SUMMARY

Towards an East Asian Community: Prospects and the Role of Japan

SATÔ Koichi

Junichiro Koizumi, Prime Minister of Japan, initiated the creation of a community ‘that acts together and advances together’ in East Asia in January 2002. The plan has been received warmly by Japan’s East Asian neighbors, including the ten ASEAN countries, China, and Korea. Earlier plans for East Asian cooperation such as the Great East Asia Co-prosperity Sphere (GEACS), proposed in 1940 by Yosuke Matsuoka, the then foreign minister of Japan, and the East Asia Economic Caucus (EAEC), proposed in 1990 by Mahathir Mohamad, the then prime minister of Malaysia, failed. This was because the Japanese military rule of GEACS was destroyed by the allied forces in 1945, and the anti-US stance of EAEC was not acceptable to East Asian countries in the 1990s. Why, then, has Prime Minister Koizumi’s idea been accepted by other East Asian countries?

Many academic papers and Japanese government reports have put particular emphasis on the following points promoting East Asian cooperation: (1) the closer intra-regional exchanges between Japan and East Asian countries have accelerated the economic development of East Asia; (2) the financial crisis in 1997 has caused other East Asian countries to realize their acute need for Japanese financial assistance; (3) non-traditional security issues such as terrorist attacks and sea piracy have required a regional approach between Japan and other East Asian countries; and (4) Japan and other East Asian countries attach importance to ASEAN’s functional cooperation, which has also been favorably received by ASEAN members.

What are the prospects for an East Asian Community? And what role should Japan play in the process of community building? ASEAN countries had shown some concern over China’s growing influence in the economic field, and China suggested the establishment of an ASEAN–China Free Trade Area (ACFTA) in 2001. This was intended to alleviate the ‘China threat’ perceived by ASEAN countries and to enhance ASEAN–China ties. Japan reactively enhanced the Japan–ASEAN Partnership in the Tokyo Declaration in 2003, and Japan–China relations have reached an impasse because of historical issues. The US government has also shown some concern over the possibility of an East Asian Community because it has been concerned about Chinese ambitions to turn East Asia into its domain.

If the realization of an East Asian Community is Japan’s objective, the Japanese government should take the following measures: (1) maintain communication channels with the Chinese government for the promotion of East Asian cooperation; (2) relieve the strained relations between the USA and East Asian countries, especially China; (3) revise the regional free trade agreements between Japan, China, and ASEAN countries, and make these agreements into more effective and facilitated ones; (4) consider a truly open and flexible membership for the current East Asian Summit.
SUMMARY

The Territorial Issue of Independent ‘Mongolia’: An Analysis of the Russo-Mongolian Agreement of 1912

TACHIBANA Makoto

The Russo-Mongolian Agreement, signed on 3 November 1912, stipulated its coverage as ‘Монголия’ (in the Russian text) and ‘Монгол улс’ (in the Mongolian text). Conventional studies of this agreement have mainly discussed the differences between the Russian and Mongolian texts – these studies have focused on the use of the word ‘улс’ (state) in the Mongolian text, which means ‘political status’. Furthermore, regarding the stipulated coverage of this agreement, these studies have merely explained that the Russian government conceded to the Mongols and used an ambiguous word.

After the Xinhai Revolution, the political scenario in East Asia changed. In the wake of these changes, the Russian government planned to single-handedly negotiate an agreement with the Mongols and determined the extent of the territories as the ‘four aimag of Khalkha’. Initially, all the Mongolian ministers except Tserenchimed gave their consent to the Russian draft; however, gradually, they began insisting on including Inner Mongolia and Barga in the agreement. Since both parties had discordant demands, the Russian special envoy, Korostovets, declared the termination of the negotiations. The Mongols then proposed to use an ambiguous word — ‘Mongolia’ — in the text and planned to sign the agreement, thereby reserving the possibility of unifying Inner Mongolia. The Russian government realized that this word could pose an overt threat to China if the agreement were to extend to include other territories that might join Khalkha. (As a result of the third Russo-Japanese secret convention that began negotiations by discussing the problem of using the word ‘Mongolia’, Russia is accountable to Japan with regard to Inner Mongolia.) Russia gave its consent to the Mongolian proposal. However, Korostovets declared to the Mongolian government that the Russian government would reserve the right to determine the territories of ‘Mongolia’.

After signing the agreement, as per the hidden agenda of the Russian government, it was necessary for the Chinese government to take up the Russian proposal. On the other hand, the Mongolian government began to actively propagate its own agenda toward Inner Mongolia, aiming to expand the territory that would be a part of ‘Mongolia’ and successfully made all factions of the Shiliin Gol League pledge allegiance to the Mongolian government. In addition, at the negotiations in St Petersburg, the Mongolian government asked the Russian government to protect Inner Mongolia. However, the Russian government refused this Mongolian demand on the basis of Korostovets’s declaration.

Finally, the issue regarding the word ‘Mongolia’ was resolved by the Russian government and influenced the decision regarding the territorial extent of ‘Mongolia’. The failure of the Mongolian government to establish control over Inner Mongolia caused ‘Mongolia’ to be limited to ‘Outer Mongolia’. The Russo-Chinese declaration, signed on 5 November 1913, also recognized ‘Mongolia’ as ‘Outer Mongolia’. Moreover, the Tripartite Treaty of Kiakhta between Russia, China, and Mongolia, signed on 7 June 1915, granted ‘autonomy’ only to ‘Outer Mongolia’. Thus, the word ‘Mongolia’ in the Russo-Mongolia agreement was limited to ‘Outer Mongolia’, and it became what is present-day Mongolia. Therefore, the inclusion of the word ‘Mongolia’ in the Russo-Mongolia agreement had extremely important implications.
This paper examines how the Beijing government of Republican China built relationships with newly established European countries after World War I, and how it treated the citizens of these countries.

In March 1917, during World War I, Republican China broke off diplomatic relations with the German and Austro-Hungarian empires, scrapping all treaties with them, and declared war against them in August. It also cut off relations with the Russian empire, which had experienced a revolution in the same year, but treaties with this empire remained valid. Disputes on the succession of these treaties were to arise between Republican China and newly independent states in connection with the succession of consular jurisdiction.

After the war, talks started individually with central and eastern European countries over the issues of recognizing their independence, succession of the treaties with their old suzerains and treatment of the citizens of the newly independent countries with which treaties had yet to be concluded, i.e. ‘citizens of the non treaties powers’ as described in this paper. Republican China had similar problems also with newly independent countries that had come into existence after the collapse of the Russian empire. While being pressed to respond to the changed order in Europe, domestically the country was in need of laws regarding the treatment of the foreigners who were living in concessions or leased territories: citizens of non-treaty powers anticipating cancellation of consular jurisdiction.

This subject can be examined analogously to the government’s attempt to legally regulate Nanyang overseas Chinese who had become protectorates of third countries in the last years of the Qing Dynasty via the Citizenship Law (1910). The major challenge for Republican China was to establish that, unlike in the last years of the Qing Dynasty, not only the citizens of non-treaties powers (excluding protectorates) but also those of the newly established countries should be outside of consular jurisdiction. Treaty powers registered these citizens of non-treaties powers as protectorates under their consular jurisdiction or simply handled routine diplomatic functions on behalf of them. Sometimes, however, these issues between the countries were handled by treaty powers and citizens of non-treaties powers in a confusing manner that caused disputes with the government of Republican China as described below.

This paper examines how Republican China tried to position the citizens of non-treaties powers in law while attempting to cancel unequal treaties and establish its independent jurisdiction after World War I. The paper is based on a series of diplomatic archives, including ‘Draft on management of citizens of non-treaties powers’ and ‘Draft on treatment of citizens of non treaties powers’, from the Institute of Modern History, Academia Sinica.
SUMMARY

The Structure of Interlocking Directorships in Hong Kong

UEHARA Misuzu

This paper presents the results of some research on the network of interlocking directorships in Hong Kong. A director who sits on two or more boards is termed a ‘multiple director’. ‘Interlocking directorships’ are the relations between enterprises that are created when one person is a member of two or more company boards. These two concepts are the building blocks of the edifice constructed in this paper. In Hong Kong, there have been few studies of interlocking directorships, and there has been almost no attempt to map out the structure of the network in a systematic way. This paper is an attempt to use interlocking directorships in a systematic way to explore how business groups rule Hong Kong’s commerce.

This paper is based upon companies listed on the Hang Seng Index. The Hang Seng Index acts as a barometer for the Hong Kong stock market. The Hang Seng Index comprises 33 constituent stocks, which are representative of the market.

Section 1 presents this theoretical framework and introduces some of the key network concepts. Section 2 examines the concentrations of capital and interlocking directorships. Subsequent sections investigate three main typologies of interlocking directorships, treating capital relations in order to map the structure of interlocking directorships in Hong Kong.

This paper attempts to discriminate between different types of interlocking directorships. There are three main typologies of interlocking directorships. The measure of ‘strength’ assumes that interlocking directorships involving executives are more ‘intimate’ and therefore stronger than those which do not. A typology of interlocking directorships is based on the intensity of the interlocking directorship between any two companies. The most intense interlocking directorship is the tight interlocking directorship, which exists when a person holds an executive directorship in both company A and company B. A primary interlocking directorship occurs when an inside, executive director of an enterprise holds an outside, non-executive directorship in another. A secondary interlocking directorship is the least intense type of interlocking directorship, and results when a person holds an outside position on two boards.

Using company annual reports, this paper confirms that the positive relations between capital relations and interlocking directorships are connected by executives. The empirical analysis shows that interlocking directorships correlates closely with capital relations between enterprises. Large capital-intensive enterprises were formed by domestic capital and comprised the tight interlocking directorships inside Hong Kong. Tight interlocking directorships are created to reinforce capital relations between enterprises, which are the biggest shareholders of one another. Tight interlocking directorships normally occur within enterprises and are typically found between a parent company and its operating subsidiaries. The network of primary interlocking directorships and secondary interlocking directorships enlarged itself to the point where it encompassed most of the large enterprises. Primary interlocking directorships supplement non-capital relations. Primary interlocking directorships may be created for the purpose of access to valued resources of material, money and information in order to maximize one enterprise’s own advantage. Secondary interlocking directorships are generally summed up as bringing in an outside view. Current intelligence can be garnered by sitting on the board of another enterprise and by having outside directors on one’s own board. Information may flow through secondary interlocking directorships.

The structure of interlocking directorships has been changing in Hong Kong. Interlocking
directorships were created larger than capital relations. Business groups expanded interlocking directorships to access valued resources of material, money and information by using tight interlocking directorships, primary interlocking directorships and secondary interlocking directorships.

SUMMARY

Medical Policy for the International Migration of Labor

KUBOTA Michio

The rise in international migration of labor has created a new problem in Asia, namely how to ensure social security for immigrants. Two approaches to this issue are currently envisaged. The first incorporates foreign migrant workers into an existing social security system; the second offers that service through market forces. Japan is a typical example of the first case, and has designed a solution that covers foreigners via its public medical insurance system. China, on the other hand, is an example of the latter market-force approach. China does not allow foreigners to join its public medical insurance system; these workers have to procure such services through the market. Both systems encountered problems when the numbers of foreigners rapidly increased, since their original plans were based on the assumption that the numbers of foreign workers would be negligible, and could thus be treated as exceptions. However, the problems that each administration faced and the reaction of medical institutions, i.e. the supply side, are distinctly different.

In the case of Japan, the central government did not explicitly announce its policy regarding the treatment of foreign patients who were not covered by the national health insurance. Since foreigners are eligible to join the existing system, the government took it for granted that they would do so. Those who would not were left in the hands of local governments, hospitals, and doctors.

The above attitude caused few problems until recently, as the numbers of foreigners was small. However, a rapid increase in the number of uninsured foreigners has now began to damage management of medical institutions, especially those in districts with a high proportion of foreign residents. The alternative of turning to the market is unrealistic because Japan’s legal system prohibits medical institutions from running on a commercial basis. The high standard of medical treatment in Japan only adds to their difficulties, for it inevitably raises the costs.

On the other hand, China allowed ‘marketization’ and ‘profit-earning’ in the field of medical services, and this enabled hospitals to develop a medical market especially designed for the foreigner. The expensive medical costs caused by such profit-oriented treatment are met by commercial health insurance.

This structure resembles the overall medical security policy that the Chinese government is currently pushing forward. Medical care service designed for the Chinese people is also based upon marketization. It is supported by the government through policies of increasing insurance premiums, limiting the range of application of insurance and promoting private insurance company article purchase.

This process has caused severe disparity among patients. The new, well-equipped hospitals
for foreigners and wealthy Chinese, funded by both domestic and foreign capital, are in sharp contrast to the institutions that mainly serve patients covered only by public insurance.

The purpose of this paper is to examine the problems that have occurred in the two adverse measures mentioned above by comparing supply of medical service towards foreign workers in Japan and China.