

**Cool Japan: the relationships between the state and the cultural industries**

by

Nicolas Garvizu

School of East Asian Studies

The University of Sheffield

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# Abstract

This thesis fills a gap in the literature on the state-business relations in Japan by examining the relationships between the state and the cultural industries (anime, manga, and video games), a topic that is under-investigated. The concept of the developmental state is used to analyze the Cool Japan policy that the government implements to promote the expansion abroad of the Japanese cultural industries, and to study the reactions of anime studios, manga publishers and video games companies to this policy.

Cool Japan testifies that developmentalism is still alive in Japan. Neoliberalism and the globalization process have not caused the demise of the Japanese developmental state, illustrating its adaptation to a new context. The government still assumes that it has a role to play in order to ensure the competitiveness of the domestic economy by conducting industrial policies such as Cool Japan. The Japanese authorities have institutional links with the sectors covered in this research, in particular with their business associations, and a relative degree of autonomy. These are characteristics of a developmental state.

This doctoral dissertation offers evidence that Cool Japan is another case of the sectionalism of the Japanese bureaucracy. A very large number of state actors is involved in this policy, thereby raising the issue of the collaboration between them. The main gap identified is about the timing of the Cool Japan policy. Indeed the anime, manga and video games industries started the exports of their products before the implementation of this policy. Before the 2000s, the government ignored them because bureaucrats deemed that they were not profitable and unworthy of their interest. These sectors reject state intervention in their products if they receive a financial assistance.

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# Abbreviations

ACE: Anime Contents Expo

AJA: Association of Japanese Animations

AMP: Association of Manga Publishers

ARD: *Arbeitsgemeinschaft der öffentlich-rechtlichen Rundfunkanstalten der Bundesrepublik Deutschland* (Consortium of public broadcasters in Germany)

BIDEC: Bio-industry Development Center

BOJ: Bank of Japan

CCTV: China Central Television

CD: Compact Disc

CEO: Chief Executive Officer

CESA: Computer Entertainment Supplier's Association

CODA: Content Overseas Distribution Association

CoFesta: Japan International Contents Festival

C/FO: Cartoon/Fantasy Organization

CSAJ: Computer Software Association of Japan

DCA: Digital Comic Association

DCAJ: Digital Content Association of Japan

DCMS: Department of Culture, Media and Sport

DPJ: Democratic Party of Japan

DVD: Digital Versatile or Video Disc

Famicom: Family Computer

FTA: Free Trade Agreement

GAD: General Affairs Division

GCA: Game Connection America

GDP: Gross Domestic Product

GDH: Gonzo Digimation Holdings

HD: High-definition

ICT: Information and Communication Technologies

IFPI:International Federation of the Phonographic Industry

IMF: International Monetary Fund

IP: Intellectual Property

IPSH: Intellectual Property Strategy Headquarters

JACE: Japan Association of Corporate Executives

JAIF: Japanese Association of Industrial Fermentation

JAniCA:Japan Animation Creators Association

JAMMA: Japan Amusement Machinery Manufacturers Association

JAPEA: Japan Amusement Park Equipment Association

JAROL: Japan Robot Leasing Company

JBPA: Japan Book Publishers Association

JCCI: Japan Chamber of Commerce andIndustry

JDB: Japan Development Bank

JECC: Japan Electronic Computer Company

JETRO: Japan External Trade Organization

J-LOP: Subsidy for the Localization and Promotion of Japanese Visual Media

J-LOP+: Subsidy for the Localization and Promotion of Japanese Visual Media+

JTA: Japan Tourism Agency

JMPA: Japan Magazine Publishers Association

JNTO: Japan National Tourism Organization

JPSA: Japan Personal Computer Software Association

LDP: Liberal Democratic Party

MAFF: Ministry of Agriculture, Forestry and Fisheries

MAG: Manga-Anime Guardians

METI: Ministry of Economy, Trade and Industry

MEXT: Ministry of Education*,* Culture, Sports, Science and Technology

MIC: Ministry of Internal Affairs and Communications

MITI: Ministry of International Trade and Industry

MLIT: Ministry of Land, Infrastructure, Transport and Tourism

MOE: Ministry of Education

MOF: Ministry of Finance

MOFA: Ministry of Foreign Affairs

NES: Nintendo Entertainment System

NHK: *Nippon Hōsō Kyōkai* (Japan Broadcasting Corporation)

