In other words, as objectively women are becoming the social equivalents of men and consequently pose a threat to the hierarchical social order, an effective way to deflect confrontations is for women to take the symbolic gesture of acting like children.

For example, Ms. \textit{Lu}, a 26-year-old sales representative in a medical care products company, explained to me that it is necessary for a female employee like her to act a little cute at work. “It is like a lubricant” she said, “it helps us get along with people better and makes things easier.” In her opinion, a woman who does not know how to \textit{seijiao} or act cute would be disadvantaged at work, because people would think that she has a personality problem. She said that in a work place like hers where the majority of employees are male, women are obliged to soften up the atmosphere by releasing some girlish charm. She modified this point by saying that there is however, a limit in being cute and girlish; that is, inasmuch as one can assume the behaviors of a little girl in social interactions, she must nevertheless be responsible and dedicated to work. Following that comment, \textit{Lu} complained that some of her new female colleagues, who just graduated from college, made exactly the mistake of not knowing where the limit is. “It is as if they confuse daily life with work. I mean, it is fine that they act a little petty and spoiled at home, but not at work. They need to learn the correct work attitude (zhengquede gongzuo taidu).” I find \textit{Lu}’s comment especially revealing. On the one hand, it shows that she accepts girlish behaviors as women’s attitude in daily life; on the other, it implies that even the “correct work attitude” for women must consist of a cute façade.

While many women may share \textit{Lu}’s experience of having to act cute at work, it is less likely to apply to women of managerial standing or any positions of power, since an infantilized femininity at work may seriously undermine their authority. Yet even then, my impressions are that professional maturity does not necessarily preclude girlish behaviors when the woman is off work and thus removed from her position of power. I once saw Ms. \textit{Chu}, a young female politician who was then a member of the Taipei City Council, on a TV entertainment show. While on TV news and politics related programs, \textit{Chu} always appeared articulate and confident, in this show she shrieked, giggled, and pouted just like a spoiled child. Surprising as it may have been to the audience, her performance was probably a measured choice given the nature of the program and her pursuit for popularity. By behaving this way, she imparted the message that despite her social ambitions, she is deep down a sweet little girl who poses no threat to the male-dominated society. The childish behaviors thus in a way strengthen her position as a female politician, just as the female employees secure their jobs by acting cute.

\textit{Cuteness as Performance}

In relation to the stereotypical representation of femininity, it is essential to examine the aspect of female agency. For this purpose, I quote a few words from \textit{Li Ang}, a female Taiwanese writer who is best known for her sexually explicit language and literary exploration of feminist themes. She once answered to a question in an ingeniously designed self-interview:

\textbf{Q:} How do you feel about being a woman?
\textbf{A:} I am very content being a woman, which includes the privileges of acting pettishly and being forgiven for small faults. I think I am a successful woman in the sense that I am completely independent and yet not threatening. Have you read some of my previous interviews, which said that I was sometimes like a kid?\textsuperscript{17}

With these words, \textit{Li} touches upon the crucial point of what it means to be a cute woman in Taiwan. First of all, her answer shows that the phenomenon of infantilization involves a wide of array
of women to the extent that it may even apply to a progressive female writer. Second, her contentment with being a woman and the “privileges” it entails reveal that cuteness, or infantilized femininity, may be considered positive by women and strategically employed by many as a useful tool in social dealings.

As more and more women self-consciously utilize a cute manner for their own benefit, it seems no longer appropriate to view cuteness as simply part of a habitus that reproduces hierarchical relations. What becomes excluded in this conceptually reproductive cycle is the shifting socio-historical circumstances which may create slippages between the habitus and reality, and as a result generate ambivalence, conflicting consciousness, and reflexivity in the subjects. I believe the trend of cuteness in Taiwan testifies precisely to this process; that is, it is slowly extricating itself from unaware conformism and entering into conscious maneuvering and self-redefinition.18

The growing awareness of cuteness and its social implications can be further illustrated by an episode of a popular TV variety show, in which the host asked the female guests: “What do you think is the most necessary talent or skill for a modern woman?” (ni renwei shenme shi xiandai nuxing zuixu jübei de caimeng?) The young women unanimously agreed upon the answer: zhuang kē’ài, which means: to pretend to be cute. Regardless of the flippancy with which they answered the question, the response shows that these women were in fact quite reflexive of their own situation. A close reading of the question and answer reveals some interesting nuances. First of all, the fact that acting cute is considered “modern” tells the relative novelty of it. Second, the “necessity” of it implies certain social pressure and risks in not having such a skill. Third, the word “zhuang” (to pretend) denotes the artificiality of the cuteness and a sense of cynicism toward such an image. In other words, the women know that cuteness does not come naturally with their age, yet nonetheless they choose to fake it. And finally, the word “talent” indicates that, just like the writer Li Ang, these young women see advantages associated with being cute and thus felt positive about the idea of infantilizing themselves despite the ambivalence.

A similar point of view is well spelled out in a recently released pop song. Entitled Nanren (Men), the song written and performed by Fan Xiaoxuan (a.k.a. Mavis Fan) 19 describes a woman’s playful seduction of men:

To be loved is to be desired;
A heart so pure, so simple;
To be held, to be sheltered;
To be forever, eternal love;
To be the one and only;
To be the only one you’ll ever love.

The song cunningly infuses a new power dynamic into the stereotypical gender interaction. While the woman employs every trait of a cute and dependent little girl, she sees herself as a predator and the one in charge; the man, by contrast, is portrayed as a child who is gullible and naive despite his adult physique. It seems to suggest that the woman is willing to play the conventional game only because she knows how much smarter and dominant she really is than the man. In other words, it is the woman who patronizes the man and not the other way round. She may have to feign cuteness, but that is only in order to stoop to the level of the other sex, which is genuinely childish and cute. The use of the English word woman also warrants some attention, especially since the Chinese word for it, nüren, could otherwise perfectly fit into the space without disrupting the rhyme. As Stanlaw points out in his discussion of Japanese female pop singers/songwriters, the use of English words in songs provides “an additional and different symbolic vocabulary with which to express their thoughts and feelings,” and “a rhetorical power that was unknown to them previously, and that is suited for the growing power and stature that women are gaining in Japanese society.”21 Seen in this light, the word woman may be taken as a symbol of the new gender awareness, which, though cloaked in the same girlish self-presentation, actually signals a different breed of womankind.
in Taiwan. In addition, the pronunciation of woman is almost identical to the Chinese word us (w0 men), and so the evocation of it as a pun in the phrase ‘for you have met “a woman/us”’ instantly creates a feeling of solidarity: it is us, the smart and powerful women, verses them, the silly though adorable men.

One may argue that this kind of awareness is after all predicated upon the same patriarchal structure, and so in the end still serves to reproduce the asymmetrical gender relations. While the overall picture at present does seem to support this point of view, the subtle changes in women’s perceptions of their social position constitute nevertheless a subversive potential. For one thing, the sheer awareness of the power and artificiality of cuteness has called into question the absolute authority of the patriarchal system; thus instead of blindly complying with the implicit rule, many women have now adopted a cynical stance toward it. In this respect, what we perceive as cuteness nowadays is often a performance or parody of it; it is actively ‘dialogized’ and ‘double voiced’ in the sense that the sounding of a second voice, one that embodies a different point of view to what is apparently said, is part of the project of the utterance.22 In contrast to Bourdieu’s theory, which sees all social actions as part of the habitus and thus crucial only to the formation and reproduction of the subject, cuteness as self-aware performance or parody can incorporate ongoing political contestation and reformulation of female subjectivity.23 The meaning of cuteness itself is going through some transformation in this process. The conventional association of cuteness with vulnerability seems to be slowly wearing out. If at one point professional women used cuteness unconsciously and apologetically to temper the threat they posed toward men, they now tend to view it as an asset, not an excuse. The large number of powerful women acting cute is alone capable of challenging the conception that cuteness is a feature of the weak. Take the media celebrity Chen Wen-chien (a.k.a. Sisy Chen) for example. As a newly elected legislator and a popular socio-political commentator who appears daily on her TV show, Chen is well admired and respected for her knowledge, eloquence, and shrewd insights on both domestic and international affairs. Aside from being an intellectual powerhouse, Chen is noted for her extremely soft, saijiao tone of voice and a penchant for frilly dresses. The title of her talk show—Wen-chien xiaomeida (Wen-chien, the big little sister)—captures the image she seeks to convey. The word xiaomeida is a play on the popular neologism dageda, which means literally “big brother big” and refers to gangsters or powerful male individuals. The second big, added to the common expression, big brother, functions as an annotation that stresses the mightiness of the big brother. Similarly, Chen’s self-appointed title xiaomeida, meaning literally “little sister big”, emphasizes the power she has as a non-threatening female. By fusing two opposite concepts in one word, it implies that there is indeed no contradiction between the little and the big. Rather than saying “I am smart and powerful, but don’t worry, I am also cute”, Chen imparts the confident message that “I am cute, and I am smart and powerful.”

The frequent occurrence of cute demeanor among strong female characters also leads to gradual disassociation of cuteness with its gender marker, for once the connotation of weakness and immaturity is expended with, cuteness becomes a hot property sought after by both sexes. Taiwan’s current president Chen Shui-bian, for example, is an avid personifier of cuteness. While still the mayor of Taipei, Chen, who prefers voters to call him by the endearing nickname A-bian, often attended festivals and charity events in costumes, such as that of Superman, Santa Claus, and Peter Pan. The popular reaction to it was generally positive. I have heard comments both on newspapers and in conversations that Chen’s willingness to personify fairy tale characters reveals a pure and loving heart, and, in short, makes him much more endearing and accessible to the public. In his effective presidential campaign in 2000, Chen’s promoters designed a series of merchandise that features a boyish cartoon figure called A-bian wawa (A-bian doll). The icon became so popular that even today related merchandises are available for sale online. Judging from Chen’s electoral success, the various attempts to present him as a cute person have not diminished his masculinity and strength. If anything, it has only boosted his popularity and further neutralizes the gendered dimension of cuteness.

**Conclusion**

In this paper I have tried to define cuteness in terms of the role it plays in negotiating gender relations. I argue that cuteness initially took on significance among Taiwanese females as an apologetic response to, and as a means to procure, the elevation of their own socio-economic status during the last two decades. While at first such a trend functioned effectively in maintaining the gender order
and was largely taken for granted, many women soon discovered the “advantages” entailed and learned to perform cuteness for their immediate benefits. This eager adoption of infantilized femininity, along with an explosion of commercial interest in cute objects intended for women and children, lead to two divergent scenarios upon which my analysis of gender relations are based. First among them is the reinforcement of an already entrenched patriarchal order, in which women must always be, or appear to be, less able and mature than men. The second scenario allows for a more positive reading of the present situation; that is, it sees the possibility of a backlash initiated by non other than the cute-acting women themselves.

While in no way do I mean to present the re-accentuated understanding and performance of cuteness as planned resistance, I do believe that in the long run it could transform the discourse and practice of gender relations. In Castells’s discussion of social movements, family, and sexuality in the information age, he notes that very often social movements that were not characterized by feminist consciousness contributed forcefully to bringing greater gender equality and accelerating the demise of patriarchy. This kind of “practical feminism,” which often rallies around issues of abuse and exploitation of women, is “the widest and deepest stream of women’s struggles in today’s world, particularly in the developing world, but also among working class women and community organizations in industrialized countries.”24 In conjunction with Castells’ observation, I propose that we reconsider the apparently negative force of cuteness as yet another practical though non-organizational movement that disrupts patriarchy. Japan offers a good example in this respect. As of 2001, more than half of Japanese women were still single by 30, compared with about 37 percent of American women. Seeing that there is little prospect to be promoted on the job and having no desire to take up the heavy duty of a Japanese mother and wife, these so-called “parasite singles” continue to live with their parents and stick to their “pink collar” jobs, while pursuing a single life of high style and carefree consumption.25 With an increasing number of women deferring marriage, Japan’s birthrate is in drastic decline, and the conventional solution of promoting domesticity and increasing child subsidies is not helping. As Mitsuoko Shimomu, a pioneering female journalist said in an interview, “I don’t regret the decline in birthrate. I think it’s a good thing. The Parasites have unintentionally created an interesting movement. Politicians now have to beg women to have babies. Unless they create a society where women feel comfortable having children and working, Japan will be destroyed in a matter of 50 or 100 years. And child subsidies aren’t going to do it. Only equality is.”

The case in Taiwan is quite similar, although Taiwanese women are already in a more advantageous position than their Japanese counterparts. Statistical studies have shown that Taiwan exhibits significantly greater gender equality than Japan in all areas of comparison, including educational attainment, labor participation, and wages.26 The cuteness trend and avid consumption among Taiwanese women are thus not so much a compensation for the lack of power as an affirmation of power. With ongoing socio-economic changes plus increasingly powerful and gender-neutral presentations of cuteness, some unintended transformations regarding gender relations will most likely follow.
Endnotes


2 The meaning and usage of kawaii is very close to the Japanese word kawaii. For a detailed discussion of kawaii and the “rule of cuteness” in Japan, see Brian McVeigh, Wearing Ideology: State, Schooling and Self-Presentation in Japan. (NY: Berg Publishers, 2000).

3 Catherine S. Farris, “Gender and Grammar in Chinese, with Implications for Language Universals,” Modern China, vol. 14 no. 3 (1988), 299. The observation of such behaviors as being “conscious” does not necessarily contradict my point that until recently, cuteness was more of a habitus or second nature for most women. Indeed, although women consciously strived to elicit comments on their being cute, the very desire to be seen as so was largely unquestioned and taken for granted.


6 Farris, “Gender and Grammar in Chinese, with Implications for Language Universals,” 301.

7 Ibid, 302. The saijio style of communication is also common in homosexual interactions. As Antonio Chao noted, Taiwanese lesbians are categorized by two mutually exclusive sexual roles: “T,” which comes from the English word “tomboy,” and “P,” which literally means “wife,” and “T’s wife in this case. While “T” play the dominant role in a relationship and often act in a macho manner, “P” tend to saijio excessively and often giggle to the point of absurdity. Interestingly, although “T” work hard at exaggerating their “manhood” and virility, they are often seen by straight, “real” men as kids whose unorthodox sexual identity is only a sign of social immaturity.


9 Farris discovered that men at times also utilize the saijio pattern of communication to obtain favor from their girlfriends or wives. In such situations, Farris suggests that men could be evoking their childhood experience of mother-son relationship. To do so, however, men must first make women dependent on them in the public arena, so that in the private settings they can indulge in a childlike dependency on women.


