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The nightmare finally came to pass last October. With hardly any warning, North Korea exploded its first nuclear bomb deep under a mountain in north-eastern Hamgyong province.

Despite being fairly crude – experts claim that the nation is still some way from being able to deploy its newfound nuclear might on missiles – the test sent diplomatic shockwaves rippling across the region and drew international condemnation. The test largely overshadowed news of East Asia’s spectacular economic growth and the interesting shifts in political dynamics that took place last year. Within a span of nine months, East Asia (a vast swathe of territory encompassing Greater China, Japan, Korea and South-East Asia) witnessed the liberation of 25 million people from the dim confines of poverty, according to one World Bank study. The region’s economies grew at an average rate of 8% last year, excluding Japan.

The driving force behind much of the region’s remarkable growth has been a surge in exports. China’s foreign-exchange reserves passed the USD \$1 trillion mark late last year, even as an appreciating yuan surpassed the Hong Kong dollar’s trading band to the US dollar for the first time in history. Anxious to take part in the frenzied growth, investors across the globe unleashed floods of capital on stock markets throughout the region, ensuring the success of the Industrial and Commercial Bank of China’s (ICBC’s) colossal USD \$22 billion initial public offering on the Hong Kong Stock Exchange – the world’s largest to date. The enormous influx of speculative “hot money” into the region prompted the Thai government to impose ill-fated currency controls in December to restrain a surging baht, Thailand’s free-floating local currency. The imposition of such controls told it all: East Asia – much like ten years previously - was once again the investor’s darling.

Yet the flood of capital into the region’s financial markets masked a fierce ongoing battle for foreign direct investment (FDI). FDI, defined as long-term investment by foreign direct investors into enterprises of a foreign nation, is usually preferred by recipient nations to other, more speculative capital inflows because it tends to raise the technological capabilities of the local economy. Rising labor costs in China last year provided a convenient windfall of FDI to other countries in the region: Vietnam is the site of a new cutting-edge factory that cost Intel USD \$1.3 billion to build. Flextronics, which manufactures electronics for other global firms like Hewlett Packard, decided to invest USD \$110 million on a factory in Johor, Malaysia, in lieu of adding to the existing array of facilities already up and running in China. Increasingly, however, East Asia’s frantic rush to attract FDI has been met by calls for renewed evaluations of the true impacts of foreign direct investment

on local economies. Sai S.W. Latt provides timely analysis of this issue by examining worker rights and labor conditions in the context of foreign investment and state interests.

Encouraging news on the economic front belie a tumultuous half-year in regional politics. Allegations of corruption toppled leaders in Shanghai and Thailand, and continue to besiege the presidents of the Philippines and Taiwan. Shinzo Abe, a hardliner, was sworn in as Japan's prime minister last September amidst media speculation that he had neither the will nor the political mandate to carry on the economic reforms of his iconoclast predecessor, Junichiro Koizumi. Growing concern in the press was accentuated by the near return of the Japanese economy last year to the deflation that has stymied its growth for the past decade.

The foreign press also had a field day with Singapore's prime minister, Lee Hsien Loong, who became embroiled in a verbal free-for-all last September after he banned the Far Eastern Economic Review, claiming "it is a privilege and not a right for foreign newspapers to circulate in Singapore." Yet increasingly the region's local media are developing a knack for bringing controversial issues to light. In this issue, Laura MacGregor examines the key role the media played in instigating competition amongst three of Japan's biggest transportation companies.

Political shenanigans and sizzling economic growth aside, perhaps the most important development in East Asian affairs has been the deterioration of regional security. After withdrawing in 2005 from the six-party talks designed to end its nuclear ambitions, North Korea let fly six missiles directed towards the Sea of Japan last July. China agreed uncharacteristically to mild economic sanctions by accepting a United Nations (UN) resolution condemning its ally's missile tests. Then, still smarting from the freshly-imposed sanctions, North Korea decided to explode its first nuclear bomb on October 9th of last year.

The country's first nuclear test came to pass at an exceedingly embarrassing time for China, its sole ally. Hu Jintao, China's President, had just publicly announced that such a test would be "unacceptable" during a historical summit with Shinzo Abe. A second UN resolution imposing much harsher sanctions that banned the sale of nuclear technology, large-scale military equipment and luxury goods was therefore met with an unusually warm response by China in the UN Security Council later that month. North Korea promptly responded by pronouncing the sanctions a "declaration of war"; East Asia seemed close to descending into chaos.

Exactly what motivated the North Korean nuclear test remains unclear. Baya Harrison provides some perspective on this question by examining previously archived documents authored by Soviet and Hungarian envoys detailing North Korea's historical stance towards nuclear weapons. Whatever spurred the act of aggression, however, one thing remains clear: the region's leaders must tread on

tip-toes this year when handling the political and diplomatic fallout from the nuclear explosion. As Ban Ki-Moon, South Korea's former Minister of Foreign Affairs, succeeds Kofi Anan as Secretary-General of the United Nations, the denuclearization of the Korean peninsula will undoubtedly be at the top of his agenda.

Yet the UN Secretary-General's role in resolving the diplomatic conundrum will likely remain limited. The future of regional security will hinge largely on the decisions of the six parties – North Korea, China, Japan, Korea, Russia and the US – at the round-table discussions that North Korea agreed to resume last November. Japan has already stated firmly that it will not seek to develop nuclear weapons of its own in response to North Korea's unexpected test, easing concerns that a full-scale arms race is about to unfold in the region. Last December, however, Hu proclaimed that China needed to build a powerful navy and “make sound preparations for military struggles,” prompting renewed concern in the Pentagon and many neighboring countries, particularly Japan, that China was seeking to build an aircraft carrier. Yet the populist movement in Japan to beef up its military by amending its pacifist constitution appeared deadlocked. Jason Kelly analyzes why China's bordering states have failed to engage in “balancing” behavior to match China's new military capabilities, providing much-needed insight on the future landscape of East Asian security.

Greater East Asia remains a compelling area for academic scholarship. It is home to one-third of the world's people, comprising the most populous area of the globe, and continues to lift more of its citizens out of poverty than has occurred in any other era. Economically, it continues to amaze: Hong Kong overtook London and New York last year as the premier destination for firms seeking capital, with a record-breaking USD \$41.2 billion raised. The regional strive towards economic integration culminated in a landmark trade deal signed this January by leaders of the Association of Southeast Asian Nations (ASEAN) and China that will liberalize key sectors from tourism and telecoms to energy and computers and pave the way for a regional free trade area possibly dwarfing NAFTA and even the EU by 2010. Politically, many of the region's countries are at a crossroads, with key constitutional amendments proposed in no less than three polities. In terms of security, East Asia remains the site of torrid diplomacy and negotiation, and worries of nuclear proliferation from North Korea will likely persist long past the settling of the dust from its first nuclear test.

Whether East Asia's breakneck pace of economic growth proves sustainable, and exactly how the region might resolve the diplomatic conundrum in North Korea remain questions that continue to generate much academic debate. We invite readers of the Journal to contribute to the discussions that take place within and beyond these pages, and to provide new insight on the compelling East Asian issues of our time.



Hin Sing Leung
Editor-in-Chief, 2007

Reading the Journal: Shifting Contexts, Evolving Debates, Enduring Questions

Each issue of the Stanford Journal of East Asian Affairs (SJEAA) responds to long-standing debates as well as those generated by recent events, inquiring both into the past (and its implications on the present), and the future developments of East Asian and Southeast Asian nations, and the region in general.

When issues of the Journal are read diachronically rather than independently, however, juxtaposing the positions held and the frameworks used in these debates in each issue with succeeding ones, we acquire a different perspective on how the nature of these debates evolve with and mirror the changing global and regional context. This chronological reading not only tells the story of how the Journal has developed and transformed through the years under the direction of each group of editors, who bring their unique backgrounds and areas of expertise to the publication, it also reveals interesting anecdotes of how particular questions concerning the region remain central to the focus of the curricula and research in American universities and to United States foreign policy, as well as how the grounds for certain debates have shifted through the years, acceding to new positions, and adopting different terminology to adjust to the implications of more recent developments.

The SJEAA was inaugurated in the Spring of 2001 at the tail of the Asian Financial Crisis. The succeeding two volumes witnessed the events of September 11, the outbreak of the SARS epidemic, and the controversial political and military developments following the US-led invasion of Iraq in 2003. The fourth volume was launched during the preliminary phases of the Six-party talks involving the East Asian nations, Russia and the US, and the fifth volume followed the wake of what was known in international media as the “Asian Tsunami,” the deadliest in modern history. The outbreak of the avian flu and the failed attempts at reaching a negotiation at the fifth round of Six-party talks in 2006 formed the backdrop of our sixth and last volume as the war in Iraq continued and the violence escalated.

In light of events in the Middle East, the perceptive reader might observe from our articles a distinct relationship between United States’ concerns in the Middle East and its interests and diplomacy in the Asia-Pacific. Sirgurd Ulland predicts in “Ripe for Cooperation: The Sino-American Relationship Since September 11” of the March 2002 issue (vol.2 no.1) that the events of September 11 will prompt a shift in US foreign policy towards China, which shares borders with many Central Asian states, to promote a more cooperative relationship in security affairs in the region. Ulland’s anticipation of greater US presence and military interest in the Asia-Pacific region

are not unfounded; in a subsequent Journal issue, George Baylon Radics explains in “Terrorism in Southeast Asia: Balikatan Exercises in the Philippines and the US ‘War against Terrorism’” how the “War on Terror” has provided the US a pretext to negotiate with the Philippine government despite strong public opposition to re-deploy troops on the islands, which are strategically situated on the west of the South China Sea.

US involvement in the Middle East also has had implications for Japan. In “Catalysts, Choices and Cooperation: Japanese Military normalization and the US-Japan Alliance in the 21st Century” (vol.5 no.2), Jacob Brown suggests that Japan will participate more proactively in international military affairs in response to the shift “from extended deterrence to offensive preemption” in US foreign policy in the hopes of strengthening the US-Japan alliance, and of revising Article IX of the Japanese Constitution, which currently precludes Japan from engaging in collective self defense. This new US policy of “offensive preemption” prompted the new American administration to harden its stance towards North Korea, and President Bush to include North Korea along with Iran and Iraq among the “axis of evil” at his State of the Union Address in January 2002. In “Ambivalences in the South Korean National Security: An Evaluation of the US-Korea Security Alliance” of our March 2002 issue (vol.2 no.1), Georgi Diankov explores the strains in US-South Korea relations as many South Koreans are angered by US’s confrontational approach, which they feel endangered the possibility of peaceful reconciliation and possible reunification of the two Koreas.

The Journal has followed closely US foreign policy towards North Korea since the inauguration of the Bush administration, and throughout the five rounds of the Six-party talks, the last of which was held this January. In an interview featured by our first Journal issue with Dr. Suh Sang-Mok, former member of the Korean National Assembly and Hoover Fellow at Stanford University, Mok expressed in 2001 his views on how the new Bush administration could tactfully approach negotiating an agreement with North Korea: “Experts emphasize that whatever the US policy is, [the policy] has to be coordinated closely with the South Korea government... in order to be effective in dealing with North Korea.” In the subsequent Journal issue, following Bush’s inclusion of North Korea in his “axis of evil,” Georgi Diankov warns that US neglect of South Korean hope for peaceful reconciliation may jeopardize trust and cooperation between the two nations. In response to Bush’s hard-line stance towards North Korea, numerous articles have appeared in succeeding Journal publications that call for an increased understanding of North Korea as the premise for finding more effective ways of reaching an agreement. Grace Lee’s essay, “The Political Philosophy of ‘*Juche*’” (vol.3 no.1), for example, suggests that an understanding of *juche*, the North Korean ideology of self-sufficiency and independence, will give the Bush administration a better grasp of the regime’s economic, political, military, and cultural outlook and perhaps better judgment in handling its negotiations.

In more recent articles, the attention on North Korea has shifted away from the Six-way talks onto questions of human rights. In the Summer 2004 issue (vol.4 no.2), David S. Lee discusses in “North Korean Human Rights: A Story of Apathy, Victims, and International Law” the little-known plight of those who escape from North Korea and the consequences of failed attempts. Lee hopes, despite the ineffectiveness and neglect of the United Nations to act on human rights issues in North Korea, that the “South Korean Balancing Act,” first promulgated in 1997 and amended in 2001, will signal an increasing awareness among South Koreans of human rights abuses in North Korea, and will encourage activism within the government to extend protection and financial assistance to refugees. In our last publication, Cara D. Cutler argues in “China’s Provision of Temporary Visas to North Koreans: Reconsidering the Protection of Migrants in the 21st Century” that China’s temporary visa program, which allows North Koreans to temporarily enter China without granting them refugee status, is a program deserving of international approval; while it serves China’s interests, it also meets the basic needs of North Korean migrants.

Soon after the North Korean government’s claim in October 2006 to have conducted its first nuclear test, however, international focus has shifted back to the Six-party talks and the possibility of de-nuclearization. This present issue features an article by Baya Harrison, who argues in “Through the Eyes of the Hermit: The Origins of North Korea’s Quest for the Bomb” that the US, in its attempt to reach a peaceful resolution with North Korea, must recognize that the North Korean government pursued a nuclear program in the first place as a response to the perceived threat of US aggression.

Taking the US out of the spotlight for the moment, the question of whether the Association of Southeast Asian Nations (ASEAN) has been effective in resolving political conflicts and promoting economic development has continued to be debated even as efforts have been made towards increased collective action among the Asian nations at the recent East Asian Summit (EAS), where leaders from 16 nations signed an agreement to reduce the region’s dependence on fossil fuel and to promote the use of alternative energy sources. Sai S.W. Latt argues in this present issue that for regional economic cooperation to translate into improved living standards, the state itself, with specific regards to Indonesia, must first undergo a political transformation. Mann Bunyanunda has a different kind of objection, claiming in “Burma, ASEAN, and Human Rights” (vol.2 no.1) that the ASEAN policy of “constructive engagement” as an alternative to the Western method of forcing change by economic sanctions and isolation has failed to improve Burma’s human rights record. Gillian Goh argues otherwise in “The ‘ASEAN Way’: Non-Intervention and ASEAN’s Role in Conflict Management” (vol.3 no.1), where she explains how ASEAN played an important role in resolving the Cambodian conflict of 1978 using the principle of non-intervention – a non-confrontational approach that encourages collective diplomacy, pressure, trade-offs, and communication. Tai Wei Lim suggests in “ASEAN’s Role in its Management of the Sino-Japanese

Rivalry” (vol.5 no.1) that perhaps ASEAN could also serve as a strategic buffer in the political and historical disputes among the East Asian nations.

