ECONOMIC INTERDEPENDENCE AND STRATEGIC THINKING IN SINO-JAPANESE RELATIONS:
Reconsidering the amendment of article 9 of the Constitution of Japan

BY PAUL ANDRÉ
ASSOCIATE PROFESSOR AT THE SCHOOL OF POLITICAL SCIENCE AND ECONOMICS OF WASEDA UNIVERSITY (JAPAN)

FEBRUARY 2018
This paper aims at understanding the importance of economic interdependence with China in Japan’s relation to war; and its willingness to amend its pacifist Constitution and thus to legalize the use of war. I first come back to Raymond Aron’s idea that war cannot be excluded from the industrial society. But the latter changes the relation to the conflict. Then I use Dale Copeland’s model and I try to demonstrate that the Japanese government is anticipating a Chinese threat which tends to present economic interdependence as a threat and to reinforce Japan’s willingness to ensure national security by armed forces.

War in international relations was often badly thought of. Some might see war _ interstate violence _ as an archaic _ almost childish _ modality to approach international conflicts. For a long time, the study of war in the international economy was underdeveloped, and there have been too little books on this topic. Globalization, the acceleration of economic interdependence, or the proliferation of regional partnerships seem to give more strength to liberalists who consider the development of international trade is not only a factor in pacifying international relations (commercial liberalism thesis)¹ but also it is a factor of democratization. In the liberal theory, democracies do not wage war against each other. Thus, economic interdependence would distance war from the possibilities in international relations (thesis of market driven democratization and democratic peace²). In such a context, a particular relation should be considered carefully that of Japan and the People’s Republic of China (hereafter China). China has greatly benefited from its open-door policy and its integration into the global economy. However, at the same time, China is the country which has increased its military spending the fastest over the last recent years³. For its part, the Japanese government has shown its singularity in international relations by reaffirming the importance of thinking the role of war in international

³ According to SIPRI annual reports. For year 2016, only India (among great powers) experienced a higher rise of military spending (+8.7% between 2015 and 2016, +6% for China).
relations and the imperative need to amend the article 9 of the 1947 pacifist Constitution. Having reintroduced violence as a potentiality of politics, Abe administration was sometimes accused of belligerency and had to clear itself of any militarism.

When the Japanese government proposes to amend the Constitution (article 9), it reintroduces war and interstate violence into the political debate. So war and violence cease to be mere concepts and become a potentiality from which it is worth being protected. If the Constitutional reform has vast consequences (indeed it is difficult to imagine Japan going back to pacifism if the situation changes in the short run), it cannot be understood without taking into account the particular context which led Japanese leaders to reconsider war. This is, of course, the relation with China that is being discussed here. Understanding the Japanese constitutional amendment requires to look at China's vision of the world and how China considers conflict. Since China and Japan are closely economically interdependent, all levels of opposition have to be considered. However, it has to be noted that, over the last few years, there has been a shift from economic warfare or trade war to war as a form of violence. How can the evolution be explained? How can war be thought when the security threat is at the same time the main economic partner?

This paper will be based on two intellectual orientations: Raymond Aron’s thought and international political economy (IPE). Aron was one of the few scholars who considered war into the industrial society. In the third part of Espoir et peur du siècle (Hope and Fear of the Century), he wrote that war is a chameleon. This remark invites us to also consider economy in a security and strategic perspective, and vice versa. Additionally, it seems that the realist school in IPE can provide an innovative perspective on Sino-Japanese relations. Therefore, this theory may be helpful to understand how Japan’s thought on war was led to evolve. These two approaches will be used to study the strategic doctrine of the two actors but also decisions. Therefore bilateral relations between China and Japan will be studied during the contemporary period (2012-2016) without, however, neglecting older aspects that this problem raises. Beyond the mere study of bilateral

---

4 In 2012, indeed Xi Jinping took office and Abe Shinzo returned to power.
relations, the question here is how to rethink war in a context of complex interdependence of a constitutionally pacifist country with a neighbour seen as an objective security threat.

In this purpose, I first start from the thought of Raymond Aron in order to reconsider war as a political phenomenon in industrial societies (§1.). This will lead us in a second time to see how theories of international relations and of international economics tackle jointly war and economic interdependence (§2.). These intellectual clarifications will allow to study the case of Sino-Japanese relations which was long considered as a complex interdependence and whose security dimension has become more important in the last decade (§3.). This evolution seems to be the result of the perception that both actors have of their own safety (§4.). I will conclude with an attempt of analysis of the significance given to war by Japan today and the new understanding of the article 9 of the Japanese Constitution (§5.).

WAR IN THE INDUSTRIAL SOCIETY: “WAR AS A CHAMELEON” (ARON)

Some pioneering works _ as Hirschman in 19455_ already highlighted the link between economy and war at the industrial age. The debate about the relationship between economic interdependence and war produced a vast literature6 in both the fields of economics and international relations. On the one hand, as Montesquieu famously put it “the natural effect of commerce is to lead to peace. Two nations that trade together become mutually dependent: if one has an interest in buying, the other has an interest in

---

5 Let’s note that Aron was not the only one who studied this phenomenon. Among pioneers of this approach, let’s mention the now classic thesis of Albert Hirschman on national power and the structure of foreign trade. In this survey, Hirshman explains how governments use trading relations to increase their power. Starting from the assumption that trading partners will not necessarily get the same benefits, it is therefore an assymmetric relation. The less dependent country can try to instrumentalize the situation in order to reinforce its power. Hirschman thus considers that Germany used its trade policy to expand its sphere of influence in Eastern Europe during the 1930s. Albert Hirschman, National Power and the Structure of Foreign Trade (Berkeley: University of California Press, 1945 expanded edition 1980). Another example is the pioneering work of Jacob Viner, who in 1948 explores the relationship between power and wealth as goals of foreign policy, Jacob Viner, “Power Versus Plenty as Objectives of Foreign Policy in the Seventeenth and Eighteenth Centuries”, World Politics. Vol. 1, No. 1 (Oct., 1948), pp. 1-29. Finally, Richard Cooper, can be mentioned as one of the first to be interested in the effects of economic interdependence on state sovereignty. Richard Cooper, The Economics of Interdependence, (New York: Columbia University Press, 1968).

selling; and all unions are based on mutual needs”7. This liberal tradition emphasizes that economic interdependence would increase the “opportunity-cots” of a war and, thus, limits the likeliness of war8. The classical commercial peace theory has been modified. For instance, Rosecrance9 reminds that economic relations are a more efficient way to improve a state's welfare than the use of force.