16 Many of these young female professionals choose to live with parents until they get married. Such an arrangement on the one hand enhances the women’s spending power, since they do not have to pay rent, but on the other, it also undermines their autonomy, since an unmarried daughter in a family is not usually treated as a full adult.

17 Li Ang, “Protest of a Woman Author against Reckless Accusations: Another Self-Interview, This Time from Taipei,” in L. Leung ed., Morning Sun: Interviews with Chinese Writers of the Lost Generation (Studies on Contemporary China) (Armonk, NY: M.E. Sharpe Publisher, 1994), 255.

18 In some cases, the awareness of one’s cuteness as a habitus leads to out-right rejection of such self-presentation, rather than continuous application of it as a performance. I myself, for example, began to notice my own typically cute manner and speech only a few years ago, when growing female infantilism in Taiwan and the commercialization of it rendered absurd what I commonly took for granted. The rift between my habitual understanding of femininity and the more publicized conception of it allowed me to see the artificiality or cultural constructedness in both versions. Subsequent reflections on the subject constitute this paper and an ongoing self-critique.

19 Fan Xiaoxuan started her career as a pop singer at the age of 18 in 1996. She was initially packaged as a naughty little girl whose songs targeted primarily children and teenagers. After the release of a few albums which brought her pan-generational popularity, Fan expressed a strong will, against the wish of the record company and many of her fans, to transform her idolized image to that of a more individualistic singer/songwriter. The song discussed here is representative of her image and career transformation. Although it recapitulates many of the girlish themes in her previous albums, this song is no longer sung from the perspective of an unknowing doll. The evolution of her public persona, from naïve to self-awareness, is thus in itself an example of the main argument here.

20 “Naener” by Fan Xiaoxuan, 2001, Cinepoly Records Co., Ltd.


26 Brinton, 1-37.

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The telecommunications industry makes up an increasingly critical sector of global business for at least three reasons. First, different network architectures across countries can act as a platform for different types of value-added activities. This is especially the case in the current digital era, where value can be embedded in standards and applications rather than simply in the final assembly of goods.¹

One example of this is in Japan’s high-speed broadband environment, where both landline and wireless services may facilitate the development of particular types of applications, such as those related to ubiquitous computing. Likewise, South Korea’s high percentage of DSL (digital subscriber line) users and its proliferation of lead users in gaming may affect the direction of hardware evolution, and the choices of investment in China’s emerging market may allow it to set de facto global standards.

Second, telecommunications play a key role in determining transaction costs for firms and individuals. As firms modularize, outsource, and offshore their activities, differences in communication costs can significantly affect operational costs and overall efficiency. The availability of flat-rate telephone systems within a country and the level of projected costs for international communications may affect decisions about geographically reorganizing production.

Finally, investments in telecommunications infrastructure and manufacturing can have a substantial impact on a nation’s gross national output and aggregate demand. This is well illustrated by the case of Japan, where government figures indicated that in 2002 the telecom sector comprised approximately 12 percent of the nation’s GDP.²

The telecommunications industry has also been profoundly affected by technological developments of the past two decades. The Internet and related technologies, the rapid increase of processing power and storage capacity, and the convergence of the information technology and communications sectors have all fundamentally changed the nature of competition within this market. In terms of network infrastructure, single signal, analog voice, and data transfers over copper lines have ceded center stage to technologies such as DSL, which sends a high frequency signal over existing copper lines, and fiber optic infrastructure – both of which transmit data using the Internet Protocol (IP).

Despite the common technological forces facing telecom industries and the importance of the telecom sector in international business, the structures of telecom sectors across the globe retain a considerable level of diversity. In a wave of worldwide privatization that began with the breakup of AT&T in the US, many European and Asian countries have privatized their incumbent carriers. The resulting policy regimes and market structures have not been convergent, however. Thus at the most general level, our task is to explain the forces driving this diversity in outcomes.

By analyzing the development of Japan’s incumbent carrier, Nippon Telegraph and Telephone (NTT), this paper finds the following logic to be driving changes in Japan’s telecom sector: political bargains create actors, institutions, and particular market
configurations. The institutions and market configurations shape the actors’ interests. The interaction of these actors, institutions, and interests shapes subsequent political bargains. Development is path-dependent in the sense that outcomes at one juncture affect the spectrum of possible outcomes at the next, in a historically rooted trajectory of development.

This finding implies that unless configurations of actors, institutions, and interests converge, we should not expect a parallel convergence of market structures or governance systems in telecom sectors across countries, despite the seemingly powerful homogenizing forces of technology and international competition. This implication highlights the importance of understanding the political dynamics and institutions of telecom sectors in a country to understand the consequent market dynamics. As John Zysman has argued,

Globalization is a story of national innovations played out on a larger stage. A sequence of new competitors, new and often unexpected loci of innovation and production, bring new processes, new products, and new business models to the larger marketplace. The dramatic marketplace developments have usually been cooking inside of national systems of innovation and competition, largely unobserved by the outside. Consequently, they are startling when they burst on the global marketplace.

Since the logic of international competition in the digital era allows innovations and competitive strengths to arise from particular national market dynamics, it is critical to have a broad framework of political analyses with which to assess the global competitive landscape.

Finally, in broader debates over how forces of globalization affect domestic institutions and economies, this paper’s analysis bolsters the claim that domestic politics and institutions mediate common economic forces facing different countries, and that different institutional configurations drive divergences in national responses.

### The Corporate Governance Structure of NTT

Eclipsing all other carriers in size, NTT is organized as a holding company, and wholly owns regional carriers NTT East and NTT West, as well as long distance and international carrier NTT Communications. It owns a majority stake in several other companies, including NTT Data, a systems integration and network systems services company, and NTT DoCoMo, Japan’s chief cellular carrier. Lately, regional NTT companies have been losing money, recording the largest losses in Japan’s history for non-financial institutions. Earnings of NTT DoCoMo, however, make up most of the profits recorded in the consolidated financial earnings statements of the NTT holding company, and attempts to reduce numbers of employees at NTT East and West have often been simply transfers of personnel to DoCoMo. DoCoMo itself is a listed company, and had the highest market capitalization of all Japanese companies for several years around 2000.

In terms of ownership, the Ministry of Finance (MoF) controls a majority of NTT holding company shares, though it considers NTT fully privatized. Large institutional investors such as trust banks and life insurance companies hold most of the remaining NTT shares. MoF claims to be waiting until NTT’s share price is sufficiently high in order to sell its remaining shares, since Japan faces a monumental fiscal debt. In the meantime however, it is quite clear that no other actor can own a majority stake of NTT, placing the company securely in the government’s hands and preventing a buyout similar to that of AT&T in the US.

In terms of formal legal governance, the Ministry of Internal Affairs and Communications (MIC – known as the Ministry of Posts and Telecommunications, MPT, before a bureaucratic reorganization) has jurisdiction over the telecommunications sector. Interestingly, MIC has the final say in appointing board members as well as the president and vice president of the NTT holding company, regardless of shareholder opinion. Thus while the company is listed on the stock exchange, the government controls top management appointments.

In spite of being “privatized,” NTT is firmly in the hands of government ownership. This complicated picture gives ample weight to the claim that we must examine historically rooted trajectories of development to understand current circumstances.

### Origins to 1949: Direct Government Ownership and Operation

Japan’s telecommunications industry began in the late nineteenth century as part of a state-driven effort to catch up with the west. Perceiving the need to modernize rapidly in the face of security threats from industrialized European powers and the US, the Japanese government invested heavily in industries it
deemed crucial to state development, such as mining, railroads, and electric power, initially establishing these sectors as state-owned monopolies. In 1889 the Ministry of Communications became the monopoly operator of the telecommunications industry, responsible for all infrastructure, manufacturing, and operations.9

Japan’s initial state-driven development contrasts with that of the US, Great Britain, France, and Germany. When telephone technology was in its inception in these countries, private entrepreneurs first established private lines and networks. Only as the technological potential of the industry was realized did the state later assert control. Though private companies in Japan were interested in entering the telecommunications business, the government’s position was that Western countries had already established government monopolies, and that a government monopoly best served the nation’s interests in terms of security and expansion of services to rural areas.10

After creating government monopolies in various sectors, the state soon discovered that corruption and inefficiency were severe. In the telecommunications industry, this led the government to encourage the establishment of private companies to supply communications equipment. Until the early postwar period, Japan’s telecommunications industry structure was therefore one in which the state was the monopoly operator, with an oligopoly of private manufacturing firms supplying equipment.11

This was the first set of critical junctures in the development of Japan’s telecommunications industry, and the creation of the Ministry of Communications as a government bureaucracy monopoly operator and the oligopoly of private enterprises influenced subsequent developments.

1949-1952: Incorporation – Political Struggles

In the immediate postwar period, a political settlement led to the establishment of NTT as a public corporation. First, the Supreme Command for the Allied Forces (SCAP) externally imposed a structural shift on the government. SCAP broke apart the Ministry of Communications into the Ministry of Posts and the Ministry Telecommunications, on the grounds that the Ministry of Communications posed a potential threat. The Ministry of Communications was considered a source of ultra-nationalism, since it had acquired control of all media such as newspapers and radio in the run-up to the war, and had been at the center of wartime propaganda. The Ministry of Telecommunications was consequently given the task of running the communications industry.

General Douglas MacArthur, head of SCAP, envisioned a private telephone monopoly modeled after AT&T. However, other occupation officials who were influenced by New Deal ideas pushed for a Tennessee Valley Authority model of a public corporation, which allowed for the flexibility and initiative of private firms.12 The Japanese leadership was split. Prime Minister Yoshida Shigeru’s camp pushed for private telecommunications carriers while the camp of Minister of Telecommunications Sato Eisaku took the position that the ministry should continue to operate all telecommunications services. A compromise was reached in 1952, just before the occupation drew to an end, transforming the Ministry of Telecommunications into a public corporation – NTT.13 At the same time, the Ministry of Posts became the Ministry of Posts and Telecommunications (MPT), gaining the primary supervisory role over NTT. Another government-regulated corporation, Kokusai Denshin Denwa (KDD), was given a monopoly over international services.14

This was the second critical juncture in the development of Japan’s telecommunications industry. The policy process directly created MPT, NTT’s designation as a public corporation, and NTT’s governance structure, which in turn created new interest group dynamics in the subsequent policy process. Other interests such as the NTT “family” firms, and the Japan Telecommunications Workers Union (JTWU) – which later became significant political actors as well – were also a result of these policy outcomes.

1952-1985: NTT’s Dominance and the Creation of New Interests

From 1952 until 1985, while NTT was a public-corporation monopoly wholly owned by the state, regulatory power was concentrated in NTT itself and in the National Diet. NTT accordingly became a powerful political actor while MPT remained weak. The concentration of resources in NTT also strengthened its oligopoly of equipment providers, and its sheer size created a large union.

In terms of formal legal governance, the National Diet possessed the authority to approve investment plans and price changes, and was given veto power over NTT’s major business operations.
decisions. The prime minister appointed NTT’s president and vice president, and the Ministry of Finance was responsible for approving NTT’s budget, which was then ratified in the Diet. MPT was assigned the primary supervisory role of NTT to oversee and approve its daily activities. Much of MPT’s formal power lay in its role as a liaison between NTT and the other actors, in areas such as discussing rate hikes with the Diet and explaining the budget to MOF. However, in practice NTT officials dealt with political relations themselves, frequently testifying directly in front of the Diet and circumventing MPT.

MPT’s powers of supervision over matters such as technical standards were rendered mostly nominal. The ministry lacked staff with the expertise to effectively monitor NTT. When the prewar Ministry of Communications was disbanded, people with technical skills were all moved to the Ministry of Telecommunications. Since MPT had been created directly from the Ministry of Postal Affairs, it was staffed entirely by people with experience and expertise in the postal service. In fact, the approximately thirty staff members of the telecommunications office in MPT were all dispatched from NTT. Therefore, when NTT applied for licenses, the officials within MPT inspecting the application were none other than former NTT employees.

NTT leaders and employees tended not to accept leadership from MPT officials. Since NTT was originally the Ministry of Telecommunications — initially on equal bureaucratic footing with the Ministry of Postal Affairs — NTT employees resented the supervisory role assigned to MPT officials. Furthermore, NTT employees looked down upon MPT officials as postal workers, since from the 1950s to 1970s, career bureaucrat MPT leaders all came from the postal business.

The regulatory framework governing the financing of NTT strengthened it as an organization at the same time that it provided capital to fund its oligopoly of suppliers. NTT extracted much of its investments and operations funds directly from the populace through special legal tools and monopoly rent. First, telephone service subscribers were forced to buy special bonds from the government for 100,000 yen, which NTT returned after ten years. This subscriber bond system was instituted through law, and no other country has had comparable revenue-raising measures, with over 5.56 trillion yen (approximately $15 billion) raised through these bonds until their discontinuance in 1982 in preparation for the privatization of NTT. Second, NTT charged installation fees, and, given that they held a monopoly in installation, fees were disproportionately high vis-à-vis the labor and capital costs involved. Third, telephones were leased rather than sold outright, and NTT had a monopoly on leasing. Finally, telephone service and calling rates were higher in Japan compared to other industrialized countries, reflecting NTT’s comparatively high levels of monopoly rent extraction.

In terms of government financing, NTT enjoyed various special rights and privileges. First as a public company, NTT received budget allocations from the government. These were essentially direct transfers from the government and were considered to be part of budgeted government expenses. Second, NTT had access to special bonds and low-interest loans through the Fiscal Investment and Loan Program (FILP), a pool of funds controlled by the state through the national postal savings system. NTT was able to rely on these funding sources during downturns, especially from the early to mid-1970s when it had difficulty obtaining other funds, and after subscriber bonds were phased out in the early 1980s. Third, NTT was allowed temporary use of treasury surpluses, and the government also guaranteed NTT’s domestic and foreign currency debts. Finally, NTT was exempt from corporate, local and business taxes, as well as local property taxes. Once NTT was privatized, the magnitude of benefits derived from its tax exemption became clear, as the amount of remittances from NTT to the government increased tenfold.

Soft budget constraints, combined with the fact that NTT pushed to redevelop Japan’s national telephone infrastructure after its wartime decimation, meant that NTT equipment procurement budgets were substantial. NTT offered generous procurement prices to its equipment supplier firms – NEC, Fujitsu, Oki, and Hitachi – which in turn became known as NTT’s “family” of suppliers. These firms cooperated in R&D with NTT while competing with each other to manufacture equipment for NTT. However, this competition was within the context of a stable market provided by NTT as it rebuilt Japan’s telephone infrastructure. Marie Anchordoguy shows how these firms subsidized their R&D activities through procurement from NTT, and owed their development largely to NTT procurements.