Looking into the near future, previous discussions of political and legal reforms, and rural policy in China will become increasingly relevant with the approaching 17th National Party Congress (NPC), the most authoritative political event for the Chinese Communist Party, to be held in Beijing this fall. In recent years, China has witnessed large numbers of peasants migrating to the cities in search of employment. This phenomenon, as Peter Hansen explains in “Long March, Bitter Fruit” (vol.1 no.1), has had both negative and positive consequences on rural and urban economies, as well as on the migrants themselves. How Chinese leadership can effectively deal with disaffected citizens from the strains of economic reforms – mass layoffs from state-owned enterprises, rural inequality, peasant land confiscation, and government corruption – to preserve social stability is a challenge the government has to be able to effectively handle with its political and legal system (Jessica Chen Weiss, vol. 3 no.1). The government’s failure to respond to the AIDS crisis, a problem addressed by Ian Carmichael in “The Great Leap Backward” (vol.3 no.1), has again in recent months found its way into the international spotlight as regulations on reporting have been relaxed to facilitate coverage of the Olympic games. Since the 1990s, peasants have been encouraged by local officials, who profit from the blood plasma trade, to sell their blood to supplement their meager incomes. In Henan Province alone, it is estimated that more than 170,000 peasants have been infected with HIV. Political and legal reforms, corruption in the government, fair compensation for confiscated peasant lands, and sustainable rural economic development are some of the issues that will very possibly be addressed at the 17th NPC.

How governments can develop a balanced approach to economic growth – respond to the needs of citizens on the one hand and advance national interests on the other – is a pressing question in many other discussions concerning Southeast Asia. West Bengal’s Communist government recently announced its plans to confiscate peasant lands in eastern Midnapur to form special economic zones (SEZs) for developing an export-driven industry, hoping that SEZs, as they had in China, will boost the infrastructure and generate national income. This economic policy has been attacked by social activists, by some government officials, and most fervently of all, by farmers. Several peasants were killed this January in a dispute with state police in their attempt to defend their rights to the land.

In Indonesia, the economy is growing, but poverty is also becoming more widespread. Government statistics estimate that, according to the government’s definition of poverty as 152,847 rupiah (USD\$16.80) a month for a diet of 2,100 calories a day, about 39 million or 18% of the population are below the poverty line. According to the \$1 a day definition, 80 million Indonesians are estimated to be in poverty. The World Bank claims that artificial high rice prices are to blame;

keeping domestic rice prices higher than international prices puts the poor at a great disadvantage. While a great majority of them earn their living from agriculture, most of them are also rice consumers.

How worker rights can be protected while governments reap the benefits of economic development and regional integration is not simply a national concern, but a regional one. The Asia-Pacific region is home to one the largest population of migrant workers; a 2005 study estimated that at least 8.4 million Southeast Asians work outside their home country. Burma, Cambodia, the Philippines and Indonesia are the largest labor-export countries as unemployment is high at home. Last year alone, one million Filipinos left home to work abroad at difficult, low-paying jobs, and tens of thousands of Burmese each year attempt to find work in Thailand, where currently two million Burmese refugees and migrant workers are thought to reside. The wealthier countries in the region – Singapore, Malaysia and Thailand – are the three largest migrant destinations; a third of the workers in Singapore are foreigners, two of the ten million workers in Malaysia are migrants, mostly Indonesians, and there are about two million Burmese, Cambodian, and Laotian migrants in Thailand.

Millions of these migrant workers suffer injustices at the workplace – long hours of work without overtime pay, being paid below minimum wage, unsafe working and living conditions, and the inability to organize collectively. Female workers are also dismissed from their jobs if they are found pregnant. When workers ask for higher pay or for better treatment, they are subject to punishment by their employers – beatings by hired hands, or threat of arrest and deportation. With pressure from human rights organizations such as ASEAN Migrant Workers, Asian Forum for Human Rights and Development (FORUM-ASIA), and Migrant Forum in Asia (MFA), however, optimistic steps were made this January towards eliminating widespread migrant exploitation and abuse by foreign employers, when 10 ASEAN leaders including those of Singapore, Malaysia, and Thailand, signed an agreement to aid migrant workers by obliging their governments to draw up charters for migrant rights that, in theory, will guarantee migrants access to justice and welfare services.

Where research institutions and nongovernmental organizations such as the Migrant Forum in Asia and FORUM-ASIA have utilized ASEAN as leverage in advocating labor and human rights, it is currently in the interest of states to ensure balanced economic growth (ie. not at the expense of citizens' well-being or worker and migrant rights) not only to maintain internal social stability, but also to create a positive international image that will ultimately influence regional economic, political, and security relations. Similarly, where ASEAN hopes to have a more intimate economic partnership with the United States, which currently has an interest in ASEAN more for political and security reasons, the extent to which US is willing to participate with ASEAN as an

economic partner will also affect US's ability to form security alliances in the Asia-Pacific. Regional political and economic cooperation, balanced growth, worker and migrant rights, and the role of nongovernmental organizations in protecting those rights are some critical topics the Journal would like to see explored in its upcoming issues.



Betty Manling Luan
Editor-in-Chief, 2007

RESPONDING TO REGIONAL CHALLENGERS IN A UNIPOLAR SYSTEM

An Appraisal of East Asian Balancing and Bandwagoning

China's expanding military capabilities have not gone unnoticed by neighboring countries in East Asia. Seeking to understand why regional states have failed to engage in "balancing" behavior to match China's new capabilities, as classical neorealist theory would suggest, Jason Kelly qualifies the neorealist position by presenting East Asia as a historically and culturally unique case. Yet after taking into consideration the United States' significant presence in the region, Kelly concludes with a reaffirmation of the international applicability of neorealism.

Jason Kelly

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It is not a recent development or a disputed trend amongst scholars and government analysts that the People's Republic of China (PRC) is dedicating greater national resources to the improvement of its armed forces, the People's Liberation Army (PLA).¹ Yet as Chinese military spending mounts, the East Asian states that appear most threatened by these increases seem blithely unmoved. The Republic of Korea, Thailand, Vietnam, and Singapore have all failed to reciprocate with comparable and consistent increases in defense spending. Nor have regional states made efforts to balance China's rise through the formation of alliances that exclude the PRC, which has joined all of the existing regional forums devoted to security issues.

The trend toward greater ties between the PRC and its neighbors, in light of China's substantial increases in defense spending, appears to contradict the core precept of neorealism. Neorealists contend

that in an anarchic system with no central authority to protect states from one another, weaker states respond to powerful rivals by balancing them.² As Stephen Walt has argued in his analysis of balancing behavior in the Middle East within a bipolar international system, regional states are sensitive to threats from other local powers.³ Similarly, the implicit threat posed by a proximate state's increased capabilities should move East Asian states to heighten security through alliances or improvements in their own capabilities, not forge closer ties with a rising China.⁴ Several scholars have sought to explain this anomalous behavior by using analytical frameworks that eschew neorealism and focus instead on the distinctive cultural, historical, and political characteristics of East Asia. The lesson to be learned from these approaches, as David Kang points out, is that the theoretical foundation of neorealism may offer limited utility beyond the boundaries of

Western Europe.⁵ If this is true, such a limitation would have significant implications for the study of international relations—namely, that perhaps international relations theoreticians should cede academic ground to area specialists when examining interstate relations outside of Europe.⁶ However, this may be a premature conclusion. Equally hasty is the assessment that the absence of a balance of powers in East Asia confirms the inadequacy of neorealism when applied to non-Western states.

This essay will reconcile the disconnect between the fundamental principles that support neorealist approaches to international relations and the absence of balancing behavior in East Asia today. The first section frames the discussion by delineating the core tenets of Kenneth Waltz's theory of international relations and examining the Chinese military's organization of an increasingly modern and minatory military. The second section reviews literature that attempts to explain the lack of East Asian balancing by jettisoning Waltz's conception of the international system. The final section reappraises the applicability of neorealist thought to current security trends in East Asia. Fundamentally, East Asian power dynamics must be viewed from within the context of a unipolar international system. Central to this interpretation is the notion that East Asian states, which should feel threatened by a rise in Chinese capabilities, are assuaged by the presence of the United States in the region because of its commitment to maintain the status quo of power distribution. Neorealism remains an important framework for understanding East Asian international politics, and this becomes clear only after examining the impact of United States military power in East Asia on regional states'

decision making.

Neorealism, China's Rise & the Lack of Balancing

As defined by Waltz, an international system is composed of a structure with interacting units.⁷ Of central importance to Waltz's interpretation of the international system is the concept that the units constituting the system, in this case East Asian states, operate in an environment of insecurity caused by the absence of an omnipotent international arbiter capable of enforcing peaceable relations and other political agreements. Since any state may use force at any time, all states must be prepared to act or otherwise "live at the mercy of their militarily more vigorous neighbors."⁸ Moreover, uncertainty over the actions and intentions of other states constrains the ability of individual states to cooperate with one another.⁹

These structural characteristics press leaders to formulate and implement foreign policy with one ultimate goal --- to ensure their state's survival. Nevertheless, leaders of these states cannot act with perfect knowledge and wisdom.¹⁰ Structural factors, according to Waltz, do not necessarily predict with perfect or even near-perfect accuracy the behavior of individual states. Waltz argues that behavioral patterns emerge, rather, from the structural constraints of the system. It follows that such changes influence expectations of how system units will behave and what outcomes state actions will produce.¹¹

Waltz's theory of international politics has generated much debate, particularly when scholars attempt to cultivate policy prescriptions or predictions, and apply the theory to political developments. Scholars often fail to distinguish

between the broad, systemic nature of Waltz's theory and a more precise theory of foreign policy.¹² As Thomas Christensen and Jack Snyder point out, the simplicity of Waltz's model leaves sufficient room for scholars to deduce opposing foreign policy behavior in identical contexts.¹³ In an attempt to make the leap from systemic to foreign policy theory, additional variables are often appended to Waltz's framework to account for the predominance of one outcome over another.¹⁴

Scholars have added many independent variables in order to explain and predict balancing and bandwagoning behavior. Deborah Larson, for example, posits that weak states, as demonstrated through state-society relations, may have incentives to bandwagon in order to retain authority.¹⁵ Steven David also taps domestic influences as a contributing cause for balancing behavior. David argues that leaders face the need to "appease secondary adversaries, as well as to balance against both internal and external threats in order to survive in power."¹⁶ These addenda, however, do not necessarily contravene the fundamental tenets of Waltz's systemic theory, that anarchy is the constant structural element in the international system and that polarity is the variable.

The grist in Waltz's theoretical mill is the dynamic dispersion of power capabilities in the international system. What reactions are expected in response to the increasing relative capabilities of another state? Nations are generally viewed as facing two sets of options when responding to rising threats. Balancing is the act of "allying with others against the prevailing threat," while bandwagoning, by contrast, is the act of "joining the potentially threatening state."¹⁷

To determine whether a neorealist framework

is applicable to the strategic environment in East Asia, we must first demonstrate that China presents a growing threat to other regional states. The observation that Chinese military spending is increasing is not sufficient evidence since relative strength is most important to the neorealist paradigm. Also critical is an understanding of how funding is allocated to military resources. For example, does funding translate directly and efficiently into greater power projection capabilities and increased threat?

China is among the top military spenders in East Asia as indicated by Figure 1 below, and its expenditure has increased substantially in the past two decades. Because the perception of a threat encourages balancing or bandwagoning behavior, Figure 1 plots military expenditures rather than

Figure 1 Military Expenditure as a Percentage of Regional Total

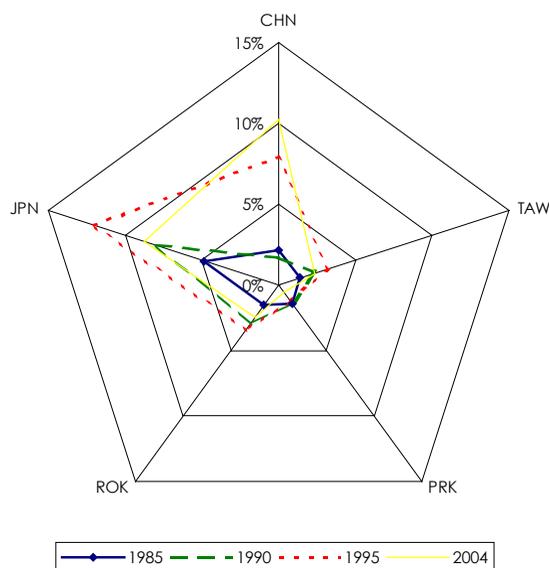


Figure 1 indicates each state's percentage contribution to total military spending among East and Southeast Asia's top 14 military spenders.

Correlates of War (COW) measures. COW figures are a composite index of total population, urban population, energy consumption, steel production, and military personnel, which are all equally weighted. Generally speaking, fluctuations in military expenditures have a more direct impact on the quality and capacity of a national military than on energy consumption and steel production. Demographic indicators, because of their relative stasis, contribute little to intra-generational adjustments as responses to threat perception. As William Wohlforth has noted, pre-1914 decision makers in Europe paid close attention to estimates of military expenditures and personnel, estimates which “clearly influenced the formation of perceptions.”¹⁸ Similar approaches to observing military threats, while certainly more sophisticated, doubtlessly still hold sway today.