On the other hand, Mansfield and Pollins10 remind that critics of this liberal perspective underline that economic interdependence may undermine national security11. As Braddon reminds it, “we know that conflict are linked through a variety of channels of transmission but we are unclear about the direction of causality, and indeed what factors are exogenous and what endogenous”12. In other words, the issues of causality and endogeneity are crucial. That means that in some cases, economic interdependence may limit the chances of conflict, while in some other cases it may increase them. According Martin, Mayer and Thoenig13, bilateral trade relations tend to act as a pacifying factor while the probability of escalation seems more important in case of multilateral trade relations. Empirical evidences reveal that the conventional commercial peace theory is somewhat less plausible and dated. For instance, Gartzke and al.14 empirical survey points out that it is the very notion of economic interdependence that has to be clarified. Their conclusion suggests that capital interdependence “contributes to peace independent of the effects of trade, democracy, interest and other variables”. In the same idea, Barbieri15 puts that trade does not

---

14 Gartzke and al., “Investing in the Peace: Economic interdependence and international conflict”
15 Barbieri, “Economic Interdependence: A Path to Peace or a Source of Interstate Conflict?”
compulsorily promote peace. “The precise nature and appropriate context of a particular set of economic interdependencies must be taken into account when assessing whether such linkages encourage or ward off potential military conflicts”^{16}.

Retrospectively, Aron’s theoretical contribution to the question is surprisingly innovative because he gathered in his analysis the study of the relation between the political framework and the economy into the industrial society; the logic of rivalry between powers; and the study of communism. Aron was the first to question the very meaning conflictuality could take in the industrial society. In 1963, he reminded it in another text:

“It is rare, for many years, that professors devote their time and reflection to strictly military problems. For being traditional, this lack is nonetheless unfortunate.

In the teaching of political science and history, the study of military institutions, the study of the relations between these institutions and states or social systems should have had a larger part than which has actually been granted. It was deplorable to set the story of battles at the forefront, it would be unreasonable to forget that wars have been an endemic phenomenon throughout the centuries and that weapons _ as tools _ are at the same time the expression of a society and one of the factors which command its organization. Moreover in democracy, national defence directly involves the citizen. Why wouldn’t he try to acquire enough knowledge to understand the problems?”^{17}

Importance of war but also its forgetfulness. Because war would be seen as irrational and too costly, this led to the too hasty presupposition that the development of international economic relations and economic development will make war impossible in industrial nations. I would like to focus on two texts of Aron on this very aspect: the

\[\text{References:}\]


third part of Espoir et peur du siècle (Hope and Fear of the Century)\(^\text{18}\) and La guerre dans la société industrielle (War in the industrial society)\(^\text{19}\). In the later, Aron starts from Auguste Comte’s hypothesis that war is led to disappear within the vanguard of the industrial society. 1870 Franco-Prussian war then WW1 and WW2 brought a sharp denial to the father of positivism’s prediction. Yet, rather than condemning Comte as a whole, Aron uses this mistaken prediction to question the place of violence and interstate conflict within industrial societies.

Reading these two texts, the first striking element is the very modern, still current and sometimes visionary aspect of Aron’s analysis. He actually explains in *industrial society and war* that mankind is for the first time in its history in presence of a planetary diplomacy. There would have a global but divided society. This observation was made by Aron in the 1950s when he wrote this text; we can certainly go further today and consider that we are nowadays in a global society. With this global diplomacy, a spectacular development of international economic relations has been witnessed. Reading Aron, it cannot be forgotten that two ruptures occurred after 1945. First, with the development of nuclear weapons, total war ceased to be a rational objective of politics. Second, war of conquest — i.e. war with economic objectives — also became an absurdity. Aron believes humanity should be much more pessimistic about the future of peace if weapons of mass destruction did not exist. “Nuclear weapons are the best chance that there will be no great wars [again]; for the first time in history Clausewitz’s famous quote — war is the continuation of politics by other means — becomes wrong. It is no longer true today that thermonuclear war is a rational instrument in the pursuit of a political objective: it would be madness.”\(^\text{20}\) As an analyst of industrial societies, however, Aron did not limit to consider war only as a security phenomenon. For him, still in the same text, “war of conquest in industrial societies has become an absurdity. Conquest is a derisory, anachronistic and almost childish process of enriching people. There is absolutely no need to conquer to enrich peoples. A well-organized labour is enough. This does not mean that men will not prefer to enslave one another even if they derive


nothing from it. But again, as with the ability to destroy, the fact that war became irrational prohibits to lose hope or courage. Because the rationality of the industrial society is not to exclude any violence but it is to exclude the excessive, hyperbolic violence of great wars of the past.” In other words, some theoretical assumptions about any correlation or supposed correlation between economic development and/or economic interdependence and war have to be re-examined. In this case, this calls two liminal remarks. First following has been said, it can be considered the South China Sea conflict is deeper and more serious than merely seeking the monopoly of resources. Second keynote remark, Prime Minister Abe’s willingness to amend article 9 of the Constitution should not be only understood as a militaristic inclination. Perhaps it should be also understood as a will to take into consideration war as a phenomenon which has never disappeared in industrial societies.