The NTT union, the Japan Telecommunications Workers Union (JTWU), became one of the largest unions in Japan, with
over 300,000 NTT employee members. It cultivated ties with the Social Democratic Party of Japan (SDPJ), the main opposition party in Japan until the 1990s. Its strike fund could be used for political purposes. More importantly, its influence over NTT made it a political player.29

Thus, the political process incorporating NTT as a public firm and creating its governance structure resulted in a new set of political interest groups. MPT, NTT, NTT’s “family” firms, and JTWU all became major actors in the NTT privatization struggle of the early 1980s.


Technological developments in telecommunications, such as microwave technology, switches capable of facilitating the leasing of networks, and the possibility of sending data over telephone lines led industrialized states across the world to conclude that telecommunications could no longer justifiably be considered a “natural monopoly.” International events, such as the US sanctioning of domestic long distance competition and the breakup of AT&T, combined with Japanese domestic political forces calling for the privatization of NTT to create an extremely politicized and complex struggle over how to reform Japan’s telecom sector. The interests created in the previous critical juncture became the principle actors in the political struggle. As before, the outcomes were not predetermined in any way.

The main results of the political struggle were threefold. First, NTT was partially privatized. Second, the telecommunications market was partially liberalized. Third, MPT scored a major coup by gaining vast regulatory powers and broad discretionary authority. Vogel and Johnson provide detailed analyses of this complex political process. A simplified account runs as follows. First, during the heyday of NTT’s self-regulation, MPT had not enjoyed the prestige of MOF or the Ministry of International Trade and Industry (MITI). It was considered a “regulatory bureaucracy” rather than a “policy bureaucracy” capable of making industrial policy, with only NTT and KDD under its jurisdiction and NTT dominating its own regulation.30

While separate reports in the late 1970s by MPT officials and a government advisory council report raised the possibility of elevating MPT to a policy bureaucracy and privatizing NTT, reform got underway with the launch of the Second Provisional Commission for Administrative Reform (Rinji Gyosei Chosa Kai – or Rincho) in 1981. Rincho was a pet project of Prime Ministers Suzuki and Nakasone to restructure the government,31 and the Rincho report in 1982 proposed that NTT be privatized and broken up, with competition introduced to all sectors of telecommunications.32 Both Johnson and Vogel document an enterprising group of MPT officials envisioning MPT as a “policy bureaucracy” on par with MOF and MITI, acting strategically to realize this goal.33

An intense political and bureaucratic struggle involved MPT, MITI, MOF, LDP telecom zoku politicians,34 NTT, NTT’s family of equipment suppliers, JTWU, the Socialist Party, the zaikai, consisting mainly of large Japanese firms, and Rincho. Some principal debates concerned the regulation and liberalization of Value-Added-Networks (VANs), and methods of privatization and breakup of NTT. Debates over VANs were essentially turf wars between MITI and MPT, both of which were interested in gaining power by acquiring jurisdiction over the new growth sector. Both mobilized their political support, trading blow for blow until MPT ended up victorious. Ultimately, a series of compromises and bargains led to a partially privatized NTT, an MPT with vastly increased powers and jurisdiction, and postponement of the issue concerning breakup of NTT. The Diet lost most of its regulatory powers over NTT, as did MOF.

The government-industry structure resulting from this political process was very similar to that of most other Japanese industries – a lead agency armed with an array of regulatory policy tools and discretionary authority was in a position to engage in industrial policy. However, key differences between telecommunications and other industries were in the identity of the lead agency being MPT rather than MITI, and the disproportionate industrial might of NTT.

Again, these outcomes were not predetermined. It was not inconceivable for MITI to have gained jurisdiction over the sector, and a different political settlement might have broken up NTT. Furthermore, this political process shows that the previous political settlement incorporating NTT created a set of interests that became significant political players in this round of reforms.

The privatization struggle over NTT in Japan also shows how domestic political institutions mediated forces common to all
countries. The technological developments in telecommunications were not unique to Japan, but the timing of privatization and liberalization, the nature and interests involved in the political struggle, and the outcomes differed from those in other countries. The US and UK privatized and liberalized their sectors before Japan, while France and Germany did not do so until later, and the resulting sectors and state actors were each configured differently than in Japan.

**From 1996 On: Restructuring NTT and the Rise of Cabinet Involvement**

While MPT was unquestionably the dominant player shaping the telecommunications sector after 1985, by the late 1990s, Japan’s political leadership became increasingly involved in telecom policymaking. Their increased participation in shaping the sector began with another political struggle over the breakup of NTT.

This struggle was in some sense a continuation of the previous privatization debate, which had postponed the issue of how to break up NTT. However, the previous political outcome had greatly strengthened MPT. While all the same interests involved in the NTT privatization debate were initially involved in the fight over reorganizing NTT, in the end this struggle was resolved through a politically brokered settlement between NTT and MPT. It is doubtful that MPT would have been in a position where it could have reached a settlement with NTT if the balance of power had not shifted between the two actors. As seen earlier, the contempt with which NTT leaders held MPT in the earlier round of debates is likely to have led to NTT officials refusing to negotiate with MPT alone, preferring to involve a larger number of actors.

As part of the 1985 settlement, the issue of breaking NTT apart came up for discussion in 1990. MPT favored a breakup, while MITI, NTT, and JTWU opposed the proposal. At this stage, MOF also opposed the breakup, and the LDP’s electoral situation made the political leadership amenable to postponing the debate until 1995. MOF had become a powerful interest in the debate over NTT through the privatization process. Since NTT was only partially privatized, the NTT Law stipulated that the government hold a minimum of one third of NTT stock. MOF was in charge of placing NTT shares on stock exchanges, which it did on three occasions before 1995, with proceedings totaling approximately 10 trillion yen ($80 billion) that then reduced the government’s share to approximately two thirds. Proceeds from these public offerings went straight to government coffers overseen by the MOF. However, after the third release in October 1989, NTT’s stock plummeted, partly due to the bursting of the “bubble economy,” and partly due to scandals involving NTT’s leadership. After the drop in NTT share prices, MOF did not place shares again until 1998, when the issue of NTT’s breakup was finally settled. In 1990, MOF’s concern about threatening NTT’s stock price by breaking it up was also of direct interest to the incumbent LDP party, which had just lost the upper house election for the first time since 1955.

The LDP also recognized the difficulty of reaching an agreement over the breakup in the Diet, since the Socialist party, opposed to the breakup due to its strong ties with *zenudenisu*, had gained a majority in these 1989 Upper House elections. Thus MOF’s opposition to the breakup of NTT carried the day for the political leadership, and the issue was postponed until 1995.

In 1995, another debate raged with MPT, NCCs, and the zaikai pushing for a breakup, and with NTT, JTWU, the Socialist Party, and NTT family firms opposing. This time, the electoral situation of the ruling coalition led to Prime Minister Hashimoto’s postponing the issue for another year until March 1996. At the time, the LDP was in coalition with the Socialist party as Lower House elections loomed. The Socialist Party was heavily supported by the JTWU, and the LDP was interested in financial support from NTT family firms.

Later in 1996, it was MPT and NTT themselves who came to an agreement that NTT could be divided as an organization, but retain unified control through a holding company. The holding company was a new policy option, since only at this juncture did other parts of the government hold discussions concerning legalization of holding company structures, which had been banned since the Occupation. By late 1996, Prime Minister Hashimoto and other LDP leaders were also concerned about NTT’s inability to operate internationally – MPT had not been interested in allowing NTT’s entrance into the international service market for fears that its size would annihilate KDD. The political leaders were well aware that large international mergers were taking place in the telecommunications market, while Japan continued to be a relatively isolated market, and as a consequence
Japan would irrevocably lose any chance to become internationally competitive.42

The final settlement reached between MPT and NTT entailed NTT’s division into two regional local carriers and a long distance and international carrier under the holding company structure. The settlement was brokered by Hashimoto and political leaders, agreed upon in secrecy and announced suddenly to avoid politicized public debates. Even participants of the Telecommunications Deliberation Council, whose final recommendation had been for a complete breakup were unaware of the process, learning of the settlement in newspapers.43 After this political settlement, the prime minister’s Cabinet Office became more active in telecom policymaking, with a concentrated thrust toward deploying broadband infrastructure.44

**Conclusion: Towards Another Critical Juncture in Japan’s Telecommunications Sector**

As analyzed, the development of Japan’s telecommunications sector reveals a specific instance of path dependence in which actors, institutions, and interests created in one critical juncture affect political processes in the next.45 The next critical juncture in Japan’s telecom sector is close at hand. The sudden and growing popularity of VoIP (Voice over Internet Protocol) services is beginning to rewrite the rules of landline telephony competition.46 Not only are NTT’s landline revenues threatened, but NTT East and West are regional carriers, prohibited from long distance services, and VoIP makes this geographic distinction irrelevant. NTT’s leadership has been calling for reforms of NTT’s governance structure, claiming that its current structure does not allow it to compete adequately.

Though Prime Minister Koizumi may be occupied with the privatization of the postal services, postal savings, and postal insurance systems until the end of his current term in the fall of 2005, another politically critical juncture over restructuring NTT is close at hand. From what we have learned by examining Japan’s historical trajectory of development, the actors likely to be involved in the next political struggle are not hard to guess. We can also expect that whatever the outcome of the next political struggle, the structure of Japan’s telecom sector is unlikely to converge to that of the US, or other countries.

**Endnotes**


2. Soumu sho,(Ministry of Home Affairs) white paper,”Information and Communications in Japan 2004.”


10. Steven Vogel, *Freer Markets, More Rules: Regulatory Reform in Advanced Industrial Countries* (Ithaca, NY: Cornell University Press, 1996), 139. It is worth noting that this is the first instance where the government was concerned with providing a telecommunications network on a nationwide scale. At this stage, the state’s interest was in nation building, conceptualized as creating modern nationwide infrastructure, but as we will see later, the political and bureaucratic concern for nationwide infrastructure drove particular network build-outs.

11. Anchordoguy, 509.

12. Ibid., 515.

13. The Nippon Telegraph and Telephone Public Company was known as “Denden Koisha” in Japanese, though the official English name was NTT, rather than NTTPC—an occasional source of confusion.

14. Vogel, 139. Anchordoguy’s account does not include the political struggle within the Japanese leadership.

15. Anchordoguy, 518.

16. Vogel, 139, 141.

17. For a detailed explanation of the practice of dispatched workers, or shukko shain, see Jennifer Ann Amyx, “Banking Policy Breakdown and the Declining Institutional Effectiveness of Japan’s Ministry of Finance: Unintended Consequences of the Network Relations” (Stanford University: PhD Dissertation, 1998). Also, Yves Tiberghien, “Political Mediation of Global
Economic forces: The Politics of Corporate Restructuring in Japan, France, and South Korea” (Stanford University: PhD Dissertation, Stanford University, 2002).

18 Vogel, 142.
19 Anchordogy, 516.
20 Calculated at an exchange rate of $1 = ¥360 USD, the average exchange rate until the 1980s.
21 Anchordogy, 521.
22 Yearly call charges per subscriber fell 92% between 1985 and 1990, according to data provided by Yoshihiro Takano using NTT sources. The figures do not account for the increase in telephone use, but in either case, it is clear that rate reductions were dramatic. See Yoshihiro Takano, ”Nippon Telegraph and Telephone Privatization Study: Experience of Japan and Lessons for Developing Countries,” World Bank Discussion Papers 179, 1992, 51.
23 The national postal savings system gave the government massive amounts of capital to invest, since interest rates in postal savings were higher than bank rates, which were regulated by MOF. In 1985, the postal savings assets topped 100 trillion yen, or $555 billion, with exchange rates at the time. Postal savings were also often the only available place to deposit savings in remote areas, and the unanimity of post offices made postal savings attractive for people requiring the ability to withdraw money in multiple areas. See Chalmers Johnson, ”MITI, MPT, and the Telecom Wars: How Japan Makes Policy in High Technology,” in Johnson et. al. eds., Politics and Productivity: the Real Story of Why Japan Works (USA: Ballinger Publishing Co., 1989), 208.
24 Anchordogy, 520-522.
25 Takano, 80.
26 According to Takano, using sources from NTT, in 1979 and 1980, NTT’s contributions to the government were slightly less than $259 million in 1979 and rose to approximately $3.5 billion in 1990.
27 Vogel, 140.
28 Anchordogy, 522-529.
29 Vogel, 142.
30 NTT was not alone in looking down on MPT, as officials of other bureaucracies and business men around Kasunigaseki noted that they wore sandals within the ministry and out to lunch. Oonishi, Katsuaki et al. Joho Tsushin: Nihon no Biggyo Han Indasutori (Tokyo: Orsuaki Shoten, 2000), 157.
31 Other major issues addressed by Rincho included the privatization of Japan National Railroads. Vogel, Freer Markets, 143-144. Johnson, 194.
32 Vogel, 145.
33 Ibid., 143. Johnson, 217.
34 “Zoku politicians” is an informal label for professional politicians who have served in one or more politically appointed posts at a given ministry. Not to be confused with career bureaucrats-turned politicians, zoku politicians add valuable expertise to factions within the LDP, which try to gain a broad range of zoku Johnson, 203.
37 For details on the first three initial public offerings of NTT shares, see Takano, 27-37.
38 Chairman Shinso of NTT was arrested in the fallout of the Recruit Scandal in March 1989. Takano, 35.
39 Oonishi, et. al., 161.
41 Ibid.
42 Ichii, 141.
43 Personal Interview, former member of Telecommunications Deliberation Council, March 2002, Stanford University.
Catalysts, Choices and Cooperation

Japanese Military Normalization and the US-Japan Alliance

Jacob Brown
University of Washington

Jacob Brown dissects the contemporary Japanese political debate over constitutional revision and the nation’s military role in the world in “Catalysts, Choices and Cooperation: Japanese Military Normalization and the US-Japan Alliance in the 21st Century.” Analyzing a combination of external factors, from the end of the Cold War to the American engagements in Afghanistan and Iraq post-9/11, and internal factors, including changes in the balance of power among differing political factions and in social attitudes as a new generation voices an opinion of its own, Brown finds the US-Japan alliance is in no danger of withering away anytime soon, though constitutional changes are on the horizon.

On February 7, 2004, the Japan Times printed a special article on the Japanese Self Defense Force’s (JSDF) dispatch to Iraq, proclaiming what many in the United States government and intellectual community had been waiting to hear: “Japan has crossed the Rubicon.” This allusion, recalling to Julius Caesar’s fateful decision in 49 BCE to lead his armies back across the Rubicon River into Rome, connotes an irrevocable commitment to a course of action. While Prime Minister Koizumi Junichiro’s decision to send his troops to Iraq may or may not portend an irrevocable change in Japan’s foreign and security policy, it does bring into focus trends therein that have been gaining momentum since the early 1990s.