The remaining question is how increased funding being allocated to the PLA Military imports serve as the apex of Beijing’s “Three-

Ways” acquisition guidance policy.¹⁹ Indigenous military technology in China is far from cutting-edge. As a result, Beijing has focused its efforts on creating “pockets of excellence” within the PLA through the importation of critical advanced weaponry. Most noteworthy are acquisitions from cash-strapped Russia. Guided-missile destroyers, Sukkhoi Su-30 MKK fighter bombers, as well as Su-30MK2, IL-76 transport planes and IL-78 MIDAS air refueling aircrafts have helped to expand China’s power projection frontier and to pull neighboring states into range.²⁰ Improving missile capabilities, consequently, has had a direct impact on threat perceptions in East Asia.

These improvements in power projection capabilities should be put into context. The power inherent in these advanced weapon systems as well as historical circumstances support the contention that China is swiftly rising to a great power status. For much of the twentieth century, China was an inward-looking military power that emphasized

Figure 2 Annual Military Expenditures in Five of China’s Neighboring States

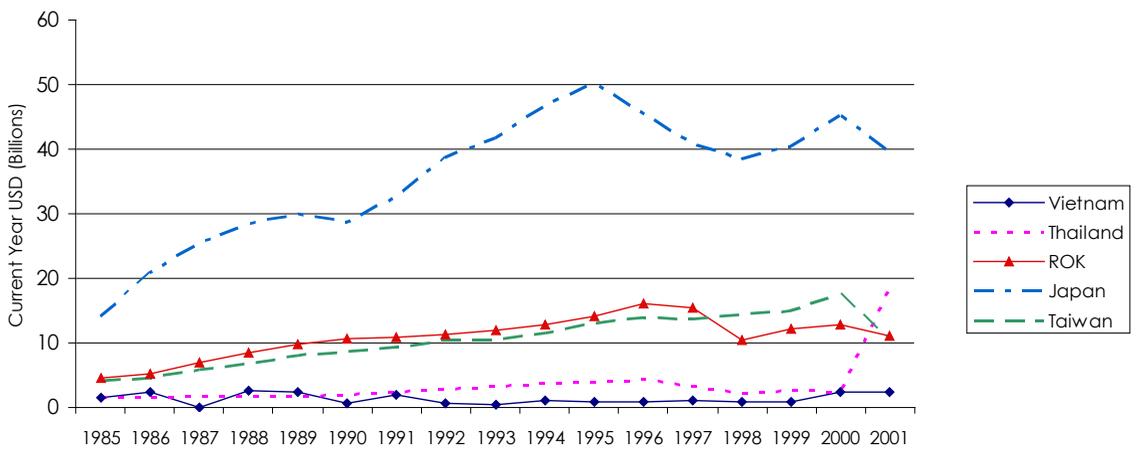


Figure 2 plots changes in annual military expenditures in five of China’s neighboring states. The only recent spurt in defense spending in Thailand served to replace depleted ammunition and fuel reserves rather than boost capabilities. In May 2001, Bangkok announced a policy of no new weapons procurement.

the role of ground troops and that promoted a military doctrine privileging a People's War.²¹ From this meager starting point, current developments in naval, air, and missile technology appear all the more impressive.

Nevertheless, neighboring East Asian states have failed to engage in traditional balancing behavior in response to improving PLA capabilities; defense spending by other East Asian states remains unperturbed (see Figure 2).²² Even more surprising from a neorealist point of view is that China became a dialogue partner and later a full member of the ASEAN Regional Forum (ARF), a regional political and security multilateral venue, in 2002. With the exception of the Democratic People's Republic of Korea and Burma (Myanmar), regional states do not seem to be bandwagoning with China either. Each state has maintained or improved relations with the United States, a major military power located in East Asia, while simultaneously increasing commercial, cultural, and popular interactions with China.

Inductive Interpretations

Several scholars have furnished analytical appraisals of the absence of balancing in East Asia, but each has deviated, either implicitly or explicitly, from the anarchic, self-help international structure posited by Waltz. David Kang suggests that international relations theory, originally derived from Western European experience, is not applicable to East Asia. Asian international relations, he argues, differ from European- and US-centric models, a fact that seems to be confirmed by the lack of balancing behavior against China.²³ Asian states do not fear for their survival.²⁴ Rather, Asia's distinctive

historical and cultural mores have fashioned a normative regional environment that shapes the conception, construction, and implementation of foreign policy.²⁵ Historically, when China was weak, chaos erupted in East Asia; when China was strong, order was preserved. The absence of regional balancing against a rising Chinese threat could be understood as a natural response.²⁶

This interpretation is unconvincing for several reasons. To start with, it implicitly assumes other states in East Asia are comfortable with China's position at the apex of an East Asian hierarchy. Foreign policy makers in Hanoi, for example, would disagree with this notion in light of China's repeated invasions during the thirteenth, fifteenth, eighteenth, and twentieth centuries. Another problem is explaining where Japan's aggressive foreign policy throughout the 1930s and early 1940s fits into this interpretation. Indeed, Japan's aggression coincided with and was perhaps triggered by China's military and political weakness at the time. However, Japan's inability to adopt aggressive foreign and military policy in the presence of a powerful China and its presumed comfort with such a hierarchic environment are two different and separate issues. The notion that Japan would acquiesce to a militarily dominant China without the benefit of US protection is a difficult argument to accept. Furthermore, it is doubtful that leadership circles in Taipei would rest easy with Beijing at the helm of East Asia.

Too much emphasis on the distinctiveness of the East Asian regional system may sacrifice practicality for greater accuracy. Waltz cautions us: "One who wishes to explain rather than to describe should resist moving in that direction if

resistance is reasonable.²⁷ Descriptive analysis, limited in application to East Asian politics and lacking widely applicable theoretical principles, is a slippery slope. In general, the utility of such approaches is inversely related to the level of detail necessary for insightful analysis. This is not to say that such analyses do not provide insight. Steps toward specificity should be limited so as to maximize the general applicability of an approach.

Furthermore, David Shambaugh argues that international relations theorists often graft overly simplistic and inappropriate paradigms onto East Asia. He urges scholars to generate theory inductively from evidence rather than apply theory deductively to political environments.²⁸ In East Asia, analogies of former rising powers fail to fit contemporary China and have no precedent in the region. Constructing his own inductive theory of East Asian international relations, Shambaugh fuses liberalist tenets to a constructivist view. Shared norms about interstate relations, Shambaugh argues, form the fabric of the East Asian regional community.²⁹ Not only does East Asia have a history of China-centered hierarchy, Chinese diplomacy over the past decade has worked consistently to undermine perceptions of China as a threat to its neighbors. As a consequence, most Asian states see China as more benign than malign and often accommodate its rise.³⁰

Shambaugh furthers his argument by examining how East Asian leaders conduct foreign policy. Trade between China and the rest of Asia topped \$495 billion in 2003, up 36.5% from 2002. Nearly 50% of China's total trade volume is intraregional and relatively balanced.³¹ The obvious result, he concludes, is that regional actors share

economic disincentives to fight and incentives to cooperate. The normative reluctance to view China as a threat encourages growing interdependence and cooperation among states in the region.³²

However, by attempting to increase descriptive accuracy, Shambaugh's analysis relinquishes the practicality of his model. His analysis loses sight of some of the fundamental conditions and theoretical groundings of the international and focusing instead on trends and recent history. As Robert Jervis points out, no decision maker can bind himself and his successors to a single path in an anarchic international system.³³ New leaders come to power, values shift, and new opportunities and dangers arise. The absence of guarantees fosters the self-help system described by Waltz.

International recognition of China's good will and Beijing's amassment of political capital or soft power through "remarkably adept and nuanced" diplomacy may be only temporary. Dramatic fluctuations in global perceptions of China and its intentions over the past two decades prove this point. Few leaders were comfortable with the prospects of an emerging Chinese giant in the immediate wake of the Tiananmen Square events in 1989. Using models based solely on past behavior and general trends to forecast the future is dangerous in financial markets where vast sums hang in the balance, and more perilous when national security is at stake.

Evelyn Goh, who focuses on the lack of balancing behavior among Southeast Asian states in response to China's rising power, identifies pressures that offer states a continuum of policy options rather than a stark choice between balancing and bandwagoning. The consensus among these states has been a twin strategy of engagement

with China on the one hand and “soft balancing” against potential Chinese aggression or disruption of the status quo on the other.³⁴ In her case study approach, Goh examines Vietnamese, Singaporean, and Thai foreign policy, and concludes that states are able to construct portfolios of relations, an argument similar to Shambaugh’s.³⁵ Engagement, defined as the development of closer political and economic ties with a country in order to “draw it into international society, thereby changing its leaders’ preferences and actions toward more peaceful inclinations,” is a key element in Southeast Asian states’ relations with China.³⁶

Goh’s notion of engagement is a departure from the neorealist framework. In an insecure world, trust is not bankable and no clearly defined “international society” exists to shape normative restraints in state relations. Her approach, however, is distinctive from Kang’s and Shambaugh’s because it argues that a global normative environment, rather than a regional one, leads Southeast Asian states to refrain from balancing behavior. After identifying international society as an important

guiding force in regional foreign policy, Goh moves on to a descriptive analysis that focuses on individual Southeast Asian states’ bilateral relations with the United States in order to explain individual foreign policies as a product of each state’s distinctive political and security context. In doing so, she returns to the paradigm used by Kang and Shambaugh.

The lack of balancing in East Asia, despite the many distinctive cultural and historical attributes of Asian states, raises the question of whether a common element exists that perhaps a unit-level analysis misses. Figure 3 below plots annual defense expenditures of the Republic of Korea, Thailand, and Vietnam. While each of these states has maintained comparable defense spending, the depth of bilateral strategic engagement with the United States varies significantly among them. Korea, in addition to its formal alliance with the US, is home to one of the largest US military presences in the world. Thailand, which President Bush designated a major non-NATO ally (MNNA) in 2003, has reopened the former US airbase in U-

Figure 3 Annual Military Expenditures in Three of China’s Neighboring States

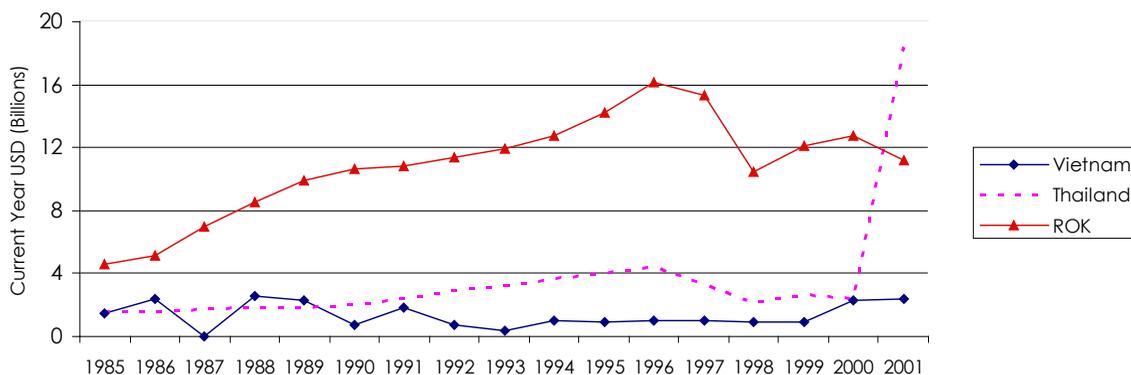


Figure 3 plots annual defense expenditures in the Republic of Korea, Thailand, and Vietnam

Tapao and a naval base in Sattahip to allow for the stationing of US military hardware.³⁷ Even so, the US military presence in Thailand is nowhere near as large as that in South Korea. US-Vietnam military ties, by contrast, remain minimal. Both nations failed to normalize diplomatic relations until 1995. Tenuous security ties between the two include reciprocal visits by the US Secretary of Defense and the Vietnamese minister of defense during the Clinton administration, as well as a series of US navy frigate port calls to Ho Chi Minh City beginning in 2003.³⁸ Based on a unit-level analysis, each state should also exhibit distinctive defense postures in response to a rising China threat in relation to geographical proximity. Vietnam shares a border with Yunnan and Guangxi provinces in China, and the Thai border is less than two hundred kilometers from Yunnan, while South Korea is separated from China by the Yellow Sea and North Korea. Despite these idiosyncratic circumstances, all of these states have exhibited similarly low levels of defense spending over the past two decades.

A Systematic Approach

A more generalized interpretation exists, one that is consistent with the neorealist precepts espoused by Waltz, that offers greater applicability. To understand regional cooperation with China and the absence of balancing behavior, it is necessary to frame the power dynamics in East Asia properly. East Asia may not be, as Robert Ross argues, a simple bipolar environment.³⁹ It is instead a bipolar region within a larger international system characterized by unipolarity. The importance of incorporating the larger global framework lies in the perception that a reserve of extra-regional strength can be

brought to bear on local power dynamics. In the formulation of foreign policy by decision makers in East Asia, the overwhelming presence of US military strength, in conjunction with the explicit US commitment to the status quo environment in East Asia, yields a security environment in which leaders have incentive to devote fewer resources to defense capabilities and greater energies toward economic gain through growing commercial ties with China. In this context, rising Chinese military capabilities do not necessarily pose a credible threat to security.

Key to all of this is US commitment to the status quo in East Asia. The US has demonstrated, through official policy pronouncements like the 2001 Quadrennial Defense Review and other public documentation of US national security policy, a commitment to deter and, if necessary, defeat threats to its “interests.” More specifically:

As a global power with an open society, the United States is affected by trends, events, and influences that originate from beyond its borders. The development of the defense posture should take into account the following enduring national interests . . . Precluding hostile domination of critical areas, particularly Europe, Northeast Asia, the East Asian littoral, and the Middle East and Southwest Asia.⁴⁰

Reliance on policy pronouncements of another state for security, as noted above, should provide little solace to East Asian leaders facing a potential threat. However, this pronouncement coincides with neorealist expectations of US security policy given the current global distribution of power. In a neorealist self-help international system, the United States, in its quest for security, will brook

no challenge to its military prowess in any arena. Thus, the US has structurally induced incentives to preserve the status quo in East Asia. Regional leaders operate in the same anarchic international system, and, consequently, appreciate US strategic incentives. They also understand that US security goals coincide with their own. As a result, the system ceases to induce traditional self-help foreign policy behavior. Regional states are able to trust that structural incentives encourage the US to ensure regional security.