Let’s now come back to the idea that the development of the market in China would have led to a détente between the PRC and its neighbours _ and first and foremost Japan. When China implemented economic reforms to transform its planned Soviet economy into a form of market, it could have been legitimately seen as a form of appeasement of the ideological conflict. This ideological conflict could have been understood as a relic of the cold war. Precisely in 1959 in Industrial society and war, Aron tried to identify the conditions for a real peace i.e. a situation which is not merely the absence of war. In other words, he reminds us that “non-war” is not peace. Aron believed that the conditions of the establishment of true peace laid in reducing the standard of living between developed countries and the Third World. Moreover, he backed the creation of genuine political societies _ because violence is often linked to the formation of national groups. Finally (and perhaps above all), it was necessary to appease the ideological conflict between the two main industrial societies (Aron had in mind here the United States and the USSR). The US and the USSR should emphasize on their common points instead of emphasizing on their opposition.

Aron’s clairvoyance in the understanding of communist regimes economic logic is striking. Indeed, as early as 1959, Aron explains that the cessation of the ideological conflict between the USA and the USSR can happen quite easily. He, however, points out
two crude misunderstandings. The first one consists in the belief that America and the USSR, because they would have progressively the same kind of economic organization (i.e. a marketization of the economy in China today for instance), should reach the same form of society. Aron considers this hypothesis as an "ultra-vulgar ultra-Marxism". The meaning of the ideological conflict between communist regimes and capitalist regimes has been overestimated. Indeed, Marxism claimed that industry plus private property leads to the misery of the majority. This is clearly false. In the West, the proposition has often been inverted, claiming that industry plus sovietism entail misery of the masses. It is just as exaggerated. Both propositions are false. Industry, whatever the regime, brings a certain degree of "gentrification". Aron specified “the result will not be that these two enemy brothers will stop fighting, but the ideological conflict seems to me to be so based on misconceptions that I cannot believe that this ideological conflict can be decisive for a long time”. Thus the determinants of the conflict may be different. The search for power would then become an explanatory element of the rise of Chinese military power. Considering that communism as it was lived in the USSR was not the equivalent of a religion but, at the most, the equivalent of faith in private property and entrepreneurship in the US, Aron said “with a little imagination, we can imagine the Russians raising their hat to the statue of Karl Marx whenever they reintroduce a dose of market mechanisms in their economy. Nothing is easier in economic ideology than to forget them in practice. We are not there yet, but it is perfectly conceivable”. He describes exactly the process of economic reforms in China. Thus, one understands that the development of the market would not necessarily lead to the abandonment of communism and the geopolitical-ideological rivalry it carries within it.

If it is considered that violence cannot be excluded of the realms of possibility in the industrial society, then the forms and modalities of this violence between industrial societies should be questioned. As mentioned, Aron explains that the rationality of industrial societies is not to exclude any violence but it is to exclude hyperbolic, excessive violence. In other words, total wars of the past seem to be out of the scope.

---
21 After all, within the archaic societies there was a great community of organization and a great diversity of organization and culture. There is no reason why the different diversities of political organization or of cultures should disappear because of a convergence of labour organizations forms.

22 Aron, Interview.
But, since violence cannot be out of the scope, total wars of the past will be replaced by another form of war. What Aron tells us is that war is a chameleon. If war does not assume the appearance of a total conflict, then it can take the a priori lessened form of a guerrilla or economic warfare.

Why should economic warfare or even economy be considered in strategic thinking? Because this is a problem that comes under the heading of military competition. When, in 1957, Aron commented on the solution adopted for the choice of rearmament in Western Europe, he considered that “[...] it was obviously not the right decision: if a European country is not capable to maintain more than a dozen of American style divisions, then this country must adopt another standard.” Aron therefore proposes to find what can be this “other standard”. Guerrilla warfare cannot possibly be considered as a credible option in the conflict between two economic powers (respectively the second and the Third World economic powers). It is all the more unrealistic that their economic interest seem so closely linked (see below). Aron reminds that regular armies do not have the monopoly of combat. But he also points out the limits of guerrilla warfare. This should raise the question of economy in warfare. Let’s be clear, there is no point here putting economic pressure and armed conflict at the same level. But the purpose here is rather to reintroduce the use of the economy in the series of lever a government may have in order to achieve a goal which is political by definition. If as Aron always reminded it war must be seen as a violence with political aim; then war is only a gradation (the ultimate gradation) in the list of answers a government has to achieve this political objective. If “guerrilla warfare alone never triumphed in this century of any regular army”, we can also consider that economic pressures are not a war. But they can be a dimension of this political phenomenon that war is. In other words, if war is the continuation of politics by other means, can’t it be also considered that economy under certain conditions is also the continuation of politics by other means.

23 Aron, Espoir et peur du siècle, 3rd part.
24 Aron, Espoir et peur du siècle, p 295.
25 Aron, Espoir et peur du siècle, p 296.
This last question obviously invites us to high caution and it also requires a number of clarifications. It would be a mistake to artificially apply a security perspective to phenomena that does not necessarily belong to it. However, it would be the same blindness to exclude by definition the security dimension of economic relations. Nothing a priori allows to conclude that economic relation aims at the submission to the other's will. But nothing also allows to exclude the blinding power of economic interdependence.

ECONOMIC WARFARE AND ECONOMIC INTERDEPENDENCE

My goal is not here to dwell on the question of economic warfare. My purpose is rather to emphasize on the importance or the impact of economic interdependence may have in the way war is thought. Of course, economic interdependence can be seen from a warlike perspective. Some Chinese authors are among the references on the subject such as Qiao Liang and Wang Xiangsui. But the thought was made in a framework where the statist actor remained as the corner stone. Here it seems the issue is more subtle. Indeed, the way the Japanese government has to rethink war implies interstatist relations but also relations with transnational private actors. Thus, this is an interdependence framework which results from a plurality of logics (the logic of national interest or Raison d'Etat and private logics).