A variety of forces have converged in Japan to produce conditions under which the Liberal Democratic Party’s (LDP) long-held goal of constitutional revision has become a more credible possibility. Specifically, Article IX of the Japanese constitution, which bans Japan from engaging in collective self-defense, is currently subject to an unprecedented degree of national scrutiny. Through Article IX revision, Japan may establish the legal, political, and doctrinal framework for a more normalized military role and open the door to substantially improved military cooperation between Japan and its principal ally, the United States. The specifics of any changes, however, are still subject to fierce debate by the three main ideological camps that currently compete to define the process of constitutional revision.

Catalysts: Why Constitutional Revision? Why now?

Since the collapse of the USSR in 1991, three processes have combined to cast serious doubt upon the functionality of Japan’s constitutional ban on collective self-defense and forsaking of offensive military capabilities. The first two processes, which are interrelated, are external; post-cold war changes in Japan’s geo-strategic landscape and changes in the balance of Japanese domestic politics. The third process is defined by social changes associated with the natural, demographic process of generational replacement. Together, these processes have far-reaching implications for the future of the US-Japan alliance.

External Changes in Japan’s Geo-strategic Landscape: Post-war Security Strategy

In the post-World War II era, Japanese security strategy was defined by the “Yoshida Doctrine,” the policy set by Prime Minister Yoshida Shigeru, under which Japan sought security through alignment with the US, supplemented by limited national rearmament. Stressing alignment over alliance, the Yoshida Doctrine was designed largely to allow Japan to walk a fine line between abandonment by the US and entrapment in US military actions. The doctrine first progressed from theory into practice with the signing of the 1951 US-Japan Security Treaty. Under the terms of this treaty, Japan provided the US with bases to allow for American power projection into East Asia. In return,
the Japanese received an implied US security guarantee, including shelter under the US nuclear umbrella. The security guarantee was made explicit under Article 5 of the revised 1960 Treaty of Mutual Security and Cooperation between the US and Japan, under which the Japanese would observe their Article 6 obligation to continue to supply the US with bases on Japanese soil.

At this stage, the Japanese remained wary of their security arrangement with the US; in negotiating the 1960 treaty, Japan stressed that it could not participate in collective self-defense and that Japan could not dispatch troops abroad to assist US troops in action. The developments of the Cold War, however, restructured the international security environment. In his 2004 book Japan’s Re-emergence as a ‘Normal’ Military Power, Christopher W. Hughes, notes that:

During the late 1970s and 1980s, the enhanced common threat of the USSR forced a convergence of Japanese and US strategic interests . . . Japan and the US discovered, for the first time, a division of labor for military cooperation under the security treaty.\(^5\)

This division of labor was defined in the 1978 Guidelines of Japan-US Defense Cooperation. Through these guidelines, Japan and the US outlined the particulars of bilateral cooperation in both Japan’s immediate defense and in regional contingencies in the Far East.\(^6\) The Japanese perception of US military activities underwent a profound shift at this time; countering the Soviet threat, even if not on Japanese territory, was perceived as contributing to Japanese security. It was in this mindset that in 1981 Prime Minister Suzuki Zenko for the first time publicly referred to the US-Japan relationship as an “alliance,”\(^7\) and for 10 years the logic of this arrangement persisted unchallenged.

The Collapse of the USSR

The sudden collapse of the USSR in 1991 removed the main rationale for the US-Japan security alliance. Lacking the clear paradigm of Soviet containment, the US-Japan alliance entered a period of uncertainty. A process identified in the Armitage-Nye report as “post-cold war drift”\(^8\) and heightened tensions between the US and Japan began, coming to a head in the 1991 Gulf War.

Thirty-seven allied nations provided ground, air or naval support for Operation Desert Storm, with Japan noticeably absent. Its contribution was entirely financial, consisting of $13 billion for the war effort.\(^9\) As significant as this financial support may have been, Japan’s actions were dismissed internationally as “checkbook diplomacy.” Moreover, Kuwait declined to include Japan in a list of allied countries it thanked for liberating the emirate.\(^10\) Japan did eventually dispatch six mine sweepers to the Gulf in April 1991 to assist in cleanup activities—after stressing that all combat had ceased\(^11\) —but this action was widely regarded as too little, too late.

Ultimately, Japan’s largest contribution in the 1991 Gulf War was to its own national shame; a senior Japanese diplomat, Okamoto Yukio, noted that “Japan was laughed off by the rest of the world as little more than a ‘checkbook dispenser.’”\(^12\) Additionally, “Japan’s failure to actively support its US ally in the Gulf War, and to meet US requests to participate more actively in security at the global level, was the first indication that the status quo in its security policy was no longer tenable.”\(^13\)

The questions raised by the Gulf War debacle gave the Japanese serious reason to rethink their security policy and opened the door for new types of participation. This was first illustrated by Japan’s passage of the Peacekeeping Operations (PKO) Law in 1992, which allowed for JSDF participation in United Nations peacekeeping operations; a new capability quickly demonstrated by UN PKO in Cambodia.\(^14\) According to Paul Midford, it was participation in this UN mission that broke the Japanese domestic taboo on foreign military deployment.\(^15\)

The 1990s Continued: a Decade of Security Crises

After the Gulf War, the rest of the 1990s brought a series of security crises that heightened the Japanese regional threat perception and raised further doubts about existing security policy, especially the status of the US-Japan alliance. Trouble continued with the 1993-1994 North Korean nuclear crisis, in which North Korea threatened to withdraw from the Nuclear Non-Proliferation Treaty and conducted a ballistic missile test in the Sea of Japan.\(^16\) Negotiating a substantial military build-up in South Korea to combat the rising North Korean threat, the United States also requested military assistance from Japan but was unable to secure a sufficient response. The Japanese government, taking on a role similar to the one it had during the Gulf War, was unable to support the US in any military action. As Hughes notes, this
“led to a full-blown crisis of confidence in the alliance, raising concerns about its future viability and raising the specter of Japan’s abandonment by the US as an unreliable ally.”17

In 1995, missile tests would again send shockwaves through the alliance, this time from China. In an attempt to influence the 1996 Taiwanese elections and send a strong signal to the US, China launched at least 10 ballistic missiles into the sea surrounding Taiwan and conducted a series of war games.18 Landing within 60 kilometers of Japan’s Exclusive Economic Zone (EEZ),19 the missile tests presented Japan with a concrete demonstration of China’s rising military capabilities and willingness to use force for political purposes, raising familiar questions about abandonment and entrapment, and whether the US should enter into conflict with China over Taiwan. With the capacity of the US-Japan alliance to deal with such crises in doubt, President Clinton and Prime Minister Hashimoto met in 1996 and announced plans to update the 1978 security guidelines in light of Japan’s evolving strategic environment.20

The process of external events affecting Japanese security policy continued with yet another crisis: the 1998 North Korean Taepo-dong 1 missile launch. Launched on August 31 from a test launch pad in eastern North Korea,21 the missile’s Scud-B-derived second-stage actually continued over mainland Japan, landing in the waters off the Sanriku coast. The incident prompted great concern among the Japanese, drastically heightening the public’s threat perception of North Korea, and confirmed to policymakers that Japan was extremely vulnerable to ballistic missile attack.22 Adding to Japan’s wariness of North Korea was a series of intrusions into Japanese waters by suspected North Korean spy vessels in 1999.23 Today North Korea represents the most immediate threat motivating Japan to adopt a stronger military posture within the US-Japan alliance.24

**September 11th and the MSDF Dispatch to the Indian Ocean**

Shortly after the tragic events of September 11, 2001, the White House announced a new security policy of preemption.25 President Bush justified this radical departure from Cold War theories of containment and reaction by saying “the only path to peace and security is the path of action.”26 Japan responded to the changes in American foreign policy by recognizing that American priorities had shifted from extended deterrence to offensive preemption.27 Desiring to avoid a repeat of the 1991 Gulf War debacle, Japan dispatched the Maritime Self Defense Forces (MSDF) to the Arabian Sea to provide rear-area logistical support for the US military in Operation Enduring Freedom.28 To facilitate this action, the Japanese Diet passed the Anti-Terrorism Special Measures bill on October 29, 2001, allowing the JSDF to supply fuel and other material to US forces, and JSDF troops to fire weapons in self-defense.29 Japan’s contribution to the Afghanistan campaign revealed a marked shift in security policy compared to just one decade earlier. Further evidence of this trend is provided by Japan’s contributions to Operation Iraqi Freedom.

**2003 Operation Iraqi Freedom – The JSDF in Iraq**

The Japanese Diet passed the Law Concerning the Special Measures on Humanitarian and Reconstruction Assistance in Iraq on July 26, 2003.30 The law stipulated that the JSDF dispatch to Iraq would provide logistical support for the US and coalition forces engaged in Operation Iraqi Freedom and participate in non-combat reconstruction missions.31 In stark contrast to the 1991 Gulf War, and continuing the trend began by MSDF participation in the Afghanistan campaign, Japan had boots on the ground in Iraq. Japan’s logic for this increased role was made clear by Prime Minister Koizumi when he said, in a December 9 press conference about his cabinet’s decision to dispatch the JSDF to Iraq, that:

. . . in order to ensure the peace and security of Japan, and achieve greater prosperity, we must continue to enhance the Japan-US alliance . . . . Japan cannot alone secure its own peace and security . . . I believe that Japan must also be a trustworthy ally for the United States.32

Here Koizumi reasoned that the dispatch of the JSDF to Iraq was essential in enhancing the US-Japan alliance and building US confidence in Japan’s status as a credible ally. His comments are further evidence of Japan’s new willingness and perhaps eagerness to participate more proactively in international security. Finally, Koizumi indicated that a more proactive Japan, one more involved in military affairs, would stay close to the United States and the bilateral alliance; such cooperation would likely require revision of Article IX.

In general, these external, post-Cold War events have heightened regional threat perceptions in Japan, especially vis-à-vis
China and North Korea, while raising doubts about the tenability of Cold War-era justifications for the US-Japan alliance. The next section will examine the process of internal changes in the balance of Japanese domestic politics that have occurred in response to the geo-strategic changes, making Japanese constitutional revision an even more open prospect.

**Process of Internal Changes in the Balance of Domestic Politics**

The traditional ideological divide in Japanese politics was fashioned after the bipolar paradigm of the Cold War. The collapse of the USSR was therefore deeply destabilizing to the traditional or “1955” system. Upset by this challenge, the balance of Japanese domestic politics was completely redefined in the aftermath of the 1991 Gulf War, with far-reaching implications for constitutional revision and for Article IX. This section will examine the three main political camps that have battled over the Japanese constitution since the 1950s: the conservative pragmatists, the conservative revisionists, and the leftists. Following this analysis, we will see how since 1991 in particular the conservative revisionists have gained support at the expense of both the conservative pragmatists and the leftists, making the grounds for constitutional revision increasingly fertile.

**Post-war Constitutional Debate**

After Japan’s defeat in World War II, Douglas MacArthur’s staff produced a document that would become Japan’s constitution. Known as the 1947 Peace Constitution, the document imposed strict prohibitions on Japan’s right of belligerency. This was articulated as follows in Article IX:

1. Aspiring sincerely to an international peace based on justice and order, the Japanese people forever renounce war as a sovereign right of the nation and the threat or use of force as a means of settling international disputes

2. In order to accomplish the aim of the preceding paragraph, land, sea, and air forces, as well as other war potential, will never be maintained. The right of belligerency of the state will not be recognized.

The interpretation of Article IX was subject to considerable debate. In 1954, the Cabinet Legislation Bureau (CLB) released its first formal interpretation, declaring that, because Japan as a sovereign nation had the right to self-defense, the maintenance of military forces for self-defense was not unconstitutional as long as such forces did not exceed the minimum necessary force to repel a direct invasion of Japan. Under this interpretation, however, Japan could not send forces abroad or participate in any form of collective self-defense. On this basis the debate surrounding Article IX has been taking place since the 1950s.

**The Conservative Pragmatists**

The Liberal Democratic Party (LDP) of Japan, which ruled the Diet without interruption from 1955 to 1993, was composed mainly of two groups of conservatives: the pragmatists and the revisionists. The conservative pragmatists, represented by Yoshida, have traditionally held more sway than the revisionists, and were responsible for the most basic component of Japanese defense policy—the Yoshida Doctrine.

It was at the request and under the supervision of Prime Minister Yoshida that the CLB’s 1954 interpretation of Article IX was drafted. The concepts of limited self-defense capabilities and a ban on collective self-defense were designed pursuant to an asymmetrical security relationship with the US, leaving Tokyo free of equal commitments to Washington. Such commitment, according to Yoshida and the rest of the conservative pragmatists, would allow Japan to focus on economic success in the absence of burdensome defense spending and supply Japan with the security of US extended deterrence without the risk of entrapment in American military ventures.

**The Conservative Revisionists**

The revisionists, in contrast to the pragmatists, adhered to a more realpolitik ideology of national security, advocating national rearmament and more conventional security arrangements. In the post-war years, the revisionists were led by such politicians as Hatoyama Ichiro, Kishi Nobusuke, Nakasone Yasuhiro and Ozawa Ichiro. Following the establishment of the SDF in 1954, Nakasone and Ozawa argued against the limitations defined in Article IX and in favor of an increased role for the SDF. Additionally, these politicians supported a complete revision of the constitution aimed at replacing the American-supplied document with one drafted entirely by the Japanese (jishu kempo, or an independent constitution).
Focused not only on the nationalist goal of a truly Japanese constitution, the revisionists also called for the revision of Article IX pursuant to the rebuilding of Japan's military capabilities and a more reciprocal security arrangement with the United States. This line of reasoning, however, did not represent the mainstream sentiment of the LDP in the post-war years, so the party did not pursue the revisionist agenda for constitutional revision.  

The Leftists

The leftist political camp in post-war Japan functioned almost exclusively as opposition to the LDP. This group, represented mainly by the Japanese Socialist Party (JSP), viewed Japan as a “peace nation” (heiuwa kokka) and was wholly pacifist. This position gained political momentum during the 1960’s, becoming a notable political and social force. Officially, the JSP represented a larger socialist agenda: Green notes that the party became “increasingly wedded to a rigid ideological position (opposing constitutional reform, nuclear energy, and any remilitarization) and lost credibility as anything other than a ‘brake’ or protest vote against the LDP”.