NSA: Nihon Shopping Center Amusement Park Operators Association

OECD: Organization for Economic Co-operation and Development

OMDC: Ontario Media Development Corporation

PC: Personal Computer

PROMIC: Foundation for Promotion of Music Industry and Culture

SARFT: State Administration of Radio, Film and Television

SHSP: Strategic Headquarters for Space Policy

SMEs: Small and Medium Enterprises

TAF: Tokyo International Anime Fair

TMS: Tokyo Movie Shinsha

TPP: Trans-Pacific Partnership

TV: Television

UK: United Kingdom

UHD: Ultra-high-definition

UNCTAD: United Nations Conference on Trade and Development

UNDP: United Nations Development Programme

UNESCO: United Nations Educational, Scientific and Cultural Organization

US: United States

VCD: Video Compact Disc

VCR:Videocassette Recorder

VHS: Video Home System

VIPO: Visual Industry Promotion Organization

WTO: World Trade Organization

ZDF: *Zweites Deutsches Fernsehen* (Second German Television).

# Glossary

*Amakudari*: literally “descent from heaven”. Post-retirement careers for bureaucrats, divided into four types: *amakudari* in the strict sense, *seikai tenshin*, *wataridori* and *yokosuberi*

*Bunka kōryūshi*:Japan’s Cultural Envoys. Programme established in 2003 by the Agency for Cultural Affairs

*Chūkan hōjin*:law on the intermediate corporations

*Chūō shōchō saihen*: central government’s reorganization

*Dōjinshi*: amateur manga

*Dokuritsu gyōsei hōjin*:independent administrative agency

*Fansub:* abbreviation of fan-subtitled. Anime subtitled by fans

*Fansubbers*: fans completing the subtitles of anime

*Gyōkai:*industrial associations

*Hallyu*: Korean pop culture wave. In Japanese *hanryū*.

*Ippan shadan hōjin*: law on the general incorporated associations

*Josei*: manga foryoung female adults

*Kankō rikkoku*: tourism nation

*Kasumigaseki*: district of Tokyo where most of Japan’s ministries are located, equivalent to Whitehall in Great Britain

*Keibatsu:*family ties

*Keidanren*: abbreviation of *Nippon Keizai Dantai Rengō Kai* (Japan Business Federation)

*Mangaka*: manga artists

*Manhwa*:Korean manga

*Meishi*: business cards

*Nawabari arasoi*: sectionalism of the bureaucracy

*Nemawashi*: behind‐the‐scenes consensus building

*Otaku*: avid consumers of manga, video games and anime

*Sake*: Japanese rice alcohol

*Scanlation*: scanning, translation, and editing of manga from Japanese into another language

*Scanlators*: fans completing scanlations

*Seikai tenshin*: one type of *amakudari*. Former bureaucrats embracing a political career

*Seinen:* manga for young male adult

*Shingikai*: deliberation councils

*Shinkokuzai*: crime prosecutable only upon a complaint from the victim

*Shōjo*: manga for young girls

*Shōnen*: manga for young boys

*Tankōbon:*book with different chapters of manga

*Tōdai*: contraction of *Tōkyō Daigaku* (University of Tokyo)

*Tokushu hōjin:*special agency

*Tōseikai*: control associations similar to government-authorized cartels. System established in 1941

*Washi*: traditional Japanese paper making

*Wataridori*: one type of *amakudari*. Ex-bureaucrats appointed several times in the public and/or the private sector

*Yaoi*: manga of boy-love stories

*Yokosuberi*: one type of *amakudari*. Former bureaucrats appointed in public corporations or special legal entities

*Zaibatsu*: industrial and financial conglomerates that controlled significant parts of the Japanese economy until the end of the Second World War

*Zaikai*: the main business associations

*Zoku*: policy tribes of Diet members with a particular amount of expertise in a specific field of governmental policy

# Notes

Following the Japanese convention, Japanese names are given with the family name first, and the given name second. Japanese terms are transcribed with macrons, except for places and names of company well-known in English such as Tokyo, Kyoto and Nintendo.

This doctoral research indicates between brackets the figures converted into yen every time that the original figures are in euro, $US or yuan. Appendix B, C and D list the yearly average exchange rates between yen and euro, yen and $US, and yen and yuan.