Such a situation is rather well described by what international political economy calls complex interdependence. This concept was created in 1977 by Keohane and Nye in their book *Power and Interdependence*. Their starting point was to say that “contemporary world politics is not a seamless web, it is a tapestry of diverse relationships. In such a world, one model cannot explain all situations.” States would thus evolve in a complex interdependence which has three main characteristics. International relations are achieved through multiple channels of communication (first characteristic) because there is an absence of hierarchy in the agenda of interstate

---

relationships (second characteristic). Thus, military force is less central (third characteristic). With this concept Nye and Keohane challenged then dominant neorealist hypothesis. Actually, economic interdependence would create a variety of transnational actors who through their access to channels of communication could have a significant influence on international relations. Economic interdependence thus multiplies relations at stake between two or more countries: trade, finance, technology, raw materials, jobs, energy, and environment. Security is not only the only issue at stake. But the hierarchy of issues is fluctuating according to the context. Power becomes then diffuse. In such a situation, the use of force is not efficient. As mentioned above, Aron already raised this point. But it would be an overstatement to say that Aron was a proponent of this theory. In a way, Keohane and Nye question war because they question the very concept of power. In this context indeed, power becomes the ability for a government to control over outcomes. However interesting it may be, this concept of complex interdependence tends to set as a constant an absence of hierarchy among issues at stake. Actually, if this scenario could have happened, it seems to be a much contextualized situation. Specifically referring to East Asia, Joseph Nye promised, however, that “security is like oxygen: you tend not to notice it until you begin to lose it.” The concept of complex interdependence has the advantage of establishing two dimensions that make it possible to understand the role of power in a relation of interdependence: sensitivity and vulnerability. Keohane and Nye define sensitivity as “degrees of responsiveness within a policy framework.” Sensitivity relies therefore on the assumption that a country’s political framework remains unchanged. In other words, the concept of sensitivity points out how changes within a country will bring costly changes in another country. While “the vulnerability dimension of interdependence rests on the relative availability and costliness of the alternatives that various actors face.” This distinction is useful to understand the relation between power and interdependence. “Clearly, it indicates that sensitivity interdependence will be less important than vulnerability interdependence in providing power resources to actors. If

31 Keohane and Nye, Power and Interdependence, p10.
32 Keohane and Nye, Power and Interdependence, p11
one actor can reduce its costs by altering its policy, either domestically or internationally, the sensitivity patterns will not be a good guide to power resources.”33 This distinction between vulnerability and sensitivity is enlightening about the reasons why Japanese leaders aims at amending the Constitution. As seen here, the analysis is made according to past events but also according to the interpretation given to the change of the situation. Depending on whether expectations are optimistic or pessimistic, it can be considered that economic interdependence will not be perceived the same way.

American political scientist Dale Copeland34 has proposed a general framework of analysis of the relation between economic interdependence and war. Copeland’s thesis is an “expectation theory”. Several factors will influence the likelihood that economic interdependence will favour a conflict. This important synergetic effect depends among other things on the regime type, the form of capitalism, or also the level of economic development. If it is possible to identify these different factors that will work together to create an overall effect, it is, however, still unknown why they play that role. Thus, a rational strategy can lead to two contrary results. Ceteris paribus, China’s low level of development in the 1980s might well have led to a higher likelihood of conflict since it would have had less to loose then. However, it is precisely when it reached a high degree of economic development that military tensions increased. This situation is counterintuitive because the cost of a conflict would be considerably higher for China what it could have been at the beginning of economic reforms 20 or 30 years ago. To overcome this logical dead end, Copeland suggests not to rely on past elements but on the interaction between past elements and actors’ expectations. The result depends on expectations made in a context of imperfect information. Thus, if a government’s expectations are rather optimistic (positive) about opportunities international trade can provide, then international trade would rather be a vector of peace and détente between actors. Conversely, if international trade is seen as creating constraints in the future (technological, energy, financial dependence or unemployment), then a government will tend to take the initiative (self-help dilemma). Copeland’s thesis thus makes it possible

33 Keohane and Nye, Power and Interdependence, p 13
to understand the rationality behind preventive wars in a context of economic interdependence. It is thus possible to formulate the hypothesis (which will be discussed below in §5.) that by amending article 9 of the Constitution, Abe cabinet tries to protect Japan from an anticipated danger which lies in economic interdependence i.e. economic interdependence with China is seen as a factor weakening the national security of Japan. This framework of analysis suggests that preventive wars and the revision of the Constitution can mainly be understood from this point of view seem to be conducted by (great) powers who fear decline and/or perceive themselves as declining. Copeland therefore demonstrates that when economic factors are at stake in a conflict, it is very often (almost always) the combination of commercial dependency and declining expectations about international trade. The combination of these two factors leads states to destabilizing crisis and wars.

This leads to counterbalance offensive neorealism conclusions. A state can trade several years or even decades before military tensions rise. How can the outbreak of such tensions be explained? For instance, it took 83 years between the establishment of trading relations between the US and Japan and the beginning of an open conflict after Pearl Harbour attack in 1941. We are in a more complex configuration because it is multidimensional. Such a configuration can be labelled as commercial-security dilemma. Leaders’ expectations therefore have a great importance. “It is only by capturing how leaders really think, something that necessarily involves estimates and assessments of future possibilities and probabilities, which we can build causal theories that actually work in the real world.”

36 Copeland, Economic Interdependence and War, pp2-3.
38 Copeland in his book focuses on the expectations of political leaders. But we can consider that expectations of involved different actors such as military elites, economic elites, experts also play a role (but which certainly less important).
39 Copeland, Economic Interdependence and War p 17.
THE SINO-JAPANESE CASE: COMPLEX INTERDEPENDENCE

The challenge is therefore to know if economic interdependence has rather acted as a propeller or an obstacle to Japan government’s willingness to amend the Constitution.
Let’s first try to clarify what is at stake. First, it is a matter of complex interdependence because economic dependence between Japan and China is done through private actors. In the present case, it is not possible to consider the problem only along a statist and security logic. If it is possible to a certain extend to consider Chinese economy as a form of state capitalism. It cannot work in the Japanese case. However, the presence of private actors with their own rationality should exclude that a private actor can serve the interests of a government. “[…] there were also a number of conflicts during this time that had little or nothing to do with economic interdependence […]. What is surprising, however, is how often trade and investment expectations drove the patterns of peace and conflict, even for cases that seem, on the surface, to have little to do with economic interdependence”.