The JSP steadily lost support throughout the Cold War, as other opposition parties arose to siphon votes, including Kōmeitō (the Clean Government Party) and the Democratic Socialists. The LDP’s dominance was never truly threatened, however, until after the collapse of the USSR, when Japanese politics were thrown into flux. While the LDP has again held power since 1994 (following a year-long stint in opposition), its position has shifted in favor of the revisionists, and both the conservative pragmatists in the LDP and the leftists in opposition have been correspondingly weakened.

Domestic Political Change since 1991

Following Japan’s poorly received performance in the 1991 Gulf War, revisionist politicians in the LDP exploited Japan’s national shame, garnering popular support. Stalwart conservatives in the LDP, including Ozawa Ichiro, defected and formed their own parties. Ozawa, leading a party of 43 ex-LDP politicians, formed an eight-party coalition under Hosokawa Morihiro that included every opposition party other than the LDP and the Japanese Communist Party (JCP). Morihiro’s coalition seized the majority of the Diet in 1993, and for the first time in forty-three years the conservative LDP was in the opposition.

In June of 1994, however, the LDP arranged a coalition with its formal rivals in the JSP and again rose to power. This arrangement proved fatal for the Socialists; as a price for becoming prime minister of the LDP-JSP coalition, the LDP forced Socialist Murayama Tomiichi to endorse the US-Japan Security Treaty, greatly alienating the JSP political base. By May of 1998, the JSP had been reduced to only 18 seats, and was forced to back out of the LDP-JSP coalition, limping away under Doi Takao and forming the Socialist Democratic Party. The name change did little to aid the Socialists, however, and they have to yet to recapture any semblance of their former numbers; the Japanese left has remained decimated since 1998.

Corresponding to the fall of the Japanese leftist camp has been the rise of revisionist elements in the center and right. When the JSP left the LDP coalition in 1998, the LDP re-formed with the centrist-party, Kōmeitō, whose politicians have come to endorse an enhanced Japanese role in international peacekeeping, collective security under the UN, and expanded defense cooperation with the US—perceptions bolstered by the rising perceived threat of North Korea and China. Thus the LDP’s coalition partner is somewhat in tune with the revisionist agenda.

The main opposition to the LDP coalesced in 1998 under the name the Democratic Party of Japan (DPJ). Formed from defectors from Ozawa’s New Frontier party, ex-Socialists, and the New Japan Party, the DPJ became an eclectic mix somewhat further to the left than the LDP. In practice the DPJ, however, does espouse stronger cooperation with the United States, but in general leans toward a more UN-centric security policy than the right of the LDP. In September 1999, Hatoyama Yukio ran successfully for DPJ party presidency while actively supporting constitutional revision to attract younger politicians. In fact, as Green notes:

While resistance to this rightward drift continues within the DPJ, the party is increasingly overlapping on foreign policy and defense with the LDP, with the DPJ highlighting tactical differences with the government over process and transparency rather than new coordinates for Japan’s international role.

The main opposition, in stark contrast to the 1955 System, was by 1999 much closer to the conservative revisionist position than the DSP had ever been; the Left no longer represents a
major obstacle to defense policy. Furthermore, a 1999 survey by political scientist Kabashima Kuo found that there had been a shift to the right by all major parties other than the Japanese Communist Party and the Socialists. Further shifts in Japanese domestic politics, especially within the ruling LDP, have occurred since Prime Minister Koizumi assumed office in 2001.

The Koizumi Era: 2001 – Present

Koizumi Junichiro was elected prime minister in a landslide victory, securing 61.19 percent of the vote. Koizumi’s victory was further distinguished by the unique circumstances under which it was won: due to a set of previously-enacted electoral reforms, observes Shinoda, “Koizumi was the first LDP president and prime minister to be selected outside of the traditional factional power struggles” that corrupted and defined the 1955 System. Koizumi’s approval rating reflected his more “natural” path of election; a poll taken by the Yomiuri Shimbun immediately after the establishment of his cabinet found this number to be 87 percent.

Immensely popular, Koizumi’s power was further bolstered by a set of governmental reforms enacted in 1999 by Ozawa, which consolidated the cabinet and greatly increased its relative strength and efficiency. The cabinet was strengthened again in 2001 by an administrative reform known as the Cabinet Law, which granted the prime minister and the cabinet the power to initiative and proceed with policy processes independent of the relevant ministry.

Armed with an unprecedented degree of support and influence, Koizumi set about pursuing his agenda, which included constitutional revision. The emergency legislation drafted in 2001 and 2003 to allow the SDF dispatches to the Indian Ocean and Iraq, respectively, were part of this agenda. Samuels notes that Koizumi has also consolidated the LDP’s position by “systematically punish[ing] pragmatists and reward[ing] revisionists within the party” throughout his first years in office. In November 2004, the LDP released a draft outline for revising the constitution. In this draft, the LDP called for Japan to explicitly claim the right to maintain military forces for national defense, participate in collective self-defense, and authorize the use of force in conjunction with UN peacekeeping operations. A month later, Koizumi launched a task force to form a complete draft for revision, the results of which are expected before the LDP’s 50th anniversary in November 2005. At the team’s first meeting, Koizumi pledged to revise the constitution “at any cost.”

Popular Support under Koizumi: a Moderating Factor

Popular with the public as well as his party, Koizumi has enjoyed great popular support for his cabinet and his policies. The JSDF participation in Iraq, however, has proven an unpopular decision and a difficult issue. While public approval for the dispatch increased to more than 50 percent by November 2004, approval has since dropped: an early 2005 poll by the Kyodo News agency found that a majority of Japanese wanted Japan to withdraw its troops from Iraq following the withdrawal of Dutch forces in March. Additionally, 65.2 percent of respondents said the Japanese troops should withdraw immediately if any Japanese troops in Iraq were killed or injured. This sentiment could have a moderating effect on public support for constitutional revision, which was polled at 61% in April 2005.

Certainly domestic disapproval was a factor in the LDP’s relatively poor showing in the July 11, 2004, upper-house election, coupled with the gains of the DPJ and Komeito. According to Rust Deming of the Institute for National Strategic Studies at the National Defense University, these setbacks may force “substantial movement toward revision of the constitution” as far back as late 2006 or early 2007. Nevertheless, “the process,” notes Deming, “will keep moving forward.” According to his predictions, the Diet will approve constitutional amendments sometime between 2007 and 2010, with the constitution itself being revised following a national referendum sometime between 2008 and 2012.

Japanese domestic opinion has been building steadily in favor of constitutional, and specifically, Article IX revision for over a decade. Part of this process, as mentioned in the beginning of this article, has been the natural demographic process of generational replacement. The details and implications of this process will be discussed in the next section.

Demographic Change: Generational Replacement and Popular Opinion

Although politicians such as Yoshihiko maintain that Japan’s post-war pacifism represented a pragmatic calculation vis-à-vis the US-Japan security alliance, this was not the case for the Japanese
people. Following World War II, there developed at the grassroots a genuine abhorrence of even the most abstract concept of warfare. A principal effect of this national sentiment was the near-complete assimilation of Article IX into post-war Japan’s social definition.

Japan’s younger generation, however, is far removed from the events and times that justified this social definition. “They grew up in a peaceful and prosperous Japan,” asserts a 2002 study by the Center for Strategic and International Studies (CSIS), “and have no living memory of World War II or its immediate aftermath.” Consequently, “they are prepared to take on greater responsibility within the US-Japan alliance and in the Asia-Pacific region.” This ambition is present in both young political elites and the younger generation at large. Moreover, because any revision to the Japanese constitution must pass a national referendum, this trend is of great relevance to the revision process. In fact, as reported by the Mainichi Daily News service, “many commentators believe that the reason support has tipped in favor of revising the Constitution lies in generational change.”

The Center for Strategic and International Studies divides the Japanese population into two main categories—those who are over 50 years old and have memories of WWII or the immediate post-war period, and those who are younger than 50 and were shaped not by memories of war, but by Japan’s economic surge in the second half of the 20th century. It is the second generation who, in the next 10 to 15 years, will occupy the bulk of Japan’s senior leadership positions. For the immediate future, they will remain an important influence on Japanese policymaking. Notably, although Prime Minister Koizumi is part of the older generation, his personal views and policies appear to reflect more accurately those of the younger generation.

**Views on Constitutional Revision**

Japan’s younger generation is largely in favor of constitutional revision. A 2002 Yomiuri Shimbun survey found that 80 percent of Diet members under 39, and 73 percent of those 40 to 49 years old support constitutional revision. Furthermore, 64 percent of responding politicians believed that issues related to Article IX should be re-assessed. This view is not limited to politicians: a summer 2004 article by Agence France Presse reported that more than 60 percent of Japanese in the 20-30 age bracket support constitutional change. Additionally, while only 40 percent of Japanese were willing to entertain revisions to Article IX in mid-2004, this number went up 14 percent from a similar survey conducted three years earlier. By April 2005, this number had reached almost 60 percent. Notably, the CSIS study found that this support for revision is geared mainly towards “address[ing] the current limitations that constrain Japan from playing a more active role within the [US-Japan] alliance.”

Shifting popular opinion, external changes to Japan’s geo-strategic landscape, and accompanying shifts in the balance of Japanese domestic politics have produced conditions under which Japan’s constitution is more likely to be revised. The qualities of this potential revision, however, are still under debate. This debate will be examined in the next section.

**Choices: The Battle over Article IX**

Just months from its 50th anniversary in November 2005, the LDP is steadily nearing the accomplishment of its decades-old ambition: constitutional revision. The Diet is still divided on how exactly to do this, and LDP members themselves are split on the issue. Japanese politicians who seek to revise the constitution can be divided into three main camps: the Bilateralists, the Multilateralists, and the neo-Realists.

**The Bilateralists**

The Bilateralists are defined by their preoccupation with the US-Japan alliance as the best guarantor of Japan’s security and prosperity. Following the Cold War, the Bilateralists have sought to pursue constitutional revision as a way of increasing cooperation with the United States, thereby strengthening the alliance. Cooperation here refers to military cooperation; some even advocate an offensive role for Japan’s military alongside US forces. For example, Kiyoshi Sugawa of the Brookings Institution reports that:

Katsuoshi Kawana, a Marine SDF (MSDF) officer suggests that the SDF ‘should enlarge the scope of its operations, specifically to include offensive operations to support U.S. forces within Japanese areas of interest.’ He proposes strengthening ‘functions such as anti-mine warfare, maritime transport, and seaborne supply’ to ‘support amphibious operations by U.S. forces.'
To Sugawa, the MDSF officer is an ‘Alliance Supremacist,’ a classification equivalent to the term Bilateralist or Rust Deming’s Alliance Nationalist. It must be noted, however, that the Bilateralist camp does not, on the whole, support an offensive role for Japan’s military. Although there is a broad consensus within the group on the issue of collective self-defense, as Deming notes, the Bilateralist camp:

support[s] a broad interpretation of the right of self-defense and collective self-defense, including a more active rear-area support for U.S. forces, full cooperation with the United States on BMD (Ballistic Missile Defense), and the right of Japan to take pre-emptive action against missiles sites . . . To accomplish these objectives, the [Bilateralists] urge removing the constraints on collective self-defense.

Notables in this group include Prime Minister Koizumi, JDA Minister Ishiba, Transportation Minister Taro Aso, and former Prime Minister Hashimoto.

The Multilateralists

Like the Bilateralists, the Multilateralists support an expanded military role for Japan. They are distinct in believing that this role should function primarily under the United Nations, as opposed to the United States. This camp constitutes a significant, centrist group in Japanese politics, and includes members of the LDP, Komeito, and DPJ.

The logic of the Multilateralist camp has been invoked in the past, for example when the SDF was sent to Cambodia for UN peacekeeping operations. Recognizing that international stability is key to their own security, the Multilateralists have advocated international peacekeeping as a way of both soothing global hot-spots and preventing Japan from being abandoned by the international community at large. In order to expand this participation in the future, thereby ensuring Japan’s security vis-à-vis the international community, the Multilateralists argue that Japan should lift its ban on collective self-defense in order to participate in UN collective security arrangements. Some in the Multilateralist camp, including former deputy chief of the DPJ Ozawa Ichiro, argue that Japan should also establish a separate force from the SDF for the sole purpose of participating in UN-led operations. Ozawa submitted a draft constitutional revision in September 1999 suggesting that a third paragraph be added to Article IX:

(3) The preceding second paragraph does not prevent Japan from exercising its right to self-defense and from maintaining armed forces to exercise that right.

Ozawa explained that this article would articulate Japan’s right to engage in both individual and collective self-defense. Additionally, Ozawa argued for the insertion of a completely new article, which would read:

The Japanese people shall take the initiative in participating in international peace activities, in order to maintain and restore international peace and security from threats to peace and acts of destruction and aggression, and actively contribute to world peace, through every means including armed forces.

This active contribution, in Ozawa’s view, would require the establishment of a standing UNF, for which Japan and other major world powers would provide both human and economic resources.

Ozawa’s proposal reflects a genuine concern among many Japanese; on the one hand, they seek to contribute more to international security, while on the other they are wary of entrapment in exclusively American military ventures. Careful diplomatic efforts on the part of the United States may be necessary to assuage the concerns of this group.

The Neo-realists

The Neo-realists are the smallest of the three groups identified in this section, constituting no more than 10 percent of the political spectrum. In general, this group argues that Japan must become a “normal” country and cast aside its constitutional constraints on the use of military force. The Neo-realists also maintain that Japan must increase its indigenous defense capability, decreasing its reliance on the United States. This attitude reflects the realist philosophy of this camp, which distrusts certain elements of Liberalism that are more alliance-focused. Just because the Neo-realists advocate a more autonomous Japan, however, does not mean that they are prepared to cast off the alliance entirely. According to Sugawa, the group seeks mainly to “enhance certain indigenous capabilities while turning to the U.S alliance for ‘insurance’ against large-scale threats.” In this way, the United States is still seen as a vital buffer against China and North Korea.
in the long run.

In order to strengthen the US-Japan alliance, the Neo-realists are prepared to increase Japan’s military cooperation with United States military operations, provided that such operations directly advance Japanese interests. Japan would also have to be granted increased decision-making power and assume a more assertive role in the alliance. Thus, the Neo-realists aspire to redefine the US-Japan alliance on more equal terms, and are therefore more willing to negotiate for a reduction of the US military’s footprint in Japan.

Because of their demands for greater power within the alliance and innate appreciation for greater autonomy from the United States, the Neo-realists could present some challenges to the United States, should they prevail in the battle for Article IX. However, as Deming notes, they “have little chance of becoming the dominant voice in Japan, barring a catastrophic collapse of the US-Japan alliance or a major conflict in the region.” Hence it is unlikely that Neo-realist thinking will dominate the course of Japanese constitutional revision.