This mitigation of the self-help incentive structure in East Asia permits regional states to allocate smaller portions of national resources for self-protection and dedicate more assets toward other national objectives.⁴¹ East Asia resembles a regional hierarchy in the sense that the strategic

environment permits greater differentiation than usual in an international system, but it is not a regional hierarchy that draws stability from historical experience or cultural mores.

In the proper context, the neorealist framework does indeed provide a convincing explanation for the lack of balancing behavior in East Asia. Kang acknowledges that US power in East Asia “confounds the issue” of why Asian states appear not to balance against China.⁴² By probing this thought, a clear and consistent explanation for the lack of balancing emerges, one that obviates the need for theories built on the distinctive historical and cultural mores of Asia, and, as a result, maintains broader utility. While anomalies and exceptions may exist, neorealism still provides critical insight into East Asian security.



ENDNOTES

- 1 David Shambaugh, “China’s Military Modernization: Making Steady and Surprising Progress,” in Ashley J. Tellis and Michael Wills, ed., *Strategic Asia 2005-06 Military Modernization in an Era of Uncertainty*, (Seattle, WA: National Bureau of Asian Research, 2005), 78-82.
- 2 Stephen M. Walt, “International Relations: One World, Many Theories,” *Foreign Policy*, vol. no. 110 (Spring 1998), 31.
- 3 Stephen M. Walt, *The Origins of Alliances*, (Ithaca: Cornell University Press, 1987), 158.
- 4 *Ibid.*, 153. According to Walt, superpowers behave differently. In his discussion of balancing behavior in the Middle East, Walt observes that while most states tend to balance against threats from other regional powers, superpowers tend to balance primarily against aggregate power alone.
- 5 David Kang, “Getting Asia Wrong,” *International Security*, vol. no. 27, issue no. 4 (Spring 2003), 3, 5.
- 6 *Ibid.*, 28. This is precisely Kang’s thesis in his argument for “openness” in the international relations discipline and a “healthy tension and dialogue between theory and area studies.”
- 7 Kenneth N. Waltz, *Theory of International Politics*, (New York: Random House, 1979), 79.
- 8 *Ibid.*, 79-80, 102. This discussion stems from Waltz’s *Theory of International Politics*, particularly ch. 6, “Anarchic Orders and Balances of Power.”
- 9 *Ibid.*, 106. Waltz notes that some small and ill-endowed states may not resist relationships of dependency with other states, which increases the vulnerability of the weaker state, because the costs of resistance are too great.
- 10 *Ibid.*, 92.
- 11 Waltz, *Theory of International Politics*, 97.
- 12 Thomas J. Christensen and Jack Snyder, “Chain Gangs and Passed Bucks: Predicting Alliance Patterns in Multipolarity,” *International Organization*, vol. no. 44, issue no. 2 (Spring 1990), 138. Christensen and Snyder define a theory of foreign policy as “a theory whose dependent variable is the behavior of individual states rather than properties of the systems of states. It does not refer to a theory that explains all aspects of a state’s policy.”
- 13 *Ibid.*
- 14 *Ibid.* For example, Christensen and Snyder add perceptions of offensive and defensive military advantages, stemming from Robert Jervis’s work to explain the presence of chain-ganging before 1914 in Europe and buck-passing in pre-1939 Europe.
- 15 Deborah Larson, “Bandwagoning Images in American Foreign Policy: Myth or Reality?” in Robert Jervis and Jack Snyder, ed., *Dominoes and Bandwagons: Strategic Beliefs and Great Power Competition in the Eurasian Rimlands* (New York: Oxford University Press, 1991), ch. 4. Larson suggests that bandwagoning may help a regime retain authority by ramping down external subversion, yielding economic assistance, and undercutting domestic rivals.
- 16 Steven David, “Explaining Third World Alignment,” *World Politics*, vol. no. 43, issue no. 2 (January), 235.
- 17 Randall L. Schweller, “Bandwagoning for Profit: Bringing the Revisionist State Back In,” *International Security*, vol. no. 19, issue no. 1 (Summer 1994), 77, 80. Schweller defines both terms. He applies the term “bandwagoning” to states that freely decide to join a potentially threatening power. This clarification indicates that states may plump for bandwagoning in pursuit of material gain rather than out of coercion.
- 18 William C. Wohlforth, “The Perception of Power: Russia in the Pre-1914 Balance,” *World Politics*, vol. no. 39, issue no. 3 (April 1987), 369. In light of the vast technological developments that have occurred in the ninety years since 1914 and the consequent shift of focus away from the numerical size of land armies, Figure 1 omits changes in the military personnel variable.
- 19 Office of the Secretary of Defense, Annual Report to Congress: The Military Power of the People’s Republic of China 2005 (“Hereafter DOD PLA

- Report”) (Washington, DC: United States Department of Defense, 2005), 23. Joint development and domestic development comprise the other two elements.
- 20 James C. Mulvenon, Bernard D. Cole, Richard D. Fisher, Jr., and Richard A. Bitzinger, “Part III—Military Trends,” *The People’s Liberation Army and China in Transition*, 109-177; see also DOD PLA Report, 23.
- 21 Avery Goldstein, “Great Expectations: Interpreting China’s Arrival,” *International Security*, vol. no. 22, issue no. 3 (Winter 1997-1998), 20.
- 22 Thailand: EIU Country Profile 2005 (New York, Economist Intelligence Unit, 2005), 6. Figure 2 plots changes in annual military expenditures in five of China’s neighboring states. The only recent spurt in defense spending in Thailand occurred to replace depleted ammunition and fuel reserves rather than boost capabilities. In May 2001, Bangkok announced a policy of no new weapons procurement.
- 23 David Kang, “Getting Asia Wrong,” 28.
- 24 Ibid., 7.
- 25 Ibid., 28.
- 26 Ibid., 66. Similar views on an East Asian hierarchy have been espoused by John King Fairbank, ed., *The Chinese World Order: Traditional China’s Foreign Relations* (Cambridge, MA: Harvard UP, 1968); Michael Oksenberg, “The Issue of Sovereignty in the Asian Historical Context,” in Stephen D. Krasner, ed., *Problematic Sovereignty: Contest Rules and Political Possibilities* (New York: Columbia UP, 2001).
- 27 Waltz, *Theory of International Politics*, 115.
- 28 David Shambaugh, “China Engages Asia: Reshaping the Regional Order,” *International Security*, vol. no. 29, issue no. 6 (Winter 2004-2005), 94.
- 29 Ibid., 96.
- 30 Ibid., 67.
- 31 Ibid., 83.
- 32 Ibid., 67. Shambaugh does note that concerns about a looming “China threat” are still occasionally heard among regional security specialists in Hanoi, New Delhi, Singapore, Tokyo, and Taipei.
- 33 Robert Jervis, “Cooperation under the Security Dilemma,” *World Politics*, vol. no. 30, issue no. 2 (Jan. 1978), 3.
- 34 Evelyn Goh, “Meeting the Chinese Challenge: The US in Southeast Asian Regional Security Strategies,” *Policy Studies*, vol. no. 16 (Washington, DC: East-West Center Washington, 2005), 11. Soft balancing entails military acquisitions and modernization in conjunction with attempts to keep the US involved in the region as a counterweight to Chinese power.
- 35 Ibid., vii, 3.
- 36 Ibid.
- 37 Ibid., 26-27.
- 38 Ibid., 28.
- 39 Robert Ross, “The Geography of Peace: East Asia in the Twenty-First Century,” *International Security*, vol. no. 23, issue no. 4 (Spring 1999), 81-118.
- 40 Quadrennial Defense Review Report 2001 (Washington, DC: United States Department of Defense, 2001), 2.
- 41 Waltz, *Theory of International Relations*, 105. In Waltz’s terms, states are able to increase profits without having to suffer the consequences.
- 42 Kang, “Getting Asia Wrong,” 2.

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JR TOKAI'S "AMBITIOUS JAPAN!" CAMPAIGN

A Case Study in Advertising

Laura MacGregor analyzes three advertising campaigns launched in 2003 by Japan Railway Tokai and two competing airline companies, Japan Airlines Group and All Nippon Airways. In examining the media response to these campaigns, MacGregor illustrates the pivotal role the national press had to play in generating competition amongst the three companies, acting as it did as a critic of all three campaigns.

Laura MacGregor
University of Sheffield

There are two options for high-speed travel on Honshu, the main island of Japan, and Kyushu, to its south: flying or traveling by bullet train (*shinkansen*). For Japan Railway (JR Tokai or "JR") and the two major airlines – Japan Airlines Group (JAL) and All Nippon Airways (ANA) – it is a competitive business, with the key to survival being innovation and promotion.

In mid-September, 2003, JR Tokai launched a major advertising campaign called 'Ambitious Japan!' (English in the original) to mark the October 1 opening of the JR Shinagawa *Shinkansen* station and the extensive revision of its Tokyo-Osaka timetable. The four-month campaign used various advertising channels and received extensive press coverage. At the same time, JAL and ANA launched their own counter-efforts.

The purpose of this paper is to analyze the contents of and approaches to (i) the JR campaign; (ii) the counter-campaigns of JAL and ANA; and (iii) mass media coverage of all three campaigns. The specific research questions are:

1. What communication strategies, messages,

and meta-messages are present in the print advertisements of the three campaigns?

2. How does the JR Tokai "Ambitious Japan!" advertisement compare with the contents and communication strategies of past JR Tokai campaigns?
3. What are the similarities and differences between the three campaigns?
4. What do these three campaigns tell us about advertising techniques in Japan?
5. What roles do the mass media (primarily newspapers) play in reporting the events surrounding the campaigns? How do they represent/support/challenge the campaigns?
6. What can we conclude from this case study about advertising in Japan?

I. Background

The *shinkansen* scheduled its debut to coincide with the 1964 Tokyo Olympics. The first line connected Tokyo and Osaka, a distance of 552km, with Hikari and Kodama trains traveling at maximum speeds of 210km/hr.¹ JR, originally a national railway, was privatized in 1987 and the

Tokyo-Osaka line became JR Tokai's domain. The faster Nozomi train was introduced in 1992.²

On October 1, 2003, the 17th Tokaido *shinkansen* station opened at JR Shinagawa station, the third station in the greater Tokyo area (the other two being at Tokyo and Shin-Yokohama). The timetable was extensively revised and the frequency of Nozomi trains increased, with all trains running at a maximum speed of 270 km/hr.³ The project took nearly sixteen years to complete and cost 95 billion yen. According to the president of JR Tokai, it represented a "milestone comparable to the opening of the [first] *shinkansen*."⁴

II. The Campaigns

The primary target for all three companies, as stated by their representatives,⁵ was business people traveling between Tokyo and Osaka (JAL and ANA also targeted their Tokyo/Osaka-Okayama/Hiroshima routes). All three campaigns ran for roughly the same period, September-December, 2003. JR's "Ambitious Japan!" campaign was comprised of the following media: one thirty-second television commercial, one radio commercial, one print advertisement for both newspapers and magazines, a theme song, posters and flags for display at train stations in Tokyo and Osaka, and banners and stickers for all Nozomi trains. The campaign focused on the opening of the Shinagawa station and the timetable changes.

Both airlines denied having specific campaigns but did acknowledge launching promotional materials to counter JR's campaign.⁶ ANA produced one print ad for newspapers and magazines and two brochures that were distributed to twenty-thousand companies in the Tokyo-Osaka

area. JAL had only one print ad for magazines, train and subway posters, and a one-page leaflet. Both airlines ran a three-month double air mile campaign and promoted their speed, prices, and services.

III. Materials and Method

The following materials were examined in order to answer the six research questions:

- (i) Advertisements, including the print ads for the three campaigns and ANA's brochures, were examined for content and effect as presented through visuals and text. This analysis identified the target audience, objective, proposition, and central message.⁷ The ads were also evaluated in terms of directness/indirectness, presence/absence of comparative techniques, word play, and significant English text and loanwords.
- (ii) Print ads for previous JR Tokai campaigns were examined to compare their approaches with those of "Ambitious Japan!"
- (iii) Mass media, including fourteen newspaper articles from two national Japanese dailies and excerpts from two television programs, were examined for their objective and subjective content.
- (iv) Transcripts from telephone and fax interviews with publicity representatives at JR Tokai, JAL, and ANA were used to confirm the data collected and to support the analysis.

IV. Analysis of the Three Campaigns

The JR campaign

Since the JR campaign was the core campaign of the three, it used the greatest variety of ad types. This discussion will be limited to the print

advertisement.

The full-page color newspaper ad ran in the five major national dailies and local newspapers in the areas between Tokyo and Osaka on October 1, 2003.⁸ The advertisement contained a full-page photo on a white background of five determined-looking men in their thirties wearing business suits and running in the foreground, with a Nozomi train bearing the “Ambitious Japan!” banner in the background.⁹ The text of the advertisement (appearing in JR Tokai’s signature orange color) appears in Table 1¹⁰:

Table 1	Text for JR Tokai’s Print Advertisement (in translation)
<i>Headline</i>	Ambitious Japan!
<i>Subheading</i>	On October 1, a new timetable and Shinagawa station opens. A maximum of seven Nozomis per hour.
<i>Body Copy</i>	<i>“Nozomi” in quotation marks in original</i>
1.1	Dreams, hopes, adventures, and self-confidence.
1.2	Wishes that Japanese seem to be forgetting come alive one day.
1.3	October 1, Japan’s Main Street drastically changes.
1.4	Tokaido Shinkansen stops at Shinagawa Station. All trains travel at a maximum speed of 270km/h.
1.5	“Nozomis” increase to a maximum of seven per hour.
1.6	Unreserved “Nozomi” seats are now available and the price of reserved “Nozomi” seats are reduced.
1.7	“Nozomi” used to be a train for special passengers but now it is a “Nozomi” for everyone.
1.8	Even if you decide to take “Nozomi” at the last minute, you’ll be able to catch it right away. You’ll spend less time traveling and more time at your destination.
1.9	Travel creates opportunities to meet new people and develop business impressively.
1.10	Why don’t we begin traveling together on the new “Nozomi” with hope [“nozomi”] in your heart?
<i>Tagline</i>	Your wish will be fulfilled.