This question of economic interdependence is important because, not only does each actor depends on the other’s products, but also because, in a way, the prosperity of the one depends on the prosperity of the other. In such a context, it can be understood why the shift from an economic relation (under the sole economic point of view) to a geoeconomics perspective (which can be defined by the “grammar of commerce with the logic of war”) is meaningful.

When China began its economic reforms and its open-door policy, Deng Xiaoping backed foreign policy was to “keep a low profile and hide your talents”. So, Japan quickly became a privileged partner. On Japan’s side, Tokyo aimed from the 1980s at relocating some production activities for three main reasons: avoiding or limiting Japan bashing when these products would be exported to Western countries; playing on the comparative advantage provided by low costs of production (especially workforce), and being dominant in market shares in markets Japanese companies considered as high potential. Thus there was an Asianization of the Japanese economy which increased the Sino-Japanese interdependence. Disputes whether they are historical, ideological, or

---

40 Albeit some consider than modern Japanese capitalism can still be explained by a form of economic nationalism or neo-mercantilism because of cultural particularities in Japan and Japanese thinking on political economy (see for instance Bernard Stevens, Le nouveau capitalisme asiatique. Le modèle japonais [The New Asian Capitalism. The Japanese Model] (Louvain la Neuve : Editions Acedemia Bruylant, 2009).) I here contest this assumption, and I consider that Japanese business community is not driven by any form of economic nationalism, or this economic nationalism is not powerful enough to explain behaviours and decisions of the the business community in Japan.

41 Copeland, Economic Interdependence and War, p4.
geopolitical _ were set aside and Sino-Japanese trade reached US$ 3,440 billion in 2014. Japan thus became China’s second largest economic partner. And China is the first economic partner of Japan. Japanese investments in China followed a similar trajectory and they exceeded US$ 100 billion in 2004, making Japan the main foreign investor in China.

It can be considered that this situation, taking into account the size of the Chinese market, has created a form of Japanese dependence on China _ albeit it is a relative dependence. In the first phase, the Asianization of the Japanese economy occurred in the context of the Plaza accord with a strong yen and protectionist threat from the US and Western Europe to “made in Japan” products. Japanese investments in China therefore first aimed at producing in China to export in America. But as of the 2000s, Japanese investments in China are mainly intended for exports to the Japanese market.

Figure 2: Japanese direct investments in China.

What has been observed for several years now is that, due to the upgrading of Chinese products and the growing demand from Japanese consumers, Japan’s dependence on China has increased.

Figure 3: Evolution of Sino-Japanese trade relations.

Source: Jeffrey Snyder, « Potemkine on the Pacific », Alhambra Investment Partners, 04.22.2015
http://www.alhambrapartners.com/2015/04/22/potemkin-on-the-pacific/

This dependence should however be counterbalanced by the importance of Japanese investments in China.

Figure 4: Japanese investments in China.

Japanese Investment in China

The ongoing territorial dispute between China and Japan is expected to have a long-term dampening effect on Japanese investments in China. That’s what happened in 2005, when intense anti-Japan protests broke out across China following a Japanese request for a permanent seat on the United Nations Security Council. Afterward, Japanese investments in China plummeted and have remained weaker ever since, despite sporadic gains. Some analysts say the investment climate also reflects Japanese company decisions to move factories to less expensive countries while increasingly targeting China as a consumer market.

Source: Wind Information Co.
During 1997 financial crisis, China already run financial operations in order to increase its influence in Hong Kong or Taiwan. But it can be considered that the first fully assumed and claimed “weaponization” of trade occurred in 2010 through the can of the export of rare earths\textsuperscript{42} as a response to the territorial conflict in China Sea with Japan about the Senkaku islands\textsuperscript{43}.

The situation has been complexified because of China’s economic development. Chinese corporations implemented a catching-up process in the value chain. So, they are now able to compete with Japanese corporations. But they can also pressure on the supply of more complex goods such as semi-conductors. China’s economic development also gave financial resources that Beijing aims at using in a meaningful way to maximize its political interests. Because it would be naïve to simply see it as a competition, a confrontation is now witnessed at the institutional level in the structuring of economic cooperation at the Regional level: Chinese AIIB vs. Japan’s ADB, China’s OBOR vs. Central Asia Plus Japan Dialogue, and also a rivalry in international investments (for instance, in rivalry in railways markets).

However, these economic tensions should not alone explain the rise of military tensions. Following Copeland’s above mentioned model, two other elements should be added into the analysis: available expectations; and the analysis actors make of these expectations (these points will be discussed in §4 and §5). What are these expectations? On the Chinese side, a slowing economic growth is forecasted which is problematic in terms of the internal stability of the regime.

\textsuperscript{42} BBC, 10/24/2010, “China resumes rare earth exports to Japan” \url{http://www.bbc.com/news/business-11826870}  
The Telegraph, 24 Sep 2010 “China blocked exports of rare earth metals to Japan, traders claim”, \url{http://www.telegraph.co.uk/finance/china-business/8022484/China-blocked-exports-of-rare-earth-metals-to-Japan-traders-claim.html}  

\textsuperscript{43} Beijing followed the same logic in 2012 by banning imports of Philippine bananas following the conflict with Manila in the South China Sea.
Figure 5: Scenarios of the evolution of China's GDP growth.

![Three GDP growth scenarios for China; in percent](chart)

*Forecast, Optimistic scenario, Pessimistic scenario, Baseline scenario*

*Rates adjusted for inflation
Sources: Haver Analytics, JCE*

But despite this, China still foresees to become the world’s largest economy in the middle run (by 2022). The gap with Japan seems to be increased because *ceteris paribus* Japanese growth seems doomed to sink in a low pace.

Figure 6: Japan GDP growth forecast.