Although the battle between these three camps may frustrate progress toward constitutional revision, a tentative consensus may emerge following the release of the LDP’s revision draft later this year. A 2004 study on Japanese defense policy, published just prior to the release of the 2004 National Defense Program Guidelines, provides some insight into how such a consensus may be reached. This study will be examined in the next section.

The LDP Vision: A Consensus Emerging?

In March 2004, the LDP released a study titled “Recommendations on Japan’s New Defense Policy.” The report is summarized by Deming:

To address both traditional threats of state aggression, focused on North Korea and 21st-century threats by non-state actors, the LDP report argues that Japan needs to enhance the credibility of the U.S.-Japan alliance, play a more active role in international organizations such as the United Nations, and strengthen regional cooperation by utilizing the Association of Southeast Asian Nations Regional Forum and Six-Party Talks.

Regarding Article IX, specifically, the report recommends that Tokyo make “a clear statement that Japan possesses the right of individual and collective self defense [and] a new definition of the SDF as a national defense force that is tasked not only with the defense of Japan but also with participation in activities for the maintenance and restoration of international peace.”

Regarding the US-Japan alliance, the report recommends, inter alia:

- Enacting a general law governing international cooperation activities of the SDF [with the US, for example] to replace the ad hoc approach of passing specific legislation for each overseas mission
- Transforming the SDF force structure with an orientation toward rapid-response units for ground forces and increased maritime and air transport capability to support the new importance of Japan’s involvement in international activities [vis-à-vis the US or the UN]
- Ensuring the smooth introduction of a ballistic missile defense system by streamlining command and control arrangements in view of the compressed decision-making timeframe and spelling out the operational arrangement with US forces
- Deepening the U.S.-Japan defense cooperation by building on the 1997 Guidelines for Defense Cooperation to allow SDF and U.S. forces, whenever Japan deems necessary, to work together beyond the treaty area of the Far East in such areas as international peace and stability operations and in response to other emerging threats

In general, the report attempts to offer a compromise among the three camps, tilting toward the Bilateralist and neo-Realist camps by calling for a more activist Japanese role in respect to the US-Japan Security Treaty, reducing constraints on Japan’s autonomous defense activities and conceding to the Multilateralist camp on the issue of expanded international cooperation. The collaborative nature of this report could therefore represent model for consensus among the three camps, should one emerge. As discussed earlier, however, the unpopularity of JSDF participation in Iraq and the LDP’s losses in the 2004 upper-house elections have weakened Koizumi’s ability to take on major new initiatives and may frustrate his efforts to push for such a consensus; although, these difficulties are not likely to stop the revision process so much as delay it.
Cooperation: The US-Japan Alliance in the 21st Century

In December 2004, the National Intelligence Council released a report that predicted, “with relative certainty,” the rise of China as a major military and economic global player by the year 2020.\textsuperscript{118} Indeed, the violent anti-Japan protests seen in China this April foreshadow future crises.\textsuperscript{119} It is scenarios such as these, combined with the specter of North Korea’s nuclear program and the general post-September 11 threat environment, that have provided the impetus for American officials to make urgent comments—as Richard Armitage did in July of 2004—that Article IX was an obstacle to the further strengthening of the US-Japan alliance.\textsuperscript{120}

Indeed, the US continues to push for Japan to assume a bigger military role in the alliance. In April 2005, the Associated Press reported that negotiations were underway to realign US forces in Japan pursuant to “nud[ging] Japan out from under the U.S. security blanket and mak[ing] Tokyo a much more active player in global strategic operations.”\textsuperscript{121} Lt. Gen. Bruce A. Wright, head of the U.S. Forces Japan, said that the negotiations were designed principally to “safeguard the credibility and deterrent power of the alliance and bolster ‘interoperability’ with the Japanese [emphasis added],”\textsuperscript{122} a term that is highly telling of Washington’s intentions for the US-Japan alliance.

So what can be expected of the alliance in the future? As previously discussed, Prime Minister Koizumi has been both a staunch supporter of constitutional revision and an eager participant in international security efforts. With his term set to end in 2006, it is not unlikely that Koizumi will launch a concerted effort toward revision in the remainder of 2005.\textsuperscript{123} With public opinion and the political landscape more amenable to revision than ever before, an increased degree of military cooperation between the US and Japan seems likely in the near future.

Increased military cooperation, however, would not necessarily entail an equal division of labor in all military affairs, such as the major ground offensives and urban combat seen in Iraq. While Tetsuo Maeda of Tokyo International University has correctly observed that “the United States wants Japan to assume a role very much like…the British”\textsuperscript{124} in cooperative military ventures, such a dramatic shift would prove difficult—a majority of Japanese politicians are still wary of revising Article IX, although an April survey appearing in the Yomiuri Shimbun revealed that nearly 60 percent of the Japanese public finds that current constitutional restrictions prevent Japan from playing an appropriate role in international security.\textsuperscript{125} And although the House of Representatives Research Commission on the Constitution publicized a report in April calling for the preservation of Article IX, the commission was reportedly divided on the issue of collective self-defense, with some members demanding that Japan be allowed to participate without limitation.\textsuperscript{126}

Therefore, in the short term, increased military cooperation between the United States and Japan will likely be characterized by the continued development of existing projects in Ballistic Missile Defense, counter-proliferation, intelligence and peacekeeping and humanitarian-reconstruction missions. As these projects progress, however, and cooperation increases past levels that can be justified under the current constitution, it is likely that Article IX will slip into obsolescence.\textsuperscript{127}

Conclusion

In this article it has been presented that the convergence of three processes has produced conditions in Japan under which the Liberal Democratic Party’s (LDP) long-held goal of constitutional revision has become a more credible possibility. External changes in Japan’s geo-strategic landscape have prompted internal changes in the balance of Japanese domestic politics, which have combined in turn with the natural demographic process of generational replacement. The result is a building consensus towards the revision of Article IX.

The debate over Article IX, however, is far from finished. Three main political-ideological camps currently compete to define the process of Article IX revision: the Bilateralists, the Multilaterals, and the neo-Realists. The future development of the US-Japan alliance may therefore depend on the prevailing thinking that ultimately guides any revision to Article IX. A projection of current trends would indicate, however, that Japan will not deviate far from the alliance, and will rather seek to strengthen the alliance in order to best confront the threats of the 21st century. This endeavor will likely necessitate an end to the Japanese ban on collective self-defense, and the coming years should demonstrate an increase in military cooperation between the United States and Japan.
Endnotes


3 Christopher W. Hughes, Japan’s Re-emergence as a ‘Normal’ Military Power (New York: Oxford University Press, 2004), 21.

4 Hughes, 22.

5 Hughes, 27.

6 Ibid.

7 Ibid.

8 Armitage-Nye Report.


10 Milford, 338.

11 Hughes, 42.

12 Milford, 338.

13 Hughes, 42.


15 Milford, 342


17 Hughes, 43.


19 Hughes, 45.


22 Hughes, 44

23 Ibid.

24 Ibid.


26 National Security Strategy


28 Milford, 331.

29 Ibid., 332.


31 Hughes, Japan’s Re-emergence as a ‘Normal’ Military Power, 128.


33 North Korea’s February 10, 2005 announcement that it possesses nuclear weapons also deserves mention, but it is, as of yet, too early to discern exactly how this development will affect the Japanese domestic debate over Article IX revision.

34 Michael J. Green, Arming Japan: Defense Production, Alliance Politics, and the Postwar Search for Autonomy, (New York: Columbia University Press, 1995), 40. Note: The traditional Japanese political system, called the 1955 System, reflected the fundamental divide between the Liberal Democratic Party’s support for alignment with the West, and the main opposition Socialist Party, which represented anti-US alliance ideologies and completely opposed national rearmament.


37 Ibid.

38 Samuels, 3.

39 Ibid.

40 Ibid.

41 Ibid.

42 Ibid.


44 Itoh, 314.

45 Itoh, 314.

46 Samuels, 6

47 Itoh, 314.

48 Itoh, 314.

49 Ibid.

50 Green, 36.

51 Ibid.

52 Samuels, 7.

53 Green, 40.

54 Green, 40-41.

55 Green, 41.

56 Deming, 3.

57 Green, 41.

58 Green, 54.

59 Green, 52.

60 Ibid. See also: Green, 46.

61 Ibid., 53.

62 Ibid., 74.

63 Ibid., 55.


65 Ibid.

66 Shinoda, 23.

67 Shinoda, 24-25.

68 Shinoda, 26.

69 Samuels, 9.

70 Samuels, 8.

71 Ibid. See also a November 3, 2003 Asahi Shimbun editorial, “Article 9, Iraq, and Revision of the Japanese Constitution,” available at <http://www.zmag.org/content/showarticle.cfm?SectionID=17&ItemID=4450>.


73 Ibid.

74 Deming, 4.


76 Ibid.

77 Results of a Yomiuri Shimbun survey reported in: “National Consensus being forged...

78 Deming, 7.
79 Deming, 7.
80 Deming, 5.

82 Campbell et. al., 4.
84 Campbell, 5.
85 Ibid.
86 Ibid., 9.
87 Ibid.

90 “National Consensus being forged for top law change in Japan,” Yomiuri Shimbun.
91 Campbell, 41.
92 This division is mainly schematic and does not purport to define either permanent boundaries between Japanese politicians or officially recognized, self-proclaimed political camps; it is, however, useful in trying to understand the general ideological divisions that exist in Japanese politics and currently compete to define the process of constitutional and Article IX revision.

94 Sugawa.
95 Deming, 5.
96 Deming, 5-6.
97 Deming, 6.
98 Referred to as ‘United Nations Believers’ in: Sugawa, 2000. See also: Deming, 6 for his description of the ‘internationalists’; See also: Itoh, 315 for a description of Ozawa’s neo-Conservative proposal for constitutional revision, which, in Japanese politics, is a Multilateralist proposal.

99 Deming, 6.
100 Sugawa.
101 Deming, 6.
102 Itoh, 315.
103 Ibid., 315-316.
104 Ibid., 316.
105 Referred to as ‘Neo-Nationalists’ in Deming, 6.
106 See the description of the ‘New-Realists’ in Sugawa.
107 Sugawa.
108 Ibid.
109 Ibid.
110 Deming, 6.
111 Deming, 6.
112 Ibid.
113 Ibid.
114 Ibid., 6-7.
115 Ibid., 7.
116 Ibid.
117 Ibid.


119 An Associated Press article on April 10, 2005 reported that the protests were partially over Japan’s bid for a permanent UN Security Council seat, revealing Beijing’s regard for Tokyo as its ‘rival for supremacy in Asia.”


122 Talmadge.


Talmadge.

125 “National Consensus being forged for top law change in Japan,” Yomiuri Shimbun.


127 Hughes notes, for example, that Article IX’s ban on collective self-defense will present increasing degrees of difficulty for missile defense programs—a factor that may play a prominent role in its eventual revision. See: Hughes, 113.

Appendix:
Timeline of External and Internal Processes Affecting Japan's Constitutional Debate

Process 1: External Changes in Japan’s Geo-Strategic Landscape

1991 – USSR Collapses
– Gulf War
1992 – SDF UNPKO in Cambodia
1994 – DPRK Nuclear Crisis
1995 – Taiwan Straits Crisis
1998 – DPRK missile test over Japan
2001 – Sept. 11 WTC attacks
– JSDF to Indian Ocean
2003 – Operation Iraqi Freedom
2004 – JSDF to Iraq

Process 2: Internal Changes in the Balance of Japanese Domestic Politics

1992 – PKO legislation passes
1993 – LDP loses power in the Diet
1994 – LDP/JSP Coalition
– Electoral Reforms
1996 – Revised Defense Guidelines
1998 – End LDP/JSP Coalition.
– Start LDP/Komeito Co.
1999 – Cabinet Reforms
2001 – Koizumi elected PM.
– ATSML passes the Diet.
2003 – IHRSSML passes the Diet.
2005 – LDP Const. Revision draft (complete) to be released in spring’05.
A NEW CONTEXT FOR TECHNOLOGICAL DEVELOPMENT
RECONSIDERING SOUTH KOREA AND TAIWAN’S SEMICONDUCTOR SUCCESS THROUGH MARKET SPACE AND BUSINESS ORGANIZATION

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The rise of South Korea and Taiwan to global dominance in semiconductor manufacturing has confusingly been attributed to both state-led and market-led models of technological development. Daniel Jung maintains that statist and revisionist arguments about development fail to properly examine the dynamics of market space, and miss crucial differences between the semiconductor industry in South Korea and Taiwan. In studying these, Jung finds room for a more nuanced narrative of technological development that emphasizes local firms, not governments or multinationals, as the primary protagonists.

The globalization of advanced technological production provides no better model for success than South Korea and Taiwan’s experience in semiconductor manufacturing. Two decades ago, South Korean and Taiwanese firms entered the most technologically challenging and intensely competitive industry in the global economy. By the mid-1990s, both emerged from relative anonymity to become the third and fourth largest semiconductor producers in the world, behind the United States and Japan. Spanning this time period, South Korea’s semiconductor production grew from less than one percent to ten percent of total global output, reaching $16.5 billion by 1995. Even though Taiwan began three years after South Korea, their growth has been equally impressive, growing to $5.3 billion dollars of revenue and seven percent of the total world output by 1997. By 2002, South Korea’s semiconductor industry was producing $12 billion of output and Taiwan’s was producing $8.5 billion per year. The forces underpinning South Korea and Taiwan’s ability to close this technological gap possesses wide considerations for development theory, particularly for nations seeking to establish advanced production.

Identifying and examining the forces underpinning their success tests developmental theory through an empirical case study. In one perspective, South Korea and Taiwan’s achievements can be viewed as a testament to the effectiveness of the developmental state. Both countries overcame enormous barriers to establish leading industries at the forefront of semiconductor manufacturing; undoubtedly, the state played a large role in the establishment of these industries. More recently, revisionist arguments point to the reorganization of the global division of labor by American transnational corporations as an equally important force driving this development. If indeed the state was the primary force driving technological development, then their policies can be applied to developing countries attempting to take part in the globalization of high technology manufacturing. If the outsourcing of production by American transnational firms was an equally important force, then developing countries could embed themselves within burgeoning production networks. Connecting South Korea and Taiwan’s historical experience to these theoretical underpinnings can verify arguments and expose missing contexts, which in turn refines understandings of technological development. This paper will contrast these two theories, and incorporate them into a broader perspective by widening the context for South Korea and Taiwan’s success through the examination of market space.