The headline, in large Roman letters, is the outstanding textual feature of the ad. The choice of these English words for the headline, and for the campaign slogan, is significant. First, because it is in English, it captures readers’ attention.¹¹ Second, it calls to mind an English expression which dates back to the early Meiji period (1868-1912) when

“In the current economic slump, the campaign communicates the idea of ‘Japan, do your best’ in the same way that Clark motivated the men of Hokkaido University.”¹³

Most text in the ad describes the new Japan and the potential that people have with the new JR Tokai. Only four of the thirteen lines of text refer to the new services (subhead, ll. 4-6). The rest of the body focuses on the dream and wish images, a metaphor for a new Main Street (1.3), and the broader customer appeal (from “special people” to “everyone,” 1.7). The point in 1.7 very

Japan, particularly Hokkaido, was modernizing. Dr. William Clark, founder of Hokkaido University, was and still is famous throughout Japan for his motto, “Boys be ambitious!”¹² Like Clark, JR Tokai uses this slogan to appeal to all of Japan (not just “boys”) to set a goal and achieve it. JR Tokai’s campaign chief confirmed as follows:

indirectly suggests that companies can now afford to allow their employees to use Nozomi, since the price differential between Nozomi and Hikari fares is minimal or nil.¹⁴ The tagline is written in the phonetic *hiragana* script (“Nozomi *wa*, *kanau*”). In daily use, both “hope” (“*nozomi*”) and “fulfilled” (“*kanau*”) are written in Chinese characters (*kanji*). However, since the tagline is written phonetically, these two words can be interpreted in more than one way. As translated above, it can mean either, “Your wish for new Nozomi train services has been granted” or “Your personal wishes will be granted.” Since Nozomi, in *hiragana*, is the name of the train, the tagline can also be understood as, “Nozomi [the train] has been fulfilled,” meaning that the full capabilities and maximum services that Nozomi can offer have been realized. A newspaper article offered another interpretation of “kanau,” using a different *kanji* meaning to “conquer or beat,” thus changing the meaning of the phrase to “Nozomi trains can beat airlines.”¹⁵ These alternative interpretations were not confirmed by JR, but are certainly possible. They exemplify the imaginative and creative wordplay techniques common in Japanese advertising.¹⁶

The photo of the five men represents the stated target of the campaign: male business travelers. They, along with the train, symbolize an “ambitious Japan.” That the men are also members of the famous pop group TOKIO is significant for several reasons. First, they are a well-known and well-publicized group who regularly perform concerts and appear on television. Second, using celebrities in Japanese advertising is commonplace, with almost 70% of television commercials featuring one.¹⁷ Third, by recording the theme

song for the advertisement as well as appearing in it, TOKIO effectively represents the energetic spirit of the campaign.¹⁸ on their weekly television show “Tetsuwan Dash,” for example, the group performs a variety of adventurous and innovative activities such as driving across Japan in a solar-powered car.¹⁹ Fourth, since ANA and JAL both have famous male idol groups (SMAP and Southern Allstars) representing them, JR Tokai may have felt the need to do so as well. Finally, the presence of entertainers in ads helps to popularize the product by appealing to the non-business sector (which makes up 30%-40% of Tokyo-Osaka *shinkansen* passengers).²⁰ The advertisement makes no references to airlines. The only comparisons that are made are comparisons of JR Tokai with its former self, of its services before October 1 and those introduced on October 1. This is a straightforward advertisement: the target (business travelers/general public), the objective (announce new services), and the propositions (“be ambitious, ride JR Tokai”) are clear.

Past JR Tokai Campaigns

JR Tokai has had at least seven different campaigns since 1988.²¹ The longest-running campaign, “*Souda Kyoto ikou*” (“Yeah, let’s go to Kyoto”), from 1990 until present, is representative of the indirect, image-evoking style that JR Tokai generally uses.²² In the print ads for this campaign, full-color photos typically show a beautiful seasonal scene at a landmark in Kyoto (often a temple). Any text in the ad is related to the photo. The campaign name and logo appear in the bottom left corner, with a small JR Tokai logo below it. Apart from this almost insignificant placement of the company name, the ad does not promote or even refer to JR

Tokai. The objective is simply to stimulate interest in visiting Kyoto. Thus, JR Tokai's first proposition is "go to Kyoto," while "use JR Tokai to get there" is a secondary suggestion.

These ads create images that suggest a way of life- something one could do or somewhere one could go. A similar example is a 1993 television commercial for JR, which begins with a frame showing a smiling young woman dressed for work.²³ The second frame shows the same woman in a bikini. The caption is "If you went to Izu..." and the narration is, "If you went to Izu, a Kodama (name of a JR *shinkansen*) is a fast way to get there." The audience is expected to think that "If [they] went to Izu..." they could undergo the same changes as the before-and-after pictures of the woman, but JR plays on the suggestive visuals by surprising viewers with the spoken, but not written, ending to the preposition. This ad again focuses on the idea of going somewhere – in this case, a popular beach getaway near Tokyo – while only offhandedly mentioning that a Kodama train will get you there quickly. The visuals are powerful because they give you a hint as to what you could be missing by not going.

The purpose of the "Ambitious Japan!"

campaign is different: it announces major changes, the first of their kind since JR Tokai's inception.²⁴ In this kind of campaign, therefore, JR Tokai needs to give at least basic information about the changes, and it does just that: it states that Nozomi train service will increase in frequency and that a new station will open at Shinagawa (Table 1). However, at the same time, it still manages to maintain its characteristic image-evoking style since only four of the thirteen lines of the text give information about the new services (sublead, ll.4-6). The absence of specific details on ticketing and pricing gives this campaign the same vague "image" feel as that in the Kyoto campaign.

The ANA campaign

ANA's full-page color ad appeared in the five national dailies on September 17 and October 1, in local newspapers in Okayama and Hiroshima on September 17, and in a business magazine in September.²⁵

The newspaper ad is text-only, in black and shades of blue on a white background framed with a blue-checked border.²⁶ It contains a headline, two sections of body copy, and a tagline (Table 2).

The headline, "Make a concrete plan, ANA"

Table 2	Text for ANA's Print Advertisement (in translation)
<i>Headline</i>	Make a concrete plan, ANA
<i>Subheading</i>	None
<i>Body Copy 1</i>	
1.1	To make stereotypes like "flying is troublesome" and "airfares are expensive" a thing of the past.
1.2	Business in Japan is in the midst of big changes.
1.3	To respond, we've put together an answer that is not a theory, but a concrete plan.
1.4	Autumn 2003, Tokyo to Osaka, Osaka to Tokyo, the airline that extends business frontiers.
1.5	The answer is ANA

<i>Body Copy 2</i>	<i>A chart with five one-word headings in Roman letter English and explanations in Japanese: Heading/explanation (only key words translated below):</i>
2.1	Reasonable (New pricing)
2.2	Shuttle (special air service)
2.3	Convenient (increased number of flights)
2.4	Useful (Ticketless service)
2.5	Mileage (Double mileage campaign)
<i>Tagline</i>	For a new style of business trip. ANA

is in direct response to customer requests. This is confirmed by the ANA President's introduction in the brochure, which states that ANA has responded to customer feedback.²⁷ That ANA has built an image as a customer-oriented company has been noted elsewhere as well.²⁸ The first line of the body copy acknowledges customer feedback. Line 2 acknowledges the unstable business climate. Line 3 suggests that while competitors are sitting around theorizing, ANA has taken action by improving their services to meet customer expectations and to support businesses in these "times of change." To prove this, the details of the plan are described in the second section of the body copy (see Table 2, 1.6-1.10).

The katakana loanword "style" is used in the tagline, rather than a Japanese word, thus transforming the common image of business trips as drudgery to something fashionable. The literature strongly supports such an interpretation as one of many effects that katakana words have. According to Takashi, "The primary function of English loans in the language of contemporary advertising is to signal the modernity and sophistication of the thing that is advertised."²⁹

The same can be said for the use of English words in the chart. Using English instead of Japanese

gives an air of intelligence and sophistication. Even if readers cannot understand the words (though many probably can), it looks fashionable and therefore positively reinforces the services that the ad describes. Like the JR Tokai ad, this ad is informative. However, there are no examples of word play, and the single comparative reference noted above (1.3) is indirect. Therefore, this ad is straightforward, objective, and informative. The target (business travelers), the objective (outline of five services), and the proposition ("We're dedicated to serving business travelers") are clearly stated.

Two brochures were used in this campaign: an A4 foldout brochure and a small multi-page pocket guide.³⁰ The pocket guide is titled "Tokyo-Osaka business trip expert," a compliment to users, modestly implying, "you probably already know all of this anyway." It includes flight and ground transportation timetables, maps, and sample schedules, all helpful information for business travelers and certainly more than an airline need provide. Therefore, it serves as yet another testament to ANA's dedication to customer-oriented service.

The larger brochure looks like a prospectus; indeed, its title is "ANA Business Trip Cost Reduction Proposal." The cover is in white and conservative shades of blue with one photo of an

ANA plane in flight and a male business traveler in transit. The word “cost” on the cover is written as a katakana loanword as opposed to a Japanese word, following business conventions to use it as thus, in effect supporting ANA’s image of a cutting edge airline.

The subtitle of the cover, “Business trips on ANA won’t cost you time or money” suggests that other airlines or modes of transportation are more expensive but less time-efficient. Inside, it makes two direct comparisons with JR Tokai: (i) the bottom line on a price chart shows that shinkansen travel is more expensive than any type of ANA ticket; and (ii) an illustrated flow chart comparing the time and cost between shinkansen and airplane travel for a one-day Tokyo-Osaka business trip shows that air travel is 80 minutes faster and ¥2,980 cheaper. However, because there is no written interpretation of what is presented, the conclusion that air travel (ANA doesn’t even distinguish itself from other airlines) is faster and cheaper than taking the train is left to the reader to make.

The brochure is a creative, persuasive piece of advertising, making direct comparisons with JR Tokai. It shows that ANA is attempting to live up to its “concrete plan” stated in the newspaper ad (1.3) and follow its motto: lower prices and faster service.

The JAL campaign

A photo of a green chalkboard at a train station is the main element of the ad.³¹ It contains the headline in handwriting along with the date of October 1. The phrase “message board” is printed at the top. Below the message board is the subhead and a small photo of a JAL plane. The tagline appears at the top of the ad, and the corporate slogan, “Dream Skyward.” is at the bottom with the JAL logo. Above it is the body copy with price and number of planes per day for flights to Osaka, Okayama, and Hiroshima, and a pitch for the double mileage campaign.

The headline is the central emphasis of the ad: “*Nozomi e. Saki ni, itteiru ne.* ♡”. Two interpretations are possible. First, the message could be addressed to a woman named Nozomi (a common girl’s name), who is taking a Nozomi train. That the message is from a woman is indicated by the feminine handwriting, the feminine “*ne*” at the end of the sentence, and the heart symbol. This is a clear reference by JAL to JR Tokai’s campaign. The double meaning is humorous since it pokes fun at the competition (JR) and the people who use it: it chides Nozomi for taking a slower mode of transportation when she could have taken a plane, and also the JR Nozomi for being a slower mode of transportation.

Table 3	Text for JAL’s Print Advertisement (in translation)
<i>Headline</i>	To Nozomi [who is taking a Nozomi]. I [the person taking JAL flight] will be there before you.
<i>Subheading</i>	60 minutes to Osaka. 75 minutes to Okayama and Hiroshima. Let’s fly on JAL
<i>Body Copy</i>	Price, number of planes per day and double mileage campaign information (translation not included)
<i>Tagline</i>	The sky is fast. The sky is cheap.

Since it will be understood as such only by readers who are aware of the JR campaign, there is no direct comparison. In fact, comparative advertising is generally shunned by the industry, and the Japan Advertising Code reflects this stance: "Let us avoid slandering, defaming, and attacking others."³² However, through the implicit technique of wordplay, it becomes a cleverly crafted, direct but subtle comparison telling readers that JAL is faster than JR Tokai. The tagline, "*Sora wa hayai. Sora wa, yasui,*" formalizes these two selling points using rhyme and word repetition to create an easy to remember phrase. However, it should be noted that, like ANA, JAL doesn't say that it is fast and cheap (or faster and cheaper), but says "the air is fast and cheap." Therefore, it leaves it to the reader to decide which company to use. The target (travelers) and objectives (entertain readers, promote high speed, low cost) are clear, while the proposition ("JAL is faster than *shinkansen*") is implicitly stated.

V. Comparison of the Three Campaigns

All three companies stated that their primary targets were business travelers.³³ However, their ads suggested some differences. The JR Tokai ad made their stated target clear with the photo and the body copy, but by using a pop music group to represent them and a campaign name with a popular appeal, it strengthened its resonance with the general public as well.

Both the JAL and ANA campaigns focused on time and price. ANA's specific focus was on taking business travelers away from JR Tokai, while JAL aimed to take general travelers away. Since both airlines' services were almost the same, they

distinguished themselves by the scope and tone of their ads: ANA was target-specific and serious, JAL was general and entertaining. The ANA ad was part of a larger effort to target the business community, which they did directly with their brochures. The fact that ANA may have taken more aggressive action than JAL was due to the fact that in the first fiscal quarter of 2003, ANA was trailing behind JAL in the domestic market share.³⁴

The JAL ad made an implicit comparison with JR Tokai by using the competing product name, while the ANA and JR Tokai ads were more evasive in their comparisons. Only in the brochures did ANA unleash a direct comparison with JR Tokai. This showed again that ANA took the most aggressive action.

JR Tokai's main priority appeared to be motivating readers, while unveiling its new services was secondary. As a result, the composite message was "Ambitious Japan! = JR Tokai's new services."

VI. Discussion: Advertising in Japan

The JR Tokai campaign and the two counter-campaigns by JAL and ANA are significant in that all three were launched on the very same day. This is an unusual example, made possible only by the fact that the airlines had advance notice through the media and other channels of JR Tokai's plans. In any case, the airlines clearly believed JR Tokai's innovations were a significant threat and they took action to protect themselves.

The three campaigns presented here are representative ads in that they contain of several characteristics common to the Japan advertising industry. Three of the techniques utilized in the campaigns will be discussed in this section to help

place them in the overall context of the Japanese advertising industry.

Word play: Double meanings

Thanks to the multiple writing scripts available in the Japanese language (two phonetic scripts, Chinese characters with multiple readings, and romanized letters), wordplay is a common technique in daily communication and in the mass media. In advertising, all of the available scripts and techniques are used to suggest double meanings, creating interesting and often humorous messages as evidenced by the JR Tokai and JAL ads in this study. Examples are plentiful; to demonstrate how double meanings are communicated, two advertisements from other industries will be presented, one from 1965, and another from 2006.

First, a 1964 print ad for a Toshiba electric rice cooker shows a cartoon-like sketch of a young couple kissing, with sketches of hearts surrounding them.³⁵ The literal translation of the text is: “Newlyweds. Rice is hot too.” (“Shinkon hoyo hoyo. Gohan mo atsu atsu.”) “Hoyo hoyo” has several meanings: fresh (i.e., bread), hot and steaming (i.e., soup), and as in the above text, “newly married couple.” “Atsu atsu” means hot (temperature). The double meaning is: “With a Toshiba rice cooker, you can keep not only your rice hot, but also your marriage (love, passion)” thus creating an innocently playful advertisement. Furthermore, thanks to the euphemistic cartoon image, readers can accept the romance shown in this ad. A photo of a real couple would have been unacceptable, particularly in the 1960s. Thus, the use of a cartoon, together with the wordplay, softens a potentially risqué ad and remains a technique commonly used today.

Second, a 2006 print ad for stereo shows a photo of a camel with the word “raku” in roman letters below it. “Raku” can be written as “camel” and “easy” [to use]. The metaphor of a camel is used to represent the stereo’s targeted feature of being easy to use, creating a clever and memorable image for the product. To distinguish this stereo as the “raku” stereo is especially important to help identify it among the many competing companies and models.

As is clear from the above examples, the extended writing scripts for the Japanese language offer a wide palette for advertisers to choose from when writing their ad copy. The results are entertaining and memorable. Furthermore, because the direct meaning can be downplayed to send a more subtle message: the love between the couple upstages the fresh rice just like the woman addressee, Nozomi, takes the chiding intended for JR Tokai. Since direct confrontations are not allowed, the double meanings present a loophole for the JAL campaign. The JAL ad is a typical usage of implied meanings to communicate messages. Thus, the above examples show clearly that advertising in Japan creatively makes use of its flexible language, while reflecting its non-confrontational culture.

Comparative advertising

The three campaigns illustrate an interesting point about the language of Japanese advertisements. The trend in Japan is to avoid using comparative or superlative language, and on the rare occasion it appears, to compare the product or company with itself (i.e., then versus now). JR Tokai effectively avoids comparing itself with airlines by focusing exclusively on announcing the new services and

changes. The ANA brochure doesn't say "we're better than JR" either. It merely shows charts for JR Tokai and itself of a sample one-day business trip from Tokyo to Osaka with travel times and price information for each company. Thanks to the absence of comparative language, ANA is able to avoid damaging its reputation or JR Tokai's. However, even this kind of quasi-comparison is an unusual advertising technique.

Imagery: Dreams

Both the JAL ad and the JR Tokai ad make reference to dreams: JAL's slogan during the campaign was "Dream Skyward." and the JR Tokai ad spoke of dreams, wishes, and hopes (Table 1, ll. 1-2; tagline). The implication by both companies is that by flying JAL or riding JR Tokai, your dreams/wishes will come true. Companies trying to persuade Japanese customers that they can make their dreams come true are fairly common. There are numerous examples of dream imagery in slogans and campaigns made exclusively for Japan, including the following: Toyota, "Drive your dreams"; PanaHome (Panasonic appliances), "Trust in Dreams"; TOMY (computer game software), "TOMY Dream Energy"; Sony Vaio W computer,

"Open new dream. Open new world"; and Yoyogi Animation College, "Keep your dream."³⁶

By using dream imagery, these companies are asking customers to put their trust in them by buying the product and in return, the companies will fulfill customers' dreams/wishes/hopes. The goal of setting up this win-win scenario is to build a close relationship between the company and the customer: you trust us with your dreams and we will give you great products that will make your dreams come true. This is a simple but effective proposition that tends to appeal to Japanese consumers.

English Text

English slogans made for Japanese companies and products, such as JR's "Ambitious Japan!" campaign, tend to appear more frequently than Japanese slogans. In addition to the five slogans containing the word "dream" presented above, the following examples further illustrate the prevalence of English.³⁷

Generally, roman English slogans are of two types: those that are syntactically correct in English and those that are not. The first two slogans in Table 4 are of the first type, and the rest are examples of

Table 4: English slogans

Company	Slogan
Sapporo Beer	LOVE BEER?
Ajinomoto (<i>foodstuffs</i>)	Mama Loves You
Kirin Beverages: Fire canned coffee	Believe your fire.
0123 Moving Company	We care you.
National Milk Board of Japan	Milk de Shape Up
Toyota Duet (<i>automobiles</i>)	Fun! Car! Go!
Toyota bB (<i>automobiles</i>)	Make Wonder - bB

English with no syntax. Roman English tends to be used in advertising for its visual appeal and for its meaning as is understood in Japan; that is to say, it need not be grammatically or syntactically correct to be understood by Japanese audiences. For example, the individual words “we-care-you” are understood perfectly as “we care about you” or “we take care of you” which is all that the company wants to say. Similarly the Toyota Duet slogan communicates the idea that when you want to have fun, you should take this car for a drive (or take this car and go somewhere). Leaving some leeway for the reader to interpret slogans, like in the case of JR’s vague “Nozomi *wa kanau*,” is preferred in Japanese advertising circles so that anyone who sees this slogan can understand and enjoy it in his or her own way. Thus, the idea with the slogans is not to exclude anyone, which subscribes to the strong group mentality that exists in Japanese society.

Though the advertising strategies used by the three travel companies are fairly commonplace, the great interest that the press took in the rival campaigns – with close newspaper coverage spanning more than a full month around the launch date – is highly unusual. The additional media hype expanded the scope of the campaigns and made the public more aware about what the companies were doing.

VII. Newspaper Articles

Fourteen articles relevant to the campaigns were collected from two Japanese national dailies, Asahi Shimbun and Nihon Keizai Shimbun between September 17 and October 22, 2003. Of the 14, nine cover JR Tokai. Seven of the nine articles covering JR Tokai present negative facts,

interpretations, and/or public opinions. Examples of negative headlines are: “Nozomis increase, companies in trouble: allowing Nozomi for business trips will cost”;³⁸ and “Passengers fooled.”³⁹ One negative interpretation of the campaign can be seen in the following sentence: “Passengers with non-reserved car tickets might go to Tokyo [where the train originates] so they can be sure to get a seat.”⁴⁰ This line suggests that building a new shinkansen station at Shinagawa, only a short distance from Tokyo station, was a poor idea because the new reduced pricing of non-reserved tickets would prompt many passengers to bypass Shinagawa, which was built for convenient access, and go to Tokyo as they did until now. Therefore, it criticizes JR’s business decision to build another station in the Tokyo metropolitan area.

The articles clearly and correctly describe the measures taken by JAL and ANA to compete with JR, using the word “taikou,” meaning “rivaling” or “countering.” This characterization matches both airlines’ intentions to rival JR Tokai rather than each other.⁴¹

The articles also say that JR Tokai is “battling against the airlines”⁴² and “using this opportunity to regain its share from airlines.”⁴³ While this may be true, the JR campaign is not a competitive campaign: first, there is no sense of competition in the ads; second, the JR Tokai president made a public statement denying competition: “We don’t feel the current situation is severe, but airlines do.”⁴⁴

While it may not be part of their campaign, the reality is that JR Tokai needs to fight back: in the four years between 1997 and 2001, JR’s share of the Tokyo-Osaka route fell from 81% to 70%, and the

airlines' share rose from 19% to 30%.⁴⁵ The results of the first three weeks of the campaigns showed that even after its huge investment, JR Tokai was still in danger: while it posted an overall increase in customers, it did not meet its daily target average of 60,000 passengers from Shinagawa station. During the same period, ANA and JAL group continued to report gains.⁴⁶

JRTokai's stance is noncompetitive—potentially threatening but unthreatened. Its confidence, however, is undermined or at least counterbalanced by the press, which pinpoints its weaknesses, such as: (i) books of tickets in bulk costing more than before;⁴⁷ (ii) passengers bypassing the new Shinagawa station with its purported convenience and continuing to go to Tokyo station in order to get a nonreserved seat; and (iii) fewer numbers of trains stopping at Shinagawa than advertised.⁴⁸ Nevertheless, the media's labeling of the campaign as a battle against the airlines is inaccurate. While in reality JR Tokai may be competing with airlines, it is not actually part of the campaign. Thus, while the media may objectively report and interpret the facts, it also takes liberties by dramatizing them.

VIII. Conclusion

This article examined the "Ambitious Japan!" advertising campaign of JR Tokai and the counter-campaigns of the two competing airlines, JAL and ANA. Based on an analysis of the print advertisements of the three companies, and press coverage of the events surrounding the campaigns, the following conclusions were drawn.

JR Tokai used an advertising approach that

was consistent with past campaigns: (i) it did not use comparative strategies, even though in this one, it was poised to rival the competition; (ii) it motivated readers to take a journey; and (iii) it used special images, in this case, an English headline and a pop music group, to attract attention. In this campaign, the journey was figurative, inspiring readers to fulfill their own dreams on one level and the dream for a better Japan on another. Though the language of most of the ad was direct and informative, the headline and tagline had double meanings.

The JAL advertisement used a dream metaphor too, but used wit and humor rather than a motivational message or slogan. It promoted itself as superior to JR Tokai by using wordplay to make a suggested comparison. The all-print ANA advertisement was the most serious and focused of the three: unlike the other two campaigns, it used business language to target business travelers exclusively. It presented itself as a customer-oriented company with details of its "new style of business travel." Furthermore, it made it clear that it was competing with JR Tokai.

The significant national press coverage of the campaigns and surrounding events put the spotlight on what, in another case, may not have made news at all. That the press took interest not only in JR Tokai's developments but also those of the airlines was both an advantage and a disadvantage to all three. Thus, the press acted as both reporter and critic, clearly illustrating that the world of advertising is a complex and challenging one at the mercy of everyone it reaches out to.



ENDNOTES

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THROUGH THE EYES OF THE HERMIT

The Origins of North Korea's Quest for the Bomb

What prompted North Korea to begin building nuclear weapons remains far from clear. Baya Harrison details how recently released documents authored by Soviet and Hungarian envoys living in North Korea shed new light on North Korea's first steps toward building a nuclear industry. These documents, Harrison suggests, reveal that North Korea had long sought nuclear weapons as a deterrent against anticipated attacks by the United States.

Baya Harrison

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The penchant for secrecy that has earned North Korea the title of “Hermit Kingdom” has also hindered many attempts to understand the motives that led the country’s leaders to develop nuclear weapons. The release in May 2005 of several previously confidential documents therefore provides a rare glimpse into the Hermit Kingdom during the initial steps of its nuclear program.¹ The documents, authored by Soviet and Hungarian envoys living in the Democratic People’s Republic of Korea (DPRK) between 1962 and 1986, recount conversations with North Korean engineers, officials, and Kim Il Sung himself, North Korea’s “Great Leader,” from 1948 until Kim Il Sung’s eventual death in 1994. The personal reflections of North Korea’s leaders lend credence to the hypothesis that North Korea’s leaders originally sought to obtain nuclear weapons as a deterrent against a nuclear attack by the United States. It was this expectation of an attack by the US that motivated Kim to spare no effort in building massive bomb shelters, to seek the transfer of nuclear weapons into North Korea by his allies, and to build an indigenous nuclear

industry of his own.

These documents reveal the extent to which North Korean leaders believed the US would initiate a nuclear war. The US had threatened to use nuclear weapons against North Korea several times during the Korean War (1950-1953), and had continued to bring new weaponry into South Korea as late as 1967.² From these documents, it appears that Kim Il Sung thought that an attack was not only possible, but inevitable. Even as the US became bogged down in the Vietnam War in 1967, Kim expected the US to reignite the conflict on the Korean peninsula.³ In preparation for such a possibility, the North Korean military staged exercises to test its ability to maneuver effectively in the event of an attack.⁴ In February 1976, two decades after the signing of the armistice that ended the Korean War, Hungarian Deputy Ambassador István Garajszki observed that senior officials of the DPRK were already prepared for war with the conviction that “[i]f a war occurs in Korea, it will be waged by nuclear weapons, rather than by conventional ones.”⁵ Although North Korean officials often seemed

eager to resume open conflict on the peninsula, Kim himself appeared to feel constrained so long as American soldiers were stationed in the South. When speaking with East German Ambassador Schneidewind in 1962, he stated that “American forces will not leave the South any time soon, and one must have patience and time [to tolerate] that.” His weapon of choice was thus patience, “so as not to let the imperialists provoke a war.” Instead of risking a showdown on unfavorable terms, he would temporarily compete with his adversaries in the pursuit of material wealth. As long as the US protected the South, he thought, “[w]e (North Korea) do not need a war.”⁶

Kim’s patience was in part informed by his allies’ unwillingness to antagonize the US. During visits to Beijing and Moscow in the summer of 1975, he expressed his desire to support pro-communist forces in South Korea and “create the kind of military situation in South Korea that had come into being in South Vietnam.”⁷ Both China and the Soviet Union strongly opposed Kim’s intention of meddling in South Korea. Without their support, Kim did not have the resources to wage such a campaign on his own. Leonid Brezhnev, General Secretary of the Soviet Union, told DPRK President Ch’oe Yong Gon that “the United States does not intend to increase tension in this region, and that nothing points to the conclusion that [the US] really aims at starting a new Korean War.”⁸ Brezhnev cautioned Ch’oe that it would be a mistake to seek reunification of the Korean peninsula through armed struggle, since the US and South Korean militaries were far superior.

By 1986, Kim echoed the more pragmatic view that he expressed two decades earlier. He made the

observation to Erich Honecker, Secretary General of the German Democratic Republic (GDR), that a military solution to the division of the peninsula was momentarily impossible. American forces in South Korea at that time possessed over one thousand nuclear bombs, and it was believed that only two of them would be required to destroy the DPRK.⁹

For fear of a US attack, Kim erected massive bomb shelters beneath the streets of Pyongyang and in the mountains of the Korean countryside. Initially, he took comfort in the belief that the country’s mountainous terrain would limit the devastation of a nuclear blast. In 1963, he stated that “a lot of such bombs would be needed to wreak large-scale destruction in the country.”¹⁰ Not yet content to entrust his individual security to the whims of geography, however, Kim undertook extensive construction projects to shelter the North Korean leadership. By 1963, North Koreans could boast of a nation-wide network of caves and tunnels equipped to provide their inhabitants with “everything that they needed.”¹¹ By 1976, officials claimed that the subway tunnels of Pyongyang could shelter the city’s entire population. A Hungarian Deputy Ambassador summarized the spirit and the extent of Kim’s construction projects when he wrote: “the country has been turned into a system of fortifications, important factories have been moved underground... even airfields, harbors, and other military facilities have been established in the subterranean cave networks.”¹²

Although bomb shelters could mitigate the damage of a nuclear strike, they alone could not prevent an attack. Kim initially hoped to

buy nuclear weapons directly from his allies, but he found China and the Soviet Union unwilling to do anything more than talk about his proposal. A Hungarian chargé d'affaires later reported in July 1975 that China had considered acceding to Kim's request so that North Korea could offset US forces in South Korea, but the idea never reached fruition.¹³

Unable to purchase nuclear weapons, Kim instead sought transfers of technology and scientific knowledge from his Soviet bloc allies. In August 1963, DPRK officials inquired of the German Democratic Republic (GDR) "whether they could obtain any kind of information about nuclear weapons and the atomic industry from German Universities and research institutes."¹⁴ A delegation from North Korea visited the GDR in December 1967 and requested cooperation on the development of nuclear technology. The GDR agreed to transfer knowledge, but deferred requests for equipment until the DPRK had received permission from the Soviet Union.¹⁵ The following year, a delegation of DPRK nuclear experts again visited East Germany, this time also asking for equipment to build a nuclear reactor, but was again deferred for a similar reason.¹⁶ Appeals to the Soviet Union were much more fruitful, however, when the Soviet Union began constructing a nuclear research center with a reactor at Yongbyon in 1965.

Any technology that Kim could secure from his allies would be devoted to developing an indigenous nuclear industry in North Korea. Two Soviet nuclear specialists working in the DPRK at that time reported that North Koreans were intent on mining uranium ore in their own country, despite the more economical option of purchasing

uranium from abroad.¹⁷ One engineer involved in the uranium mining boasted that the poverty of his country would not stop progress toward becoming a nuclear power, because workers "will agree to work free of charge for several years toward such a noble and patriotic end."¹⁸

Kim's purpose in seeking nuclear technology was clear to his allies. In February 1976, the Hungarian Ambassador reported almost nonchalantly that North Korea wanted to construct nuclear reactors "in order to become capable of producing atomic weapons in the future."¹⁹ The same ambassador later noted that North Korea had appealed to China and the Soviet Union for help in constructing nuclear reactors to catch up with South Korea's energy production, "with the hidden intention that later North Korea may become capable of producing an atomic bomb."²⁰

Kim's insistence on maintaining absolute secrecy, however, hampered his efforts to acquire more advanced technology. Soviet specialists who constructed the experimental reactor at Yongbyon were required to give fingerprints and provide the names of relatives and friends. As a DPRK official once explained, "if we cannot get you for some reason, we will get your relatives."²¹ Consequently, the General Secretary of the Soviet Union, Leonid Brezhnev, refused Kim's request for the construction of a large nuclear power plant on the grounds that North Korea had blocked the flow of information from the reactor, which the Soviet Union had constructed at Yongbyon only a year and a half ago.²²

North Korea subsequently found the Soviet Union unwilling to provide additional assistance. In February 1976, at an inter-governmental meeting

in Moscow, Korean officials again requested Soviet assistance for building a nuclear power plant. The Soviets refused, citing the substantial investment that would be required as well as the Soviet Union's previous commitments to build reactors elsewhere.²³ Angered by the Soviet Union's refusal to aid North Korea's "front-line situation," the leader of the DPRK delegation, Deputy Premier Kang Chint'ae, threatened to break economic ties.²⁴

Yet North Korea's continual attempts to seek help from its allies in building a nuclear reactor over the ensuing decades belied the fact that it had already acquired the equipment and technology that would allow it to upgrade its facilities at Yongbyon on its own. Kim Il Sung had laid the foundations of a nuclear industry, founded upon the technology transfers from its allies. The construction of the Yongbyon reactor and the influx of foreign experts allowed the development of a self-sufficient industry. With Kim's death in 1994, the responsibility fell to his son, Kim Jong Il, to bring the nuclear program to fruition. This culminated in North Korea's first successful nuclear weapon test on October 9, 2006.

The bomb provides Kim Jong Il a bargaining chip in negotiations with the US and is a source of national pride for an impoverished country that can boast few other accomplishments. In the half-century following the Korean War, little has been done to abate tensions between the US and North Korea. Kim Jong Il has reason to fear for the security of his country, convinced as he is that North Korea is on the US "hit list." In the 2002 US Nuclear Posture Review, for example, the United

States Department of Defense named North Korea a potential target for attack if the situation on the peninsula deteriorated. President George W. Bush branded the DPRK a member of the "axis of evil," and Secretary of State Condoleezza Rice labeled it an "outpost of tyranny." The US invasion of Iraq in 2003 also demonstrated to North Korea that the US would be willing to go to war to prevent certain states from acquiring nuclear technology. Yet to Kim, the situation in Iraq may very well have underscored the necessity of possessing a nuclear deterrent to prevent just such an intervention.

If fear of an attack has been the primary reason for North Korea's pursuit of nuclear capability since the 1960s, what options exist for a peaceful resolution to the US-North Korean conflict? Without any sign that a friendlier government will come to power in North Korea for the foreseeable future, the two nations must strike a pragmatic bargain in which the US renounces demands for regime change in exchange for a compromise on North Korea's part regarding its nuclear industry. This would require that the US accept the current North Korean regime in return for North Korea agreeing to reopen its nuclear facilities for inspection by the International Atomic Energy Agency, and even to the possibility of their eventual dismantlement. This tit-for-tat bargain is a necessary first step, without which there is little hope for easing tensions between the two belligerents. In the absence of a resolution to the current deadlock, the specter of war will continue to hang ominously over the horizon.



ENDNOTES

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TRIANGULATING THE STATE, MARKET AND SOCIETY

Indonesia's Batam Export Processing Zone

In this article, Sai S.W. Latt examines worker rights and labor conditions in the context of foreign investment and state interests. Latt offers a case study of Batam, an export processing zone located in the northern province of Riau in Indonesia. Challenging commonly-held views that foreign investment into low-cost labor countries is inherently exploitative, Latt argues that corruption and the Neoliberal approach to economic development are largely to blame for widespread worker exploitation.

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The World Bank's 2005 World Development Report examines how governments can promote "investment climates"¹ conducive to growth and poverty reduction in developing countries.² The report concluded that foreign investment has played an integral role in the creation of such "investment climates." In Batam Island, located in the Singapore-Malaysia-Indonesia growth triangle, the Indonesian state has established an export processing zone that provides exploitable labor by moving people from other parts of the country to the new industrial site. Three decades of industrialization with the help of foreign investment, however, have led to a neglect of the economic and social well-being of workers, while government and business elites have continued to thrive. Naturally, many have attributed such an outcome to the negative side-effects of foreign investment. I argue, however, that foreign investment itself is not necessarily the cause of economic marginalization or inequality. Rather, it is the neoliberal³ approach, where "growth" is defined by the overall economic well-

being of a country, which has paved the way for the state and the market to collude in an exploitative way against the poor in the name of national development. I will discuss the nature of the state-capital alliance and the dire working conditions of migrant workers in the Batam export processing zone resulting from the government's failure to develop a people-centered approach to national growth. I will then elaborate on the discontent among workers by citing recent examples of labor resistance.

I. An Imagined Space of Modernization

Foreign investment could potentially fulfill the capital shortage of developing nations and enhance the industrial capacity of local firms. Nicholas Lardy argues that China's rapid economic growth owes much to the fact that China has the most access to foreign investments compared to any other country in the world.⁴ The same can be said about the experience of newly industrialized countries in Greater East Asia such as Singapore, Hong Kong, South Korea and Taiwan, where

rapid economic growth⁵ in the 1970s and 1980s was largely due to foreign investment and imported technology.⁶ Foreign capital can also reduce poverty by providing jobs that the state or indigenous firms may not have been able to create. For instance, Indonesia reduced the percentage of population under poverty from 60% in 1970 to 14% in 1993 by creating and increasing industrial employment⁷ with the assistance of foreign investment. In the same vein, a lack thereof may create unemployment and poverty⁸ as is with the case of the Philippines.⁹ The question, therefore, is not whether a country should accept foreign investment, but how to put it to use.

Batam is a small island located in the northern province of Riau in Indonesia, and hosts sixteen industrial estates that are predominantly operated by foreign and Indonesian firms and joint ventures. The largest industrial estate in Batam is the Batamindo Industrial Park, which has more than one hundred multinational corporations and eighty thousand workers.¹⁰ Batam's thirty-minute ferry ride from Singapore makes the island an attractive site for Singaporean investors and Singapore-based multinational corporations.¹¹ While initially the island was designated for oil refining exploration in the 1970s,¹² in desperate need of capital to generate revenue to pay off debts, the post-oil crisis Indonesian state found Batam a lucrative option if it were transformed into an export processing zone.

A people-centered approach to development had been largely missing from the beginning throughout Batam's modernization process. Batam's emergence was not in the interest of improving the livelihood of citizens, but was driven

by the ambition of the state to replace Singapore as a regional centre for "high value-added industrial activity,"¹³ and of Indonesian elites who saw the Indonesian labor surplus as an ingredient for industrialization.¹⁴ When Singapore wanted to outsource the increasingly costly elements of its economy, it signed the Singapore-Riau Advantage with Indonesia and Malaysia in 1990 to establish special economic zones in Batam, Bintan and Karimun.¹⁵ When Indonesia's plan and Singapore's desire met with a push from Western European and North American nations, the plan to industrialize and modernize Batam accelerated.

Foreign investment can have negative socio-economic effects when it is used solely in the personal interests of government and business elites in a context of a post-colonial state that is still struggling to complete its nation-building processes in a unitary state apparatus.¹⁶ The Batam project began initially in the 1970s when Indonesia undertook neoliberal reforms for the first time. Industrialization in Batam expanded more rapidly in the 1990s when the government signed the Singapore-Riau agreement that provided the state and businesses with an opportunity to create an economic environment that would attract foreign investment by relaxing labor and environmental regulations.¹⁷ However, the existing state-capital alliance in both Suharto and Post-Suharto Indonesia did not transform Indonesia into a decentralized, corruption-free and economically sound nation, but enabled conglomerates to take advantage of the reforms as a legitimate framework to further their own interests.¹⁸ Batamindo Industrial Park is operated jointly by Indonesia's Salim Group, Singapore's Sembcorp Industries,

and Jurong Town Corporation, all of which have the financial backing of the Indonesian and Singaporean governments.¹⁹ Although Indonesian law prohibits direct involvement of political leaders in economic activities, this law does not extend to their families.²⁰ For example, Indonesia President's brother, Timmy Habibie, spearheaded the president's business plans. As late as the 1990s, the brothers had accumulated approximately a total of sixty million USD through government and military-operated projects in real estate and construction, much of which were implemented in cooperation with foreign investors in Batam.²¹ What this shows is that with the opening up of the economy, foreign investments have been used by political elites to advance their personal business interests.

Decades of authoritarian rule have turned Indonesia into a nation-state where there is no separation, in name or in reality, between state and business. There are very few deterrents and consequences for government officials for making the decisions that they make. For instance, as soon as Habibie was appointed as the chairperson of Batam Industrial Development Authority (BIDA) in 1971, he named his brother-in-law, Major General Soedarsono Darmosoewito, as chief executive of BIDA.²² He also appointed his two sisters chairpersons of two charity organizations in Batam. These charities engaged in money laundering activities and remain unregulated.²³ The same is true for former Indonesian President Suharto's relatives, who accumulated billions of dollars through state-sponsored investments and projects.²⁴ In such a political and economic environment, the neoliberal strategy to protect private interests in the

end allows for the advancement of the interests of the ruling and business elites.

II. Scaling Development: Local vs. National

While ruling and business elites have consolidated power and material wealth from an industrialized Batam, workers in Batam have suffered from unfair work agreements and low standards of living. When the neoliberal approach to economic development measures growth by the overall economic well-being of the nation, the goal then is to attract as much foreign investment as possible. Labor employment regulations are consequently relaxed to attract foreign ventures, opening the way for worker exploitation.

New Economic Space for Migrant Women

Batam is a typical example of an export-processing zone where foreign capital converges with local cheap labor.²⁵ This means that Batam's contribution is less in financial, managerial and technical aspects than in manpower.²⁶ Though labor unions were allowed to register after the fall of Suharto, the livelihood of workers has not changed significantly.²⁷ The reason lies in the neoliberal economic model that encourages investors to compete in the global market, pushing all firms to oppress workers and lower wages in order to reduce production costs.

As in almost all export processing zones, company policies regarding female workers are detrimental to family life. In Batam, 80-90% of the industrial workers are migrant women from other parts of Indonesia. They are usually between the ages of 18 to 24 and are expected by their employers to remain unmarried,²⁸ and are

vulnerable to dismissal if they become pregnant.²⁹ Their working-class status also prevents them from having access to adequate health care and their children from getting an education.

Unemployed migrants may often be driven towards criminal activities such as drug smuggling, human trafficking and prostitution. Since the early 1990s, prostitution and human trafficking have become an increasing problem in Indonesia. According to government statistics, there are as many as twenty thousand sex workers and 30% of them are underage, most of them servicing Singaporean visitors.³⁰

Women: Employment and Freedom

Development advocates often propose that women be given access to employment opportunities in order to reduce poverty and to empower and emancipate them from socio-cultural oppression. However, the way labor is organized in the Batam export-processing zone has not only failed to free women from socio-cultural control, but also has created industrial poverty for -- low wages, tight control and abuse at the workplace, fear of crimes and environmental risks. While it is debated that as a result of migration, women enjoy greater freedom and status in the family, because they now can contribute to the family income,³¹ their freedom is only relative. They are transferred from a culturally-determined family controlled environment³² to an economically-determined corporate controlled setting, under the control and surveillance of guards and wire fencing.³³ Batam, as an ethnically mixed global, industrial space, is a challenge for women, especially those from minority groups. Jennifer Mack and Antonio Di

Mambro, women of the Christian Karo Bataks minority group,³⁴ being both female and in a minority, restrict themselves to 'private' places for fear of discrimination and attacks by other ethnic groups and men.³⁵

To battle the poverty and the exploitation of women, some women and labor movements have emerged to ensure labor rights such as minimum hourly pay and maternal leaves.³⁶ It has to be acknowledged, nevertheless, that these solutions are unlikely to be enforced by the employers because the key to profit is to reduce the cost of production, including that of labor.

Comparative Advantage, Wage and Labor

Adam Smith and David Ricardo have advanced the idea of market capitalism based on the theory of "comparative advantage." Ironically, "comparative advantage" has a "disadvantage" built into it, since the "advantage" of one country is an "advantage" only in relation to another. When these two countries are considered separately, a country's comparative advantage may no longer be an advantage. For example, Singapore has comparative advantage in capital, technology and infrastructure, and its lack of land and labor are advantages for Indonesia. The industrialization of Batam is precisely based on the idea that it able to supply land and unskilled labor.³⁷

If one were to take the case of Indonesia alone, the comparative advantage idea is not advantageous for Indonesia because the land would be used with few safeguards against environmental degradation and the people would be exploited as cheap laborers, which would trap them in enduring poverty. In terms of different scales, "complementarity" might

be advantageous for Indonesian elites as they could implement their imagined national development project and expand business empires by attracting foreign capital via labor surplus. Indonesian workers as cheap, exploitable and disposable laborers, nonetheless, bear the social and environmental costs of industrialization while their livelihood does not improve significantly.

As in all Export Processing Zones around the world, women workers in the global industrial space of Batam are considered “unskilled” and “disposable” and are thus paid as little as USD \$0.14 an hour while being required to work twelve hours per day or more, according to the mid-1990s figures.³⁸ In some cases, the workers earn USD \$23 a month, but they may need to spend up to USD \$15 per month for rent.³⁹ Under such circumstances, meeting their basic needs is difficult. Even though there are labor laws that guarantee a minimum wage, up to 50% of companies fail to comply with the law.⁴⁰

Such an exploitation of labor is not surprising because the state’s priority is national development, as opposed to local development, which is thought to be achieved through market transactions stimulated by foreign investment. On the part of foreign investors, utilizing cheap labor is one of the main reasons for offshore production.⁴¹ The official state policy, then, is to provide a favorable environment in which investors can utilize cheap labor to their best advantage making the state put a blind-eye to corporate law violations. Neo-liberalism, therefore, ends up undermining the rule of law not only by forcing the state to relax labor regulations, but also by undermining the state’s ability to enforce the existing law.

As a result of inadequate minimum wages coupled with skyrocketing living expenses, shantytowns, or *rumah liar*, have become the predominant landscape feature of Batam.⁴² The government is promoting Batam to be a modern industrial site and is also allowing shantytowns, which is ironically a threat to Batam’s modern image. The government, therefore, has tried many times to eliminate illegal housing, sometimes violently through police razing.⁴³ Yet, the government or investors do not have any interest in investing in housing projects because they are overwhelmed by other infrastructural projects that will ease the process of market transition or attract foreign investors.⁴⁴ As a result, shantytowns have proliferated over time. In 1998, there were almost 21,000 people in 63 different villages.⁴⁵ In order to minimize the risk of being razed, people go further into the forest and establish shantytowns, thereby, causing deforestation.⁴⁶

It would not be wrong to say that the government’s attempt to eliminate illegal housing undermines the traditional community life of the people. Since Indonesian societies are composed of ethnically diverse communities with a great emphasis on family values, workers on the island tend to stick with those who share the same ethnic background. They form families and communities with those they socialize with at work.⁴⁷ The workers, however, live with permanent uncertainty because their communities are vulnerable to the government’s enforcements against their housing. Whenever the government tries to reconfigure the land use to enhance Batam’s ‘modern’ image, the communities of the poor are relocated and destroyed.

One other cost in which workers in Batam bear is the environmental cost of industrialization that further benefits the elites over the poor. For instance, B.J. Habibie drew up a “Negative Industries List” that identifies polluting industries which would not be allowed on the island.⁴⁸ Ironically, the electronics industry was not included in the list despite the fact that it produces toxic and hazardous wastes. The reason was that it was the largest manufacturing industry on the island. Meanwhile, the government failed to establish a toxic waste management system. As a result, these wastes are dumped in ordinary municipal waste facilities. When the rain comes, these toxic wastes contaminate drinking water used by the poor while the rich are able to buy drinking water elsewhere.⁴⁹

The overarching question then is why workers are exploited in such a way. The answers are embedded in the very idea of the Singapore-Malaysia-Indonesia growth triangle, fundamental assumptions about neo-liberalism in regards to labor appropriation, global economic settings, and the social structure of the Indonesian society itself. Although utilizing cheap labor is not the only reason that foreign investors take into consideration, the basic assumption of foreign investment in Batam based on the concept of “complementarity,” as discussed above, is primarily to exploit cheap labor in Batam, meaning that the workers will be at disadvantage.⁵⁰

In terms of neo-liberalism, its idea of labor management is consistent with the whole modernization paradigm that calls for capital investment, macro-economic stabilization and belief in the “trickle-down effect” -- the idea

that benefit will spill over from the top to the bottom. For instance, the state needs to suppress wages and the trade union movement as well as relax environmental restrictions to attract foreign investors. Macro-economic stabilization must reduce state spending on infrastructure and social welfare; this is why Batam’s housing development does not keep pace with demand.⁵¹ Belief in the “trickle-down effect” allows the state to center the development planning around the interests of the elites who see the chronic unemployed as a comparative advantage to be appropriated. Therefore, all of these reasons are in favor of the state and the market and against labor.

Batam operates in the global economic setting in which firms can move from one place to another depending on the price of labor. As the Indonesian state tends to generate economic growth by attracting foreign investment, it is unlikely for the country to attract sufficient investment unless it relaxes labor regulations and controls labor forces by restricting unions and labor movement. Beyond the economic calculation, exploitation of labor has to be understood in terms of Indonesia’s class structure and ethnic diversity. Regarding the class structure, the state actors and economic players who have the power and resources are elite classes who have historically enjoyed upward mobility by oppressing the working class; while certain indigenous ruling elites and Chinese capital owners are prompted to exploit indigenous labor forces. Therefore, labor exploitation involves class and ethnic dimensions. When the social classes and ethnic diversity intersect, the working class is formed and the people of this class are the ones who bear social and environmental risks, which

emerge out of the industrialization planned by the elites.

III. Rising Up for Rights

In post-Suharto Indonesia, or reformasi Indonesia, new labor laws such as law 5/1999 were passed and the government ratified the International Labor Organization conventions on Freedom of Association and Protection of the Right to Organize⁵² which opened a new chapter for union formation and labor right movements. Despite these developments, workers' political space has not been significantly widened. This does not mean that there has been no progress since the fall of Suharto; instead, the progress has been limited by a number of factors, which will be discussed later in this section.

What is similar between the labor regimes of Suharto's New Order Indonesia and reformasi Indonesia is the systematic 'labor containment,' despite some differences in the way it is contained. During the New Order era, industrial relations were based on Pancasila, or joint problem solving, for the interest of all people and businesses involved.⁵³ Under this system, labor was collected under a state-sponsored labor union known as the All Indonesia Workers' Union or Serikat Perkerja Seluruh Indonesia (SPSI).⁵⁴ In practice, Pancasila was a carefully crafted labor-control system which prevented the formation of any other unions. Any attempts at labor resistance resulted in lawsuits against leaders, or cracking down on the protest by security forces. Dita Sari, a well-know female labor activist, was sentenced to jail for six years in 1997 for leading a labor protest but released in 1999. Even after the transition from New Order

Indonesia to post-Suharto era (while she was still under arrest), the government offered to release her if she ceased her political activities.⁵⁵ What is even more telling is that employers can call in the armed forces to deal with labor strikes.⁵⁶ As a result, military involvement in intervening labor resistance increased in all export processing zones in Indonesia.⁵⁷

Unlike under Suharto's New Order Indonesia, the trade union movement under reformasi regimes has been interfered with by the state in a less arbitrary manner, although the violent means to suppress protests is widely used. A report of the International Confederation of Free Trade Unions published in 2001 criticizes the government and its armed forces for violently suppressing the protests, some of which resulted in death and serious injuries, and some trade union leaders were prosecuted. Although the government has passed new labor rights laws, the laws ironically enable the state to restrict labor resistance.⁵⁸ Philip Kelly finds that the state tends to impose bureaucratic procedures on trade union formation so that trade union formations are more cumbersome and difficult.⁵⁹ Undeniably, labor resistance has gained more political space in post-Suharto era and new influential groups have emerged such as the National Front for Workers Struggle Indonesia (NFPBI).⁶⁰

In fact, labor containment is not due to the state's and the market's exploitative strategies alone to forgo the rights and well-being of workers in order to subsidize the national development; instead, the labor movement itself is structurally limited in social and political terms as well. Socially, losing jobs may obstruct workers from sending

money to their families, which will make them feel *Malu* (shame). As a result, workers restrict themselves from becoming involved in the labor movement in order not to put their employment at risk.⁶¹ In addition, the nature of Batam as an export processing zone lacks schools, and thus the students who are often the dominant actors for social justice, keeping the relationship between the state/market and society remains largely intact.⁶²

Politically, labor unions or labor movements are alien to most workers due to past oppression. Even at the present time, labor protests are often crushed violently due to the state having to satisfy capital owners who are the major source of revenue for the state's external debt. Concurrently, market reforms have allowed the power structure between the state and market of the New Order regime to be reorganized in a similarly collusive way. Differently said, the post-1997 structural adjustment package consolidated the state-capital relation vis-à-vis society in the sense that politicians need political and financial supports from investors/capital owners to compete in democratic elections, which in turn bring politicians and businesses closer.⁶³ In such a political sphere, the state will need to create conditions for the businesses to take advantage of cheap labor surplus.

In addition, it is important to see the limitation of the trade union movement in the apparatus of national and local governances. Despite regional diversities, Indonesia is still in the process of nation-building in a unitary state apparatus. As such, the central government tries to retain control over Batam, which is an important industrial space for Indonesia. This is the reason Batam was governed by BIDA, rather than being governed by

the local government.⁶⁴ This narrative implies that local participation or the voice of Batam workers is unlikely to be heard because the 'local' is not a friendly concept for Batam's authorities. Though, these limitations are not 'natural,' but rather they were created long ago in a way that shields the neo-liberal ingredients of private interest, foreign investment and the global competitive market all the way up to the state's "imagined" development pole. These creations and limitations, then, became deeply rooted in the social fabric, and have matured into structural constraints.

IV. Conclusion

Batam is a typical example of export processing zones around the world through which developing countries tend to achieve development. These export processing zones are realized and mastered by elites who have both the power and wealth to implement their imagination at the expense of the working class, which bears the social and environmental costs of industrialization. This paper shows that the World Bank's faith in "investment climate" might not necessarily lead to poverty reduction because ruling and business elites can take an advantage of neo-liberalism, which underpins the "investment climate" idea, as an opportunity and economic framework to advance their interests. This paper also shows that creating employment for women in export processing zones leads to neither emancipation nor development for women. Instead, they are used as cheap laborers who pay the price of environmental degradations and social risks such as attacks on ethnic women and being perceived as women from the land of prostitutes. Even though the post-Suharto era has allowed labor unions to

emerge, workers' rights have been abused in many ways by their employers who have government backing. The reason is that the state needs to support business elites from whom it acquires revenue for external debt payment and state expenditure. At the same time, politicians who have connections with businesses need to create policy platforms supportive of business elites because they need both political and financial support for winning political

office. In such a collusive environment between political and business elites, neo-liberalism, which informs the World Bank's "investment climate," provides the optimal environment for domestic and foreign investors to expand their exploitative investments with minimum responsibilities to the welfare of their workers. Imagined development at the national level thus results in real poverty at the local level.



ENDNOTES

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