![Japan GDP growth forecast](chart)

*Source: IMF*
Facing such a situation, Japan has therefore undertaken to reduce its economic dependence on China by investing elsewhere. This reflected in particular in the balance of payments which, according to the OECD, is expected to turn positive this year.

Table 1: Japan foreign trade indicators.

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exports de biens et services</td>
<td>816.6</td>
<td>738.5</td>
<td>755.5</td>
<td>778</td>
<td>811</td>
</tr>
<tr>
<td>Importations de biens et services</td>
<td>961.6</td>
<td>778.7</td>
<td>736.5</td>
<td>748</td>
<td>765</td>
</tr>
<tr>
<td>Balance commerciale</td>
<td>-145</td>
<td>-40.3</td>
<td>19</td>
<td>29</td>
<td>45</td>
</tr>
</tbody>
</table>

Source: OECD

The result is that, on the Japanese side, the government can therefore face a threat but it has a little more room for maneuver. Thus gaining a little latitude, this would offer Tokyo the opportunity to assert its position in a security dilemma. In other words, Japan tries to diminish its economic dependence on China through the development of other economic partnerships. For instance, Japan remains involved in the TPP project, or has been consensual on Donald Trump’s critics about Japan’s form of mercantilism. Japan also seeks to develop economic relations in South East Asia. The prevailing logic here seems to be that if the economic dependence remains high, then the cost of a revision of
the Constitution would be high. In a sense, that confirms Martin, Mayer and Thoenig’s\(^{44}\) idea that when economic interdependence is mostly a matter of bilateral relations, it becomes a pacifying effect, while tensions are more likely to increase when trade is in a multilateral framework. We can therefore wonder if such an attitude is not favorable to a situation which would minimize risks of conflict in case of a Constitutional amendment. Indeed, Barbieri\(^{45}\) put that when economic interdependence is curvilinear. A low or moderate level of interdependence is likely to minimize potential dispute. And when interdependence is extreme, there seems to exist the most important likelihood of eventual conflict.

**THE WORLD ACCORDING TO XI JINPING**

Aron in *Hope and Fear of the Century* considered that “blocks would emerge in South-East Asia the day small countries would have the same feeling Western Europeans were, rightly or wrongly, feeling in 1946-1947; in other words, the day China would appear impatient to create satellite states around it.”\(^{46}\) It seems to me that China’s foreign policy since Xi Jinping became the supremo brings us back to this situation. This explains, I guess, the way Japan reconsiders war.

It was agreed by most observers that, when Xi Jinping has taken up office, several elements of Chinese political life _ often considered immutable since 1978 _ were reconsidered. With Xi it is a more personalized leadership and a more assertive foreign policy. From the outset Xi has worked on the consolidation of its power by dismissing the Communist Youth League faction\(^{47}\). He also organized a cult of personality. Through the use of the anti-corruption campaign, he has eliminated any potential rival (although this campaign may have benefited the country). He has also promoted his aides and his supporters in the hierarchy of the party. For instance, the PLA _ which is supportive of Xi’s ideas _ is now much more part of the decision making process within the CCP not

\(^{44}\) Martin and al, *La Mondialisation est-elle un facteur de paix ?*

\(^{45}\) Katherine Barbieri, “Economic Interdependence: A Path to Peace or a Source of Interstate Conflict?”

\(^{46}\) Aron, *Espoir et peur du siècle.* p281-282

only on military and strategic matters but also in the foreign policy. Actually, it can be considered that China’s always more assertive international ambitions are not new. Indeed, Xi’s predecessors already strengthened China’s international presence. But with Xi in office, the rising power seems not to be the result of a broad consensus with the CCP leadership, but it rather seems to be the fact and the ambition of a single man: Xi Jinping.

Considering official documents and Xi’s own statements, three main trends can be identified in Xi’s vision of the world. Xi foresees China as the world leader by 2049. Here it is not only a matter of being the world largest economy but to become the first power in all meaning of the word. This idea is very officially carried by the campaign for the “Great Rejuvenation of the Chinese nation”. This implies international relations to be redesigned. For China, it is necessary to assume this role by now. But it is also important that the rest of the world is now structured along a China-America bipolar order. It was in this context that the campaign for the “New Model of Great Powers relations” was initiated. It thus logically appears to Chinese leaders that East Asia is China’s sphere of influence. This is certainly the way the “Community of Destiny in Asia” campaign should be understood.

Considering Xi Jinping’s vision of the world, it is understandable why China _ albeit its rising importance _ seems displeased with the current international situation. And why China is all the more keen always more affirming its prerogatives (air identification zone in the China Sea in November 2013, construction of new military bases in the South China Sea since 2013, rising nationalism and sharp increase of military spending).

Xi’s priority objective is to establish and to consolidate a bipolar relation with Washington. In this respect, it seems that China under Xi shifted from commercial realism (as defined in international relations) or realism (as defined in international political economy) to structural neorealism. Actually, China’s strategic thinking mostly relies on the idea that material elements (China is the world’s second largest economy)

are the foundations of power, and powerful nations are the ones who structure the international order. Therefore, the current Chinese leadership has a cyclical view of hegemony. Eventually, wasn’t Aron also already foreseeing right? In 1957, he wrote: “The substitution of half symbolic American contingents for Japanese armed forces, which would be hardly less symbolical, has in itself only a mediocre scope. China (and the Soviet Union likewise) has no reason to conquer Japan where it would not find wealth either in the soil or in the underground. US bases influence Japanese domestic politics. Abandoned to itself, [Japan] could be attracted to the Soviet bloc by the desire to find a supplier of raw materials and a buyer of its manufactured goods. Political conversion would eventually result from economic solidarity”\(^50\). I assume this observation is shared by the Japanese elites who are precisely trying to avoid that economic interdependence in pushing Japan to a form of political dependence on China. In this respect, the amendment of article 9 of the Constitution seems precisely aiming at providing Japan armed forces which would not be “symbolical” or of “mediocre scope”.

**WAR FOR JAPAN IN THE 21ST CENTURY**

In this context, since he returned to power in 2012\(^51\), Abe Shinzo has the project to amend the article 9 of the 1947 Constitution. This has been done through two bills whose generic name is “Laws on peace and Security” (平和安全法制) by the third Abe cabinet in May 2015 and then adopted in September of the same year during the 189th session of the Diet (我が国及び国際社会の平和及び安全の確保に資するための自衛隊法等の一部を改正する法律Law to revise a part of the SDF law to contribute to the securement of peace and security in Japan and the international community) and The Act on Cooperation and Support for Military operations of Foreign Countries carried out by Japan during International Peace Cooperation (国際平和共同対処事態に際して我が国が実施する諸外国の軍隊等に対する協力支援活動等に関する法律). Nevertheless, modern Japan’s relation to war shall not be explained in a unicausal way. In summary, it

---

\(^{50}\) Aron, *Espoir et peur du siècle*. p280

\(^{51}\) Abe Shinzo was already Prime Minister from 2006 to 2007.
can be said that this relation is determined by the defence policy on the long run, the Constitution, China, and the USA.

Let’s note that Japan reconsideration of war is not driven by short-run concerns. As soon as he took office in 2001, Koizumi Jun’ichiro stated he was in favour of a revision of the Constitution in order to recognize Japan Self Defence Forces (hereafter SDF) as conventional military units\(^52\). A major evolution changed Japan’s relation to war. For a long time indeed (since 1945), the main actor of the defence policy was the high administration\(^53\). Gradually, the political class/politicians reclaimed this prerogative. This is a gradual trend since the late 1980s _ coinciding with the end of the cold war and, to a certain extend, the erosion of the 1955 system. It has been witnessed that the role of the Prime Minister has been reinforced “provided that [the head of the government] has the will to assume it”\(^54\). So, it can be considered _ as Delamotte did in 2006 _ that “the change in defence doctrine does not occur with the systematism that would allow talking about a method: it is more a way of associating strategy and opportunism”\(^55\).

Since Abe came to power again, there has been a stronger will to amend the Constitution.

As soon as he formed his cabinet, Abe clearly identified the need to rethink war. In 2005, Abe cabinet already filed and passed two laws expanding the scope of SDF. But Abe stands apart from his predecessors because he goes further in the scope of his defence policy. The meaningful point here is not only the deployability of SDF, but the very relation to war which is clearly stated. On August 15\(^{th}\), 2015, at the occasion of Abe’s statement on the 70\(^{th}\) anniversary of Japan’s defeat in World War 2, he draw attention domestically and abroad with his clear reference to a Constitutional amendment. He went further in February 2016 when he explicitly backed an amendment to the Constitution’s article 9\(^56\). At the occasion of debates hold at the House of Representatives Budget Committee, Abe stated there was a contradiction between the very existence of the SDF and the Constitution ban of armed forces. Several dimensions

\(^{52}\) He passed a law in October 2001 that allowed Japan to send troops in logistical support during the Second Iraq War.


\(^{54}\) Delamotte, _La Politique de défense du Japon_ p302.

\(^{55}\) Delamotte, _La Politique de défense du Japon_ p298.

\(^{56}\) _The Japan Times_, « Abe explicit call for amendment to Constitution’s article 9 », February 3\(^{rd}\), 2016.
can be seen in Abe’s willingness to amend the Constitution. Japanese conservative LDP is largely influenced by the powerful Nippon Kaigi which sees 1947 Constitution as a basic law imposed by the American occupier in order to emasculate Japan. Abe himself is a member of the Nippon Kaigi. Thus, some references to wartime are ambiguous in Abe’s statements. For instance in March 2015, at the occasion of his address at the graduation ceremony of the National Defence Academy, Abe said: “The peace that we enjoy today is built on the precious sacrifice of our forefathers.”

But if Abe belongs to the, at least, patriotic fringe of Japan conservatives _ some might say nationalistic _ his position however has never been condemned by the public opinion even though the latter mainly remains attached to pacifism. According an opinion poll for the NHK in June 2016, only 26% of the voters supported the revision of the Constitution, and only 11% considered it as a priority. Abe Shinzo thought of war is therefore something else than any form of historical revisionism of post 1945 strategic equilibrium. In March 2015 above mentioned address, Abe also stated that “the peace of yesterday is no guarantee of the peace of tomorrow. With the proliferation of weapons of mass destruction and the threat of terrorism, regardless of what we may hope, the international situation is constantly changing. In order to fulfil the pledge to never wage war again, we must look to the example of our forebears and take action in a resolute manner. The development of a security legislation is underway, which will enable a seamless response to all situations, from so-called grey-zones to the exercise of the right of collective self-defense.” Here Kawashima Shin’s analysis can be followed when he considered _ after Abe’s statement for the 70th anniversary of the Atomic bombing _ that Abe’s statement on the issue shall be seen as projection to the future. The relation to war ceased to be only an effort of repentance or victimization but it is also a willingness to reconsider Japan’s role in the international society of the 21st century.

If Copeland’s idea is followed, then it is possible trying to understand the vision of political actors (here Abe Shinzo) in order to propose a causal approach. What does Abe say? He is clearly positioned as a realist. He thus declares: “Peace is not something that is

---

57 Acording a survey in November 27th, 2016, Abe’s cabinet support rate was of 60.7%. The Japan Times November 27th, 2016.
58 Kawashima Shin, « How to read the Abe statement » The Diplomat, August 20th, 2015.
given to us by others; peace is won with our own hands.” 59 In another address, he clarifies his thought: “What is the duty that you [the SDF] are tasked with? It is to never again repeat the tragedy of war.” 60 Then why does he want to legalize resorting to war if his goal is peace? This is precisely where Copeland’s approach takes its very interest. Answering to a question of a Yomiuri Shimbun journalist, Abe stated that “the security environment surrounding Japan is becoming ever more severe” 61. In other words, Japan fundamentally remains attached to pacifism but it can no longer delude itself about the evolution of the international stage. Abe thus summarizes the situation: “the path Japan has taken as a peace-loving nation will remain unchanged. Against the backdrop of a dramatically changing international situation we will make this into a path which we follow even more tenaciously. We will secure fully and resolutely the lives and peaceful livelihood of the Japanese people by developing security legislation that enables seamless response to any situations” 62. Japan therefore considers itself legitimate to resort to war because of the democratic nature of its regime, because of increased risks, and because it has learnt from the mistakes of the past. What are these lessons? At the international level, Abe establishes some rules of action which justify amendment of the Constitution: “Never intimidate other countries with military force in the background; never commit violence against other countries; never make changes to one’s territory without other countries’ consent; never rule over other peoples or make them subordinate.” 63 It is pretty obvious that China is here targeted. In other words, facing China as a perceived threat, Japan intends give itself the means to ensure its security. This perspective could not be understood without considering the relation with another fundamental actor of the defence policy of Japan: the United States.

Without going into too much details here, the situation can be summarized in this way: Tokyo sees China rising and therefore the United States is relatively declining. This raises questions about Washington’s desire to bear a significant cost to the defence of

59 Address by Prime Minister Shinzo Abe at the 2015 Fleet Review of the Japan Self Defence Forces, October 18th, 2015.
60 Address by Prime Minister Shinzo Abe at the Graduation Ceremony of the National Defence Academy, March 22nd, 2015.
61 Press Conference by Prime Minister Shinzo Abe following the Cabinet Decision on the « Legislation for Peace and Security » May 14th, 2015.
62 Policy speech by Prime Minister Shinzo Abe to the 18th Session of the Diet, February 12th, 2015.
Japan. It is noteworthy that if it is too soon to say anything about the future orientations of the US foreign policy, Trump’s statements during the campaign could only reinforce Japanese leaders in a pessimistic analysis. Shortly before the election, Donald Trump said “if we’re attacked, Japan doesn’t have to do anything. They can sit home and watch Sony television, OK?” With such a statement, it can be reasonably assumed that Japanese leaders have negative (understood here as pessimistic) expectations about the American-Japanese alliance.

CONCLUSIONS

Public opinion surveys show the strong attachment of the Japanese population to pacifism. However, the evolution of the international context gives a negative perspective to economic interdependence, which seems to be increasingly seen more as a security threat than as an economic opportunity. In other words, in a trade-off between security threat and security cost, it seems Japanese leaders anticipate a rise of the threat and they see economic interdependence as an element used by China to potentially weaken Japan. Tokyo would therefore be ready to amend the Constitution albeit the economic cost it would imply considering the very high level of interdependence with China.

Japan’s will to amend the Constitution is not the sole result of China’s attitude. But it can be reasonably assumed that the People’s Republic attitude contributes to it in three ways. Firstly, China’s foreign policy is perceived in Japan as a source of tensions (rising nationalism, border disputes). Secondly, because economic interdependence is strong and it is increasingly perceived negatively in particular because the Chinese power makes a political use of economic development. Finally, because Beijing does not seem to propose a Regional project except for a one-sided hegemony. Additionally, Takeuchi Hiroki64 argues that the deterioration of Sino-Japanese relations mainly results from the power struggle in the Chinese leadership.

---

But some determinants in the desire to amend the Constitution are not of China’s responsibility and therefore it is not about economic interdependence. These determinants include the ideology conveyed by nationalist lobbies in Japan (although the weight this lobbies gained may be explained by the rise of China). Another explanatory factor is the willingness or even the opportunity offered by the current situation to “re-gain” a place on the international stage.

In the end, several elements can be considered as causing Japan reconsidering its strategic policy: immediate security environment; the alliance system into which Japan is inserted in and how strong this alliance is; economic interdependence and the intensive use or not by China of the economic weapon.

Let me mention some limitations to my analysis. To go further in this analysis, certainly a more specific study of the main markets on which Sino-Japanese economic interdependence rely would be required. For each of these identified markets, it would be appropriate to measure the elasticity of imports and exports by targeting a country (Chinese imports in the case of the Japanese market and vice versa). This more positivist approach would allow to put in perspective Copeland’s perceptionist approach. Finally, the last limit that can be identified is that the analyst can do nothing about actors’ self-fulfilling expectations. This if Japanese and Chinese leaders are convinced of the imminence of a military crisis, then the probability this crisis will occur will be tenfold. At most, it is possible to explain why actors will tend to this interpretation of the facts.

In conclusion, I wish to quote Aron when he said: “rationalism prevents us from asserting that men will not go mad. If men are reasonable, they will not wage war. But man is reasonable, are men so? [...] A war between the United States and China could only lead to have China as a winner. But if it is supposed world leaders are reasonable, however little reasonable they may be, they will not assume the victory of a common rival.” Will what was true for Washington and Moscow be true for Beijing and Tokyo? “There is a philosophical sense to this. Man has become master of his destiny because he
is able to destroy himself as a living species. But he will not do it because he is reasonable, because he wants to live according to the reason.”

---

65 Interview of Raymond Aron.
ECONOMIC INTERDEPENDENCE AND STRATEGIC THINKING IN SINO-JAPANESE RELATIONS: Reconsidering the Amendment of Article 9 of the Constitution of Japan

BY PAUL ANDRÉ

Paul André (PhD, Université Paris-Est) is Associate Professor at the School of Political Science and Economics of Waseda University (Japan). He is editor of La Chine aujourd’hui. Dynamiques domestiques et internationales [China Today: Domestic and International Dynamics] (Lille University Press, 2014). He is working at another book on the political economy of security in East Asia.

FEBRUARY 2018

© IRIS
All rights reserved

THE FRENCH INSTITUTE FOR INTERNATIONAL AND STRATEGIC AFFAIRS
2 bis rue Mercoeur
75011 PARIS / France
T. + 33 (0) 1 53 27 60 60
contact@iris-france.org
@InstitutIRIS
www.iris-france.org