Statist and Revisionist Arguments
The majority of explanations for South Korea and Taiwan’s success in semiconductor manufacturing place it within the discourse of the developmental state, defined by theorists such
as Chalmers Johnson, Robert Wade, and Peter Evans. These explanations credit governments that acted as a guiding force, targeting important industries and nurturing their growth. The case studies of South Korea and Taiwan, they argue, prove that government policies can lead the market through initiatives, protection and subsidies that create incentives for growth within certain sectors, subsequently resulting in comparative advantages. 

*Tiger Technology: The Creation of a Semiconductor Industry in East Asia* by John A. Mathews and Dong-Sung Cho is an excellent comparative account of the support given by the Korean and Taiwanese state to their local semiconductor producers. They explain that South Korean government officials considered semiconductors vital to the modernization of domestic industries and manufacturing consumer electronics. The state used Korea’s large conglomerates, or chaebol, as a vehicle to move into the industry through direct brokerage with different firms and by offering substantial financial assistance. Mathews and Cho further demonstrate that the Taiwanese government did not have the convenience of large conglomerates that could be directed towards semiconductor production. Instead, the government sponsored initiatives to develop a domestic industry through the establishment of research and production capabilities before the creation of private firms. Statists frame South Korea and Taiwan as examples of the government providing direction and leading the market.

On the other hand, revisionist arguments propose that the re-organization of production in the global economy played an equally integral part for the transformation of East Asia and the development of domestic semiconductor industries in South Korea and Taiwan. In *The Globalisation of High Technology Production*, Jeffery Henderson places the focus of analysis on the development of networks of production in the global semiconductor industry. He asserts that these production networks developed after transnational corporations, such as Fairchild and Texas Instruments, found it more cost effective to spread different stages of production across national borders due to labor costs, looser governmental regulation, or more efficient production methods. He points out that the first off-shoring of production occurred in East Asia by American transnational corporations. From these networks, the diffusion of technology and knowledge to fledgling Korean and Taiwanese firms provided a low level of production that was continuously upgraded until globally competitive firms emerged. According to him, the inclusion of South Korea and Taiwan within this network of production and the exclusion of other semiconductor-producing nations is a primary reason for their success.

Both of these arguments assume, however, that the establishment of commercial chip production would inherently find market space. On the contrary, two problems refute this assumption. First, the chips that South Korea and Taiwan initially manufactured were made possible by leveraged designs, technology, and equipment acquired from American and Japanese firms. Essentially, the chips that Korean and Taiwanese firms produced already existed on the market in significant quantity. Furthermore, Japanese and American competitors produced these chips at lower costs and with greater efficiency. In order for South Korea and Taiwan to find market space to sustain highly capital intensive industries, a niche needed to be found or created. Because chip manufacturing is at the forefront of technology, semiconductor producing nations sought to protect their markets and support domestic firms. Yet, somehow, both countries successfully penetrated foreign markets; the majority of the Korean and Taiwanese chip industries revolve around exports. During its peak year in 1995, South Korea exported over $15 billion worth of chips, an astonishing 91 percent of its chip output. While Taiwan’s industry is less dependent on exports, the majority of their chips are used for domestic consumer electronics goods that are produced for export. This sort of outward orientation is only possible through the penetration of the global market through the development of market niches.

In addition, statist and revisionist explanations ignore the incongruities between the positions of South Korea and Taiwan’s domestic industries. The Korean industry focuses almost exclusively on the production of commodity dynamic random access memory (DRAM) chips. In 1995, memory devices accounted for $15 billion of $16.7 billion worth of sales. On the other hand, the base of Taiwan’s industry is spread across diversified categories and services. Many of its smaller firms focus on specialized chips or a particular part of the production chain. In 1999, the Taiwanese industry possessed 115 design houses, 20 IC producers, 36 packaging vendors, and 30 testing companies – all different stages along the production chain. Each country
possessed a distinct response towards the undertaking of domestic semiconductor production outside of state policy or the global division of labor. Neither of these two factors can sufficiently explain the chasm between the landscapes of South Korea and Taiwan’s industries.

At the most basic level, three primary conditions predicated South Korea and Taiwan’s ability to establish sustainable semiconductor industries. 1. The financial ability to support a highly capital-intensive industry until a level of profitability allowed it to sustain itself. 2. The acquisition of the necessary capabilities and knowledge required to maintain an industry at the forefront of technology. 3. The ability to discover market space where demands remained unmet and products could be sold. At best, statist and revisionist theories provide explanations for South Korea and Taiwan’s ability to finance the development of their industries and acquire the necessary technology and knowledge. Developmental state literature outlines how nascent semiconductor industries received substantial aid from the state through subsidization and loans in South Korea and state initiated research facilities in Taiwan. Revisionist arguments can partly explain their ability to obtain the necessary technology and knowledge in chip fabrication and design. This paper explains the remaining condition, the ability of South Korean and Taiwanese firms to find market space.

Examining Market Space

It is immediately evident that South Korea and Taiwan occupy very different market spaces; South Korea in commodity DRAM production and Taiwan in specialized and custom chips. These dissimilar locations stem from two factors. First, the semiconductor industry presented limited possibilities for each country’s industries to create niches. Second, the different business organization of each country enabled distinct advantages that allowed them to excel in different parts of the semiconductor industry. The construction of a demand side explanation for South Korea and Taiwan’s success examines and connects these two factors. For South Korea, trade wars between Japan and the United States in the price of DRAMs created an opening for the chaebol. The organization of Korean businesses into large conglomerates provided advantages to capitalize on this market space. For Taiwan, the increased demand for specialized chips through the proliferation of consumer electronic devices provided opportunities for their smaller firms to fill space at the lowest levels of the market. The horizontal integration of the Taiwanese industry allowed them to meet demand at the basic customer to producer level, developing the foundry model and manufacturing specialized chips. Several failed attempts by both countries’ firms to expand production outside of their particular niches further demonstrates that dissimilar business organizations enabled South Korea and Taiwan to capitalize on distinct opportunities in the market, resulting in their divergent growth trajectories.

Historically tracing these divergent trajectories proves that business organization predetermines what market spaces countries can develop within, forcefully influencing the direction of technological development. The relationship between these two factors undergirds the current landscape of South Korea and Taiwan’s industries. This argument does not necessarily refute statist and revisionist theories in order to provide a completely different view of South Korea and Taiwan’s experience. Instead, it builds off the existing literature through the consideration of their spatial position in the global semiconductor market and their responses to the diffusion of semiconductor manufacturing. Adding this context reveals that state policy or the actions of transnational corporations possess limited effects on technological development. Eventually, market location based on business organization plays an equally important role.

South Korea and DRAM production

The entirety of South Korea’s semiconductor industry essentially revolves around the production of dynamic random access memory (DRAM) chips. Korean firms targeted DRAMs from the outset and eventually succeeded in accruing market share at the expense of Japanese firms. This occurred for because trade wars between American and Japanese DRAM producers provided an opening for South Korean firms to establish a sustainable industry. The vertically integrated nature and the singular focus of South Korean conglomerates provided advantages in the DRAM segment of the market. The growth trajectory behind South Korea’s current location in the global market demonstrates the connection between these two factors; the vertical integration of South Korean conglomerates allowed them to capitalize on opportunities in the DRAM market.
Openings in the DRAM Market

Focusing production on DRAM chips pitted Korean firms against Japanese producers at the forefront of the industry. The 1986 Semiconductor Trade Agreement allowed Koreans to offer cheaper, lower end memory devices as the Japanese focused on maintaining their technological lead in DRAMs. The cartel-like practices of the major Japanese DRAM producers enabled Koreans to undercut artificially high prices and accrue a large portion of market share.

The 1986 Semiconductor Trade Agreement (STA) limited Japanese DRAM exports to the United States and resulted in an opening for Korean manufacturers to establish a presence in the market. Prior to this trade treaty, Korean firms sustained enormous losses sparking heated internal debates about whether a focus should remain in the development of a semiconductor industry.\(^\text{11}\) Korean firms sustained these losses due to a cyclical recession in the semiconductor industry, but also because little space existed for new entrants in the DRAM market. Long established Japanese firms surpassed American competitors and controlled an overwhelming majority of the market for several years before Korean firms released their first, primitive designs. However, the primary effect of the STA was to place limits on Japanese firms’ ability to completely dominate. Instead, they were forced to focus on developing the next generations of chips, essentially vacating space for Korean manufacturers to offer older designs. Samsung, the leading South Korean firm, entered the market in the mid-1980s with a 64K DRAM, nearly two generations behind Japanese producers. If Samsung was placed in direct competition with established leaders, this new device would have surely failed to find market space and accrue revenue. However, during the release of Samsung’s 64K DRAM, Japanese firms focused the sum of their resources to deliver the next generation of 1M DRAM, conceding market space at lower levels of technology. Eventually, Samsung and Hyundai emerged as the dominant suppliers of the two previous generations of DRAMs, the 64K and 256K.\(^\text{12}\) This trend continued through the early 1990s. In 1989, as Japanese firms began to release 4M DRAM chips, they simultaneously phased out 1M production, leaving another gaping hole for Korean producers to fill. By 1990, Japanese producers accrued a 98 percent share of the 4M DRAM market;\(^\text{13}\) Samsung didn’t even release a 4M DRAM until full year after the Japanese.\(^\text{14}\) However, by the end of 1991, Samsung was the world’s largest producer of 1M DRAM chips.\(^\text{15}\)

Furthermore, the willingness of Korean manufacturers to undercut DRAM prices also resulted in a larger market share. From the mid-1980s through the early 1990s, dominant Japanese companies attempted to keep the price of memory devices artificially high through controlled output levels. In January of 1990, the top three Japanese producers announced cuts in DRAM production, attempting to stabilize falling prices.\(^\text{16}\) These cuts appeared to be so coordinated that many American buyers accused the Japanese industry of acting like a cartel.\(^\text{17}\) While these methods worked through the 1980s, they did not expect Samsung and other Korean manufacturers to undercut their prices and vastly increase their market share at the expense of Japanese companies. As Korean production capabilities increased, their added output resulted in a glut of supply in the DRAM market, subsequently dropping their price in the early 1990’s.\(^\text{18}\) When Japanese companies attempted to raise the price of DRAMs by cutting supply, they relinquished a large portion of their market share to Korean companies who did not hesitate to continue production at the lower price; if a cartel did indeed exist, the Koreans broke it. This increase in market share was not limited to the United States and Europe, but also included Japan’s famously insulated electronics industry as well. From 1995 to 1997, the export share of Korean chips to Japan rose from 16 percent to 20 percent as many independent Japanese electronics makers began to purchase cheaper Korean DRAMs.\(^\text{19}\) Essentially, attempts by Japanese firms to control the price of DRAMs resulted in an opportunity for Korean firms to exploit.

Advantages in DRAM Production

The large conglomerates that dominated the Korean economic landscape and undertook the launching of domestic semiconductor production gave them an advantage over Japanese and American competitors in the DRAM market. The commitment of Korean firms to reinvestment and the narrow focus of their niche enabled them to eventually overtake Japanese firms in research and design by the mid-1990s. The financial resources and vertical integration of the chaebol supported the semiconductor industry through downturns and steep price drops.

The main competitive edge that Korean firms possessed
was the ability and willingness to invest heavily into DRAM development and production. Because of the ultra-short product life of DRAM chips, continuous investments and reinvestments must be made to remain at the forefront of the market segment. New process technology must be developed for every generation of chip, which comes every two to three years. However, their enormous demand and volume of production justify the continual investments in capacity. In memory chip production, Korean firms surpassed Japanese and American DRAM producers by continuously reinvesting a larger share of profits to add capacity and increase the pace of research and development. Even after they emerged as technological leaders, Korean companies reinvested an estimated 30 percent to 50 percent of semiconductor revenue back into new plants and equipment. In comparison, Japanese companies reinvested 15 percent and American companies reinvested 22 percent. The primary reason for this disparity in investment stemmed from the focus of Korean firms solely on the development and production of DRAMs. In 1995, memory devices alone accounted for $15 billion of $16.3 billion worth of sales and 91 percent of chip exports. While Japanese competitors possessed diversified production capabilities with a general focus on DRAMs, the entire Korean semiconductor industry almost exclusively produced memory devices. Narrowing their focus multiplied the strengths of their resources enabling a rapid pace of development and shortening the product life of each generation of DRAM. Eventually, this commitment allowed Korea to overtake Japan and the United States in DRAM production. In 1994, Samsung became the first firm to send samples of a 16M DRAM to customers, several months before their Japanese competitors.

Furthermore, the larger firms that characterized the Korean semiconductor industry also tended to cope more easily with the recessionary periods that characterized much of the mid-1980s and early 90s. After Samsung and Hyundai delivered their first 64K chip, Japanese companies began dumping all their remaining 64K and 256K chips to drive prices downward and knock Korean upstarts out of business. However, in doing this, the Japanese actually cleared out competition and aided Korean firms. While the chaebol could bunker down and withstand price drops due to their diversified businesses, a number of smaller American merchant firms could not sustain these fluctuations and went bankrupt. These struggling American firms were prime targets for capital rich chaebol to acquire designs and equipment, increasing their technological capabilities through the diffusion of knowledge. Eventually, only one American firm, Micron, survived the shake out while numerous Japanese and Korean firms remained. Therefore, the vertical integration and financial endowment of the chaebol provided a distinct advantage in the DRAM market influencing the trajectory of their growth and their current location in the market.

Taiwan’s Decentralized Industry

While South Korea’s large firms enabled them to exploit openings caused by DRAM trade wars, the horizontal integration of Taiwan’s industry allowed for advantages through the ability to focus on narrow demands, often along limited segments of the production chain. These small and medium sized firms capitalized on direct demand from the growing number and variety of electronic manufacturers in need of specialized or custom chips. The development of the fabless/foundry model took advantage of this need for rapid production cycles through the decentralization of the production chain allowing for flexible and rapid responses to changes in demand. The horizontal integration of Taiwan’s industry and the smaller size of their firms allowed them to fill market space along the lowest levels of the market; this business organization focused their industry around specialized chips and foundry production, shaping the current landscape of their industry.

Customer to Producer Demand

From PDAs to DVD players, each new electronic product available to consumers necessitated a specific sort of microprocessor or memory device in its application. Taiwanese companies benefited from this growing demand because of their ability to capitalize on direct customer to producer relations by offering chip solutions that enabled the proliferation of these new gadgets. Specifically, the cultivation of a synergistic relationship between fabless design houses and semiconductor foundries provided the needed flexibility to occupy space at the lowest level of the market. Of the 201 Taiwanese chip companies in 1999, 115 were design houses, 20 were IC producers, 36 were packaging vendors, and 30 were testing companies. This type of horizontal integration allows for a responsive and agile industry that fills in market
spaces that large vertically integrated conglomerates cannot occupy. Taiwanese design houses, in particular, have benefited from narrow demands due to their ability to focus solely on research and development without concerns of updating their fabrication facilities. Instead, they outsource this process to foundry, testing, and packaging companies, driving a decentralized process of specialization. This enables design houses, and moreover the Taiwanese industry, to develop specialized chips for a wide array of individual customers and products.

In 2001, Taiwanese design houses captured 25.9 percent of the global design market, second only to the United States. Unlike American design house, however, the Taiwanese do not focus on technological break-through for new production possibilities. Instead, they place themselves upstream, waiting for knowledge and designs to diffuse, and exploiting the demand that subsequently follows. This role is slightly different than the one undertaken by American design houses, which generally focuses their research on industry-wide innovations to drive production possibilities. While Taiwanese design houses do not necessarily imitate, they generally tailor existing large-scale innovations to meet individual customer demands, or provide chip solutions among electronics manufacturers. When a new consumer electronic device requires a particular chip that is not widely available, smaller Taiwanese firms are more likely to meet this demand than large Korean conglomerates or American design houses. Sunplus and MediaTek are two examples of design houses that embody this characterization. Sunplus reached profitability by designing a specialized chip that powered the popular Furby doll in the early 1990s. As their technological capabilities advanced, they later moved into producing chips for everything from hand held computers to digital cameras; Sunplus had $190 million dollars in profits in 2001. Founded just seven years ago, MediaTek mostly designs optical storage IC chipsets used in CD and DVD players, one of the most successful product segments in the electronics industry over the past decade. Subsequently, their profits in 2001 were $440 billion making their stock one of the hottest in Taiwan, tripling in less than one year. Both of these companies create chip solutions, by meeting the demand of a particular manufacturer, obtaining a contract to develop chips for them, and then outsourcing production to the decentralized firms in the Taiwanese industry.

However, success through direct relationships is not limited to design houses. While the fabless design house/ foundry model of production is the primary cog for the Taiwanese chip industry, a small number of vertically integrated firms such as Macronix also capitalize on direct demands at the base of the global market. In 2003, Macronix was the largest producer of mask ROM chips, which are used to provide memory for PDAs and hand held video games. They offer devices used in digital cameras, flat panel televisions, and digital voice recorders, all products that have become increasingly popular and available to consumers. Each chip they produce derives from a relationship with a particular manufacturer of a consumer electronic product. For example, in 1994 Macronix beat Sharp to acquire the contract to manufacture chips for Nintendo’s N64 gaming console. Currently, 20 percent of Macronix’s $467 million of sales in 2002 went to Nintendo.

**Foundry Production**

Horizontal integration, of course, would not be possible without the development of the foundry model. Foundry production is the largest segment of Taiwan’s domestic industry; in 1999, foundry related business accounted for almost 60 percent of Taiwan’s total industrial revenue. The two largest foundries in the world, Taiwanese Semiconductor Manufacturing Company (TSMC) and United Microelectronics Company (UMC) dominate the Taiwanese semiconductor industry. Combined, these two companies possess 70 percent of the global market. While much of their demand comes from domestic design houses, a strong portion derives from abroad, making Taiwan the center for foundry production in the global industry. Much like design houses, Taiwanese foundries meet global demand on an individual basis; however, these demands concern fabrication necessities of semiconductor producers rather than production necessities of consumer electronic manufacturers.

Taiwan Semiconductor Manufacturing Company and United Microelectronics capitalized on the inability of American producers to compete with Japanese production efficiency and financial resources in the 1980s. During the initial decades of the semiconductor industry, only the most labor intensive stages of production occurred in foreign affiliates. True to revisionist arguments, this created a hierarchical network of production that centralized around American transnational corporations.
looking for cheaper production costs. However, as American transnationals continued to lose market share to Japanese competitors, they began to outsource more advanced stages of the production chain to private foreign firms. These new networks decentralized ownership of production across borders while American firms kept the most knowledge intensive research and design capabilities close to home. Essentially, American firms shifted their focus to their comparative strengths of research and innovation, subsequently leaving spaces in the global industry for firms to fabricate semiconductors. Taiwanese foundries filled this space by meeting the individual demands of each chip producer through direct relationships. By 1998, more than 300 of the world’s 500 fabless chip design houses were located in North America while Taiwanese foundries accrued 75 percent of global pure play foundry revenue.

No other firm benefited from the creation of this new business model than TSMC, the world’s largest and most technologically capable chip foundry. Since its inception after a government initiative in 1986, TSMC was forbidden to fabricate any chips of its own design to prevent it from crushing the smaller domestic companies that it was established to serve. However, their services also attracted American IC producers that did not possess the capital to invest in expensive fabrication facilities or fully integrated firms needing to add flexibility. In 1995, TSMC provided foundry services to approximately 40 different U.S. firms, 55 percent of its total production. While American outsourcing of fabrication existed before, no company other than TSMC focused exclusively on fabrication and could match their technological capabilities and range of services. For this reason, their success has been phenomenal. As of 1999, it became the most profitable technology company in Asia outside of Japan. Net sales grew from $1.2 billion in 1996 to a little under $6 billion in 2003.

The substantial demand for foundry production is further evidenced by UMC’s experience. Also begun by a government spin-off in 1980, UMC evolved from producing phone dialer chips to microprocessors to SRAMs. Despite these shifts in strategy, it struggled to appropriate significant market share while witnessing TSMC’s phenomenal success. In 1995, UMC suffered setbacks when the price of SRAM chips fell considerably, affecting over two-thirds of their product base. While that year TSMC raked in profits of $659 million, UMC fell far behind with profits of $289 million. Furthermore, their microprocessor ventures halted after being sued by Intel over copyright infringement of their 486 design. With little recourse, by the end of 1996 UMC reoriented itself to become the world’s second major pure play foundry without its own brand name. Since then, UMC emerged as the second largest foundry in the world, with net sales of $1.7 billion in 1999 growing to $2.7 billion in 2003.

The benefits of the synergistic relationship between fabless design houses and foundries are obvious. Fabless design houses can avoid investing valuable resources into capital intensive fabrication facilities and focus on honing design. Foundries do not concern themselves with leveraging or developing chip designs, yet still manage to keep a wide product base. The end result is a production model that allows for cheap, efficient and technologically advanced production, yet remains nimble enough to deal with shifts in demand. It is for this reason that the fabless/foundry model is the fastest growing segment of the semiconductor industry. While the entire semiconductor industry experienced slower growth from 1999 to 2004, the foundry segment outperformed the industry with a rise from $7.6 billion in sales in 1999 to $35.4 billion in 2004. In 2000, the entire industry grew at 36.8 percent, while the leading foundries grew between 60 to 125 percent. According to Dataquest Inc., foundry manufacturing could claim up to 50 percent of total chip revenue by 2010. Taiwan’s position at the center of foundry manufacturing is one of the primary reasons for their emergence as a major semiconductor producer.

Failures to Expand Outside of their Niches

While South Korea experienced enormous success in DRAM manufacturing and Taiwan in specialized chips, both countries struggled to expand production outside of their particular niches. Large South Korean conglomerates lack the agility need to meet demands on a customer to producer basis in both foundry production and specialized chip manufacturing. The horizontal integration of the Taiwanese industry prevents effective large scale production and limits the ability of individual firms to weather financial downturns. The failure of each country to expand production outside of their current location reinforces how business organization predetermines market space.
Despite several attempts within the past decade, South Korean firms have largely struggled to expand production past commodity DRAMs into specialized chips and foundry services. Their production in non-memory devices is a small portion of their total sales. In 1995, South Korea produced $15 billion in memory devices but only $500 million in microprocessors and logic devices combined. They were latecomers in foundry production as well, currently possessing just 1.5 percent of the global market. In 2003, the two largest Korean foundries, Anam and Hynix, had combined revenues of a little less than $500 million; in comparison, TSMC had revenues of $4.7 billion and UMC had revenues of a little under $2 billion. The chaebol largely fail to expand their production niche due to their inability remain at the edge of innovation and relocate upstream. Their massive investment in DRAM fabrication facilities and design development creates a natural incentive to protect their current market share rather than venture into other industry segments.

Their sheer size and large in-house demand prevent Korean chaebol from tailoring their production to meet demands on the customer to producer level. Expensive DRAM fabrication facilities cannot be easily converted into flexible foundry production sites for microprocessors and logic devices. Taking on a smaller scale of production for specialized chips would require enormous transformation costs and below capacity output. Additionally, in-house demand from Korean firms rarely requires cutting edge, design intensive chips. While the dynamism of Taiwan’s consumer electronics industry creates diverse chip demand, South Korea’s vertically integrated firms focused more on commodity driven, large scale production. If non-memory devices are developed, their focus is for relatively homogenous electronic devices that only range from standard components to lower end consumer products. The sum of these factors constructs an enormous barrier for Korean firms to expand from DRAMs into specialized chips and foundry production; these difficulties further expose limits that business organization places on market location.

On the other hand, Taiwanese firms struggle in DRAM production. Even though DRAMs were the staple and most lucrative segment of the industry during the 1980s, Taiwanese firms failed to establish domestic production until 1992. In 1984, a start-up named Quasel attempted a major DRAM venture yet could not bring it to a profitable level despite raising large sums of money. The same occurred to companies such as Mosel and Vitelic in the late 1980s. Only after Acer established a technological alliance with Texas Instruments in 1992, did a Taiwanese firm enter the DRAM market, almost a full decade after the Koreans. The reason behind Taiwanese firm’s inability to expand their production niche is the low cost to benefit ratio of DRAM production for smaller firms. Enormous initial investment in fabrication facilities and design development must be made for several years before any products even reach the market.

The decentralization of capital in the Taiwanese industry limited individual firms from possessing the necessary financial resource to produce DRAM effectively. The commoditization of DRAMs requires large volumes of production before a margin of profit can be reached. The smaller size of Taiwanese firms meant lower production capacity and lower levels of profit. Furthermore, the competitive nature of the DRAM market further inhibited Taiwanese firms. Vertically integrated conglomerates can survive frequent shakeouts and steep fluctuations in price; merchant DRAM producers like Quasel, Mosel, and Vitelic are less likely to survive. Acer overcame these obstacles by relying on the market presence and design experience of Texas Instruments. However, even after the establishment of domestic DRAM producers, Taiwanese firms have generally not been competitive. In late 2001, there was 5 DRAM producers in Taiwan, all of them struggled to turn profits, yet all refused to merge or leave the market to create one large dominant supplier. In the case of DRAM production, the horizontal integration of Taiwanese firms prevented them from effectively capitalizing on the existence of market space.

The State vs. Market Debate

Considering South Korea and Taiwan’s experience in semiconductor manufacturing through the examination of market space reveals the limits of the developmental state and the global decentralization of production as theories of technological development. For both South Korea and Taiwan, openings in the market predicated the establishment of a sustainable industry. Neither country simply started semiconductor production and immediately succeeded; rather, they found niches for their additional output to develop within. Furthermore, the industrial landscapes of South Korea and Taiwan predetermined where each country could be most effective. South Korea’s business
organization into large conglomerates is well suited for large scale production of commodity DRAM chips. Taiwan’s horizontally integrated industry meets demand on a customer to producer basis, enabling them to succeed in foundry production and niche chip manufacturing. While there is no doubt that the state and transnational corporations played a role in their success, the differences between the growth trajectories of these two countries indicate that market openings and business organization forcefully shaped South Korea and Taiwan’s development as well.

If statist and revisionist arguments offer two opposing viewpoints in the state versus market debate, the examination of market space reveals the weaknesses of both. The state can certainly target and undertake the development of certain industries; state assistance, however, does not guarantee success. No amount of protection or subsidies would have allowed Korean firms to succeed in custom chips or Taiwanese firms to succeed in DRAMs. Openness to globalizing transnational corporations certainly provided benefits for South Korea and Taiwan’s industries through the diffusion of knowledge; however, this does not completely encapsulate these case studies of technological development. Success centered on domestic firms that grew within market spaces through comparative advantage in business organization, not transnational corporations that took advantage of low costs. The developmental state aided their domestic firms through financing and coordination; the expansion of production by transnational corporation diffused knowledge and established a foothold within the industry during the early years of production. Both of these forces brought South Korea and Taiwan to the extent of production capability, neither willed nascent semiconductor industries to success. Simply adhering to formulaic state policies of guidance or openness to facilitate the state or the market will not necessarily possess the same results. In both cases, it was domestic firms with support from the state or globalizing transnational corporations that were the main vehicle in technological development.

South Korea and Taiwan’s experience reveals that the most efficient means to establish technologically advanced industries is the allowance of firms to fail and succeed without the interference of the state. South Korea and Taiwan’s firms grew where market space allowed and failed where competition was too stiff. The freedom of their businesses to compete in the global market caused them to naturally find market opportunities and efficiently exploit them. Once they found these niches, and developed within them, their increased specialization enabled them to perfect their particular segment of production into palpable comparative advantages. South Korea’s continually growing dominance in DRAMs and Taiwan’s in niche chips is evidence of this process. With every cycle of production and advancement of technology, each country entrenched their location in the global market and widened their niche, until they became the industry standard. The role that the state or transnational corporations played in this process is minimal.
Endnotes

3 Peter Dicken, Global Shift Fourth Edition (New York: Guilford, 2003), 403.
5 Dicken, 413.
6 Dicken, 414-415.
8 Mathews and Cho, 44.
9 Ibid.
11 Mathews and Cho, 127.
16 Flamm, 219.
17 Michael Borras, “The resurgence of US electronics: Asian production networks and the rise of Wintelism,” in M. Borras, D. Ernst, and S. Haggard, ed., International Production Networks in Asia: Rivalry or Riches? (London: Routledge, 2000), 40-48. There is some dispute as to whether Japanese firms were indeed controlling the price of DRAMs. While claims have been made, there is no documentation of such coordination.
18 Flamm, 222.
19 Mathews and Cho, 46. see Flamm for an alternate explanation and concerns.
20 Mathews and Cho, 40.
23 Mathews and Cho, 45.
25 Kim, 93.
26 Liao, 89.
28 Ibid
29 For more on this dichotomy see Chen and Chang.
30 Bruce Einhorn, “The next hot niche for Taiwan; designer chips could be its ticket to fresh growth,” Business Week, March 4, 2002, 94.
31 Ibid
33 Lian, 89.
35 For more on this topic see Macher, Mowery, and Hodges and Borras.
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37 Arensman, 80.
39 Arensman, 79.
41 Arensman, 79.
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