# Introduction

In 1982, Chalmers Johnson published his seminal *MITI and the Japanese Miracle: The Growth of Industrial Policy, 1925-1975*. The book introduced the concept of the developmental state to explain the state-led industrialization of Japan that took place after the end of the Second World War. In particular, Johnson focused on the role of the MITI[[1]](#footnote-1) (Ministry of International Trade and Industry) in the fast economic development of the country in the aftermath of its defeat. The concept of the developmental state has exerted a huge impact. Since its publication at the beginning of the 1980s, every scholar covering the Japanese political economy has referred to Johnson, whether to express agreement or disagreement. A further proof of his impact lies in the fact that the concept has been applied to other countries in East Asia such as South Korea, Taiwan and Singapore (Amsden, 1989; Haggard, 1990; Wade, 1990). It is not only the rapid economic development of these countries that has aroused curiosity in the West, but as well the involvement of the state in their rapid industrialization.

Nevertheless, amid neoliberal globalization, critics have cast doubt on the viability of the developmental state. In their opinion, this model of state is a vestige of the past that has become obsolescent and redundant. Against the background of neoliberal globalization, the developmental state has lost numerous policy tools, such as the implementation of protectionist measures for nascent industries or the ability to control capital flows. Critics view the unfolding process of globalization as inimical to the survival of such a state. As Hayashi Shigeko notes: “the model of the developmental state is under fire” (2010: 45). What is at stake in the debate between the proponents of the developmental state and of the neoliberal position is the role of the state in economic development, and generally speaking in the economy. The former call for a more active involvement of the state in the economy, for example, in promoting industrialization. This is fundamentally at odds with the neoliberal position which advocates minimum state intervention and a central role for the market in mobilizing the economic resources and initiating the process of industrialization (Hayashi, 2010: 47).

This doctoral dissertation supports the statist position. It is misleading to describe globalization as an all-powerful force leading to the retreat of the state from the economic field, in other words, a process of convergence towards an Anglo-Saxon, minimalist state. Globalization does not imply an all-or-nothing choice between convergence and non-convergence (Malcolm, 2001: 266). In other words, globalization is not pre-determined or universal, but rather flexible and diverse (Hook and Hasegawa, 2006: 5). Instead of asserting the demise of the developmental state, it is much more illuminating to speak about its evolution and adaptation in an evolving, new context (Wong, 2004). This is the position taken in this dissertation. The fact that Japan caught up with the Western industrialized countries in the 1970s does not imply that, as a result, the Japanese developmental state has come to a standstill. The logic of *catching up* has been replaced by the logic of *keeping up* in order to maintain the competitiveness of the Japanese economy (Weiss, 2000: 27). Developmentalism in Japan is not dead. Nowadays, the Japanese government continues to conduct industrial policy rather than waiting for “natural” market outcomes. It still identifies promising industries that it supports (Pekkanen, 2003: 211-3).

This thesis thus employs the concept of the developmental state to investigate the relationships between the state and the cultural industries in Japan within the framework of the Cool Japan policy. The Japanese cultural industries have been under the spotlight since the publication of Douglas McGray’s article *Japan’s Gross National Cool* in 2002. In this famous article, the author gives an account of the vitality of Japanese pop culture (anime, music, manga and so on) and its popularity around the world, despite the stagnation of the Japanese economy in the 1990s. He is above all the first to have made the connection between Japanese pop culture and Joseph Nye’s concept of soft power[[2]](#footnote-2), asserting that Japan has a formidable reserve of soft power at its disposal (2002: 53). Not only in Japan but abroad[[3]](#footnote-3) as well, this article has exerted a major impact. In particular, it was through the publication of the McGray’s work in *Foreign Policy* that Japanese policy-makers and intellectuals[[4]](#footnote-4) began to discuss their country’s soft power (Lam, 2007: 352).

Such popularity came as a surprise to Japanese policy-makers. They did not pay much attention to cultural industries until the beginning of the 2000s because they judged them to be an unprofitable sector that could not benefit the national economy, so unworthy of being the subject of state policies (Otmazgin, 2012: 37). But the enthusiastic reception of Japanese popular culture around the world since the 1990s, for instance the international success of Miyazaki Hayao’s *Spirited Away* and *Pokémon*, has contributed to the evolution of the attitude of the Japanese government. Nowadays, it is actively promoting Japanese pop culture abroad in order to stimulate domestic economic growth and to present a friendly image of the country to foreign audiences. It considers such cultural products as vehicles of soft power, hoping that their attractiveness and international popularity will contribute to the government’s diplomatic agenda. The sector of cultural industries is now considered as a legitimate area for state intervention (Otmazgin, 2012: 51).

Cool Japan is the policy framed and implemented by the Japanese government to promote the Japanese cultural industries abroad. The anime and video games companies as well as the manga publishers did not wait for the support of the government to commercialize their products in the foreign markets. The Japanese authorities *reacted* to the popularity of these products, but did not *initiate* their massive dissemination. It can even be argued that the main agent of the worldwide diffusion of this pop culture has been piracy, such as in South Korea and Taiwan where it was banned. In China, piracy is endemic (Katsumata, 2012: 144). The advent of the Internet has reinforced the flow of illegal products.

Among the cultural industries, this thesis examines in detail three sectors: anime, manga and video games. The anime and manga industries have strong links as the vast majority of anime is adapted from manga (Yokota Masao Interview, 06/03/2014). For a long time, the anime companies were simply considered as an extension of the manga publishers. In fact, Japanese policy-makers did not consider this sector as an industry (Choo, 2009: 217). The Japanese video games industry is also the focus of this study because it has reached a global audience as big as the anime and manga industries.

The aim of this research is to examine the relationships between the Japanese state and the Japanese cultural industries. Three research questions are at the heart of this work:

1. How have the industries of anime, manga and video games reacted to the government’s policy, Cool Japan?
2. What do they expect from Cool Japan, given that the exports of their products were well underway before the implementation of this policy?
3. Are there any gaps between the government and the cultural industries concerning Cool Japan? If so, what are they? And why?

By answering these questions, this dissertation makes several contributions to the existent literature. Firstly, as noted above, this research uses the concept of the developmental state to analyze the relationships between the Japanese state and the Japanese cultural industries. By doing so, the thesis contributes to the field by demonstrating how the use of this concept continues to be relevant (Thurbon, 2014) and that developmentalism is still alive in Japan (Weiss, 2000; Pekkanen, 2003; Wong, 2004). Of course, the current Japanese economy is different from the one that Johnson (1982) described. Nevertheless, it is more illuminating to examine empirically the evolutions of the Japanese developmental state rather than to assert its demise. As long as Japanese policy-makers share a large consensus on the necessity for the state to ensure the competitiveness of the domestic economy, they will always find tools to achieve such an aim (Thurbon, 2014: 66-8). In other words, Japan remains a long way from leaving everything to the market.

Therefore, this doctoral dissertation is consistent with the literature on the diversity of capitalism (Albert, 1993; Hall and Soskice, 2001; Amable, 2003). This literature avoids the pitfall of providing only a typology of capitalisms, that is to say being too descriptive, by focusing also on the theoretical foundations of such diversity. Two elements have captured the attention of these authors: on the one hand, path dependence; on the other, institutional complementarities (Lechevalier, 2014: 4). Within the varieties of capitalism approach, a rich literature which addresses the case of Japan exists (Boyer and Yamada, 2000; Dore, 2000; Streeck and Yamamura, 2001; Boyer *et al.*, 2011; Lechevalier, 2014). For instance, Sébastien Lechevalier argues that the profound transformation of the Japanese capitalism caused by the implementation of neoliberal policies since the 1980s does not imply convergence towards American or European capitalisms. Japan continues to represent one pole of capitalist diversity (2014: 157).

Secondly, another contribution of this doctoral project is to offer evidence to support the claim made here that Cool Japan represents an industrial policy. This is one of the core arguments developed in this thesis. True, a consensual definition of what an industrial policy is does not exist, as definitions vary according to stages of development, states, regions, and over time (Aiginger, 2007: 297, Vanden Bosch, 2014: 11). The definitions[[5]](#footnote-5) available differ on several issues: targeting sectors versus broad measures impacting many or all industries (sectoral versus horizontal); restructuring mainly large firms versus promoting the role of new actors (passive versus active); promoting competitiveness through broad measures versus choosing specific industries, companies and regions; and allocating subsidies to industries for political reasons versus supporting “dynamic activities” such as innovation and training (Aiginger, 2007: 299).

Within this plurality of understandings, the definition used in this research is the following: “Industrial Policy is ***any type of intervention*** or government policy that attempts ***to improve the business environment*** or to alter the structure of ***economic activity*** toward sectors, ***technologies or tasks*** that are expected to offer better prospects for economic growth ***or societal welfare*** than wouldoccur in the absence of such intervention” (Warwick, 2013: 16, emphasis in the original). Based on this definition, this work demonstrates that Cool Japan is an industrial policy. This is the purpose of Chapter 5. To avoid any confusion, the aim of this thesis is not to evaluate the Cool Japan policy, per se. It is beyond the scope of this doctoral research to discuss the effectiveness or not of this policy. Suffice it to say here that the proponents of industrial policy stress market failures, whilst the opponents emphasize government failures and rent-seeking of some interest groups.[[6]](#footnote-6) In the case of Japan, Marcus Noland claims that the link between industrial policy and economic growth is weak, or even non-existent. In his opinion, due to political reasons, the main recipient of state fund was “large, politically influential “backwards” sectors” (2007: 1). In contrast to Noland, Saadia M. Pekkanen asserts that the Japanese government chooses the industries to support more for economic considerations than for political ones (2003: 204). In other words, no consensus exists among scholars on the question of the effectiveness of industrial policies.

Thirdly, as the interest of the Japanese state in cultural industries is relatively recent, their relationships remain under-investigated. It is true that Kukhee Choo has written how, via Cool Japan, the Japanese state supports the anime industry and about its reaction to such policy. Yet, she limits her investigation solely to this sector (2009). Whilst she goes on to analyze the efforts of the government to promote Japanese popular culture globally in a recent book chapter, she does not address what opinion video games companies and manga publishers have on this policy (2012). Nissim K. Otmazgin and Eyal Ben-Ari argue that “there is an inherent tension between the policy side with its emphasis on intentionality, planning, and foreseeable consequences, and the dynamic, unintended, often not fully planned nature of the production and dissemination of pop culture” (2012: 19). Despite the intentions of politicians and bureaucrats, the processes of production, dissemination and consumption of popular culture cannot be totally controlled (Otmazgin and Ben-Ari, 2012: 20). Nevertheless, again, they do not consider the reaction of the sectors investigated in this thesis.

This means, another contribution of this doctoral dissertation is to examine how the industries of anime, manga and video games react to the Cool Japan policy. This is examined in Chapter 6. It is argued that the main gap between this governmental policy and these industries is the timing of this policy. These sectors also would like the government to combat more vigorously piracy.

Finally, this study demonstrates that Cool Japan represents another instance of the sectionalism (*nawabari arasoi*) of the Japanese bureaucracy. For Johnson, “Japan is a system of bureaucratic rule” (1982: 320). Bureaucratic regimes produce two kinds of conflict: conflicts within the bureaucracy, and conflicts between the bureaucracy and the central political authorities (Eisenstadt, 1956). In Japan, ministries compete with each other to protect their domains, to extend them, to increase their budget and for prestige. This inherent feature complicates the coordination and cooperation between the ministries. This issue is examined in Chapter 5.

## **0.1 Structure of the thesis**

This work is divided into seven chapters. Chapter 1 consists of a literature review on state-business relations and the developmental state in Japan. The aim of this chapter is to examine what various researchers have written on such topics in order to identify potential gaps. It demonstrates that the relationships between the Japanese state and the Japanese cultural industries have been under-investigated. At the beginning of the 2000s, the Japanese authorities began to pay attention to the sector of cultural industries. Beforehand, they deemed them as unprofitable, thereby unworthy of their attention. This certainly explains why few scholars have embraced the topic of research of this thesis, as the government’s interest in such industrial sector has been quite recent. This situation has also resulted in another gap found in this literature review. Indeed, the concept of the developmental state has not been used to investigate the relationships between the Japanese state and the Japanese cultural industries. It goes without saying that our reliance on such concept implies that Cool Japan is considered as an industrial policy in this study. This chapter also considers the terms “content”, “creative” and “cultural” industries.

Chapter 2 explains the theoretical framework and the methodology employed in this thesis. It is divided into three main parts. The first part reviews the main theories used to investigate state-business relations, that is to say corporatism, pluralism, Marxism and elitism. The first three theories suffer from several shortcomings that make them unsuitable to serve as an analytical framework. The last one, elitism, in particular within it statism, is very interesting because statism asserts the notion of state capacity and autonomy, two main characteristics of the developmental state.

In the second part, the concept of the developmental state is detailed. This chapter argues that, contrary to the claims of some authors, the Japanese developmental state has not become obsolete, but has rather evolved, adapted and survived in the process of neoliberal globalization. Therefore, the Japanese state continues to conduct industrial policy, Cool Japan being one instance of the policy.

The third part focuses on building a coherent methodology for this doctoral research. The methodology adopted relies on qualitative methods because the study of the relationships between the state and the cultural industries in Japan requires in-depth information. The case studies method and some practical considerations on the collection of information such as the access to the interviewees and the use of mentors to get interviews are also explained, as well as the theoretical and practical limitations to the methodology of this thesis.

Chapter 3 addresses the current situation of the Japanese cultural industries and examines the evolution of the domestic market. The emphasis is placed on anime, manga and video games companies as they are the focus of this research. The characteristics of these three sectors are detailed with the help of figures and tables. It is important to consider the domestic market of these industries because it represents their industrial basis.

Whilst Chapter 3 tackles the domestic situation of the anime, manga and video games companies, Chapter 4 analyzes how their products have been massively disseminated abroad since the 1980s, with a stress on East and Southeast Asia, Europe and the US (United States). The goal of this chapter is not to explain the reasons for their popularity, but deals with the process of such massive dissemination. In particular, it shows that the Japanese state did not initiate this global flow. Whereas it is obvious that the private sector has been a driver of the exports of anime, manga and video games, piracy must be noted as having contributed the most to the international outreach of Japanese pop culture. Chapters 3 and 4 set the context for the analysis of the government’s Cool Japan policy.

Chapter 5 is therefore devoted to an examination of the state policy Cool Japan which has two goals: on the one hand, the increase of the cultural industries’ sales in the foreign markets to stimulate the domestic economy; and, on the other hand, the spread of a friendly image of Japan overseas in order to promote Japan’s soft power. This chapter attests that Cool Japan represents an industrial policy because the developmental state wants a better business environment for the cultural, and more generally, the creatives industries.

Cool Japan is a complex policy due to the very large array of state actors involved in its framing and implementation. Evidence is provided to demonstrate that this policy is another example of the sectionalism of the Japanese bureaucracy. Cooperation and coordination are complicated as the bureaucrats of each ministry want to protect their own jurisdiction. This chapter demonstrates that these bureaucrats view Cool Japan according to their own jurisdictional competences. Beneath the image of unity, the bureaucrats of the ministries struggle to protect their power and to increase it.

This chapter also proves that two features of the developmental state are present in Cool Japan. Indeed, the METI has institutional links with the Association of Japanese Animations (AJA) and the Computer Entertainment Supplier’s Association (CESA). This ministry has also contacts with two informal associations representing the manga publishers: the Association of Manga Publishers[[7]](#footnote-7) (AMP) and the Digital Comic Association (DCA). Moreover, evidence is offered that bureaucrats are dissatisfied by the current situation of the cultural industries. In other words, they continue to consider that it is their responsibility to maintain the competitiveness of the Japanese economy.

Chapter 6 consists of the three case studies. It is divided into three parts, one for each sector considered in this research. This chapter illuminates the relevance of employing the concept of the developmental state, in particular the relative degree of autonomy of the state and the institutional links between the government and the cultural industries, to examine Cool Japan. The relationships between the state and these industries emerged quite recently as the CESA was created in 1996 and the AJA in 2002. In contrast to the CESA and the AJA, the two business associations (the AMP and the DCA) representing the manga industry are informal. Despite their lack of corporate status, the METI has contact with them.

This chapter analyzes the reactions of the anime, manga and video games industries to this policy and shows that the main gap between this state initiative and these sectors is the timing of Cool Japan. Many interviewees consider this policy as too late and would like the state to embrace more actively the issue of piracy. The beginning of the Manga-Anime Guardians (MAG) Project to combat online piracy in July 2014 shows that the government does not remain passive. However, the MAG Project does not include the eradication of illegal copies of video games. Chapter 6 also points out that the Japanese cultural industries reject any state intervention in their contents if they receive financial support and their heterogeneity, notably between big companies and small and medium enterprises (SMEs).

Finally, Chapter 7, the final chapter, recapitulates the main findings of this doctoral dissertation and discusses its theoretical contributions to the existent literature, emphasizing the persistence of developmentalism in Japan. The empirical contributions are also detailed. The chapter concludes by suggesting avenues for future research.

# Chapter 1: Business and politics in Japan

## **1.1 Introduction**

The rapid economic development of Japan after the Second World War, especially the high-speed growth that began in 1955, captured the attention of Western scholars, intrigued by the Japanese “miracle” and searching for its causes. The publication of Johnson’s seminal book *MITI and the Japanese Miracle* in 1982 represented a turning point for the study of the rapid economic development of this country. Indeed, Johnson introduced the concept of the developmental state and argued that the bureaucracy, in particular the MITI, was dominant in the policy-making process.

Since this publication, numerous scholars have referred to this book in their investigation of the relationships between the state and business in Japan. Some scholars have expressed their agreement with the thesis of the dominance of the bureaucracy (Evans, 1995; Vogel, 1996; Weiss, 2000) whilst others have contested such claim by emphasizing the role of private business actors or the domination of the Liberal Democratic Party (LDP) (Okimoto, 1989; Calder, 1993; Ramseyer and Rosenbluth, 1993).

This chapter provides a literature review on the concept of the developmental state. The literature on government-business relations in Japan is also reviewed, including studies investigating the relationships between the state and the cultural industries. The first section deals with the features of the developmental state, the conditions that made possible its emergence, the debate on which states can be labelled as developmental states and the motivations for its establishment. This section addresses the literature on the varieties of capitalism as well, because the discussion on the developmental state is inseparable from the debate on the diversity of capitalism nowadays. The evolution of the developmental state, a paramount issue in relation to this thesis, will be examined in Chapter 2, Section 2.3.2.

The second section focuses on the relationships between the state and business in Japan. The thesis of the iron triangle composed of close ties between the LDP leaders, the bureaucracy and the big business community and the dominance of the bureaucracy in the policy-making process have been challenged by a series of studies (Muramatsu and Krauss, 1987; Samuels, 1987; Callon, 1995). Some scholars have preferred focusing their attention on the characteristics of state-business relations in Japan. They have especially researched on the mechanisms that nurture these relationships. This section also discusses the terms “cultural”, “content” and “creative” industries and explains the distinctiveness of the cultural industries compared to other industries. Against the background of Cool Japan, few studies have been published on the relationships between the state and the cultural industries in Japan.

This chapter argues that, to the knowledge of the author of this thesis, the concept of the developmental state has not been used to study Cool Japan and the state-cultural industries relations in Japan. Scholars have relied on such an analytical framework for the examination of a lot of industries, but not those considered in this research. Furthermore, the literature review on state-cultural industries relations demonstrates that this topic is underinvestigated. It is still an emerging field. The reactions of the anime industry has been examined by Choo (2009), but she did it before the establishment of the J-LOP[[8]](#footnote-8) and the Cool Japan Fund. It seems that no-one has conducted research on the reactions of the manga and video games sectors to the Cool Japan policy.

## **1.2 The developmental state**

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### **1.2.1 The concept**

The main features of the developmental state identified by Johnson are “(firstly), the existence of a small, inexpensive, but elite bureaucracy staffed by the best managerial talent available in the system […] (secondly), a political system in which the bureaucracy is given sufficient scope to take initiative and operate effectively […] (thirdly), the perfection of market-conforming methods of state intervention in the economy […] (and finally), a pilot organization like the MITI” (1982: 315-19). This pilot organization is in charge of industrial policy (Johnson, 1982: 320). Central to the definition is the commitment of the developmental state to intervene in the economy in order to guide and to generate economic development. In his book, Johnson (1982) examines how the Japanese developmental state nurtured the development of industries such as steel, textile and shipbuilding.

After its publication, he realized that it “was an ideological red flag to the bull of Anglo-American cold war orthodoxy about economic correctness” (1999: 34). His concept of the developmental state is at odds with Walt W. Rostow’s claim (1960) that economic development occurs through five linear stages: traditional society, preconditions for take-off, take-off, drive to maturity, and high mass consumption. In this sense, Johnson reactivates Alexander Gerschenkron’s analysis of the late industrialization of European countries at the end of the nineteenth century and at the beginning of the twentieth century. Indeed, this scholar speaks about the advantage of backwardness and the changing roles of institutions with degrees of backwardness. Institutions such as banks and the state play a vital role in initiating industrialization process (Gerschenkron, 1962).

Throughout the 1980s, several scholars analyzed the economic development of South Korea, Taiwan and Singapore, drawing upon Johnson’s concept (Lim, 1983; Haggard and Moon, 1984; Koo, 1984; Gold, 1986; Deyo, 1987; Whang, 1987; Rodan 1989). It was at the end of the 1980s and early 1990s that studies of the developmental state were at their zenith (Stubbs, 2009: 2). For example, in 1989, Alice H. Amsden stressed that the Korean state selected some industrial sectors, and within them, a group of companies to receive capital. The Korean state also established strict performance criteria to make sure that resources were mobilized in an efficient way (Amsden, 1989).

The same year, Garry Rodan emphasized the catalytic role of the Singaporean state for Singapore’s Second Industrial Revolution. Rodan (1989) also paid particularly attention to the central role that the state played in the support of the service sector after the recession of 1985-86. More recent works, for example Pekkanen (2003) on the commercial space launch industry also attest that the developmental state has been applied outside of the sort of industries Johnson focused on. In the same vein, Linda Weiss explains that, in the 1990s, the MITI continued to identify new “sunrise” industries such as the environmental industry and to promote their development (2000: 27-8). This shows the ongoing relevance of the Japanese developmental state, a key point examined fully in Chapter 2.

In the Taiwanese case, Robert Wade showed that the government directed capital to a few key industries and companies. Therefore, they could benefit from a comparative advantage when they entered into the global competition. Wade (1990) also argued that the state, in economies such as Taiwan, needed to intervene in the functioning of the market to correct its failures. In the same year, Stephan Haggard (1990) noted that Hong Kong, Singapore, South Korea and Taiwan offered a mix of markets with strong state intervention to conduct their industrialization. The year after, Meredith Woo-Cumings (1991) studied how the Korean state mobilized its financial resources to foster quick economic development.

The success of the developmental state as an analytical concept has to be related to the broader debate on the state that was developing at this moment in the social sciences. Indeed, social scientists were reconsidering the role of the state and its relations with society. As a result, the American 1982–83 Social Science Research Council Committee on States and Social Structures was set up to coordinate the study of this topic by scholars from different disciplines. The result of their research was published in the classic *Bringing the State Back In* (Evans *et al.*, 1985). It is important to point out that two contributors to this collective book, Amsden and Peter B. Evans, would subsequently nurture our thinking on the developmental state in East Asia (Amsden 1989, 1994; Evans 1992, 1995).

According to Richard Stubbs, two books are worth considering when we want to identify the impact of the “Bringing the State Back In” debate on the understanding of the developmental state (2009: 4). Firstly, Joel S. Migdal, in his book *Strong Societies and Weak States* (1988), addressed the following contrast: how to explain that the successful economies of East Asia have strong states and weak societies, in contrast to the majority of new Third World countries? He identified four conditions to explain strong states: “(first), a world historical moment in which exogenous political forces favour concentrated social control […] (second), the existence of a serious military threat from outside or from other communal groups inside the country […] (third), the existence of a social grouping with people sufficiently independent of existing bases of social control and skillful enough to execute the grand designs of state leaders […] (and finally), skillful top leadership must be present to take advantage of the conditions to build a strong state” (1988: 271-5).

Secondly, another contributor to the book *Bringing the State Back In*, Charles Tilly, with his 1992 *Coercion, Capital, and* *European States, AD 990–1992*, is also relevant for this review of the developmental state. Based on his thesis that “war makes states” (1985: 170), he argued that the interaction of coercion and capital is crucial in the development of the state in Europe over the centuries. More precisely, the state’s development is influenced by the origins of the resources used by the state in the preparation for war or waging war, and how the state mobilizes them. Indeed, the idea that strong states can emerge only if they have sufficient resources such as money, technical knowledge and skilled manpower underlies Tilly’s argument (1985). Johnson concurred with Tilly about this point (1989: 5-6).

Surprisingly, many writings on the developmental state are not accompanied by a definition of this key concept.[[9]](#footnote-9) Its definition varies considerably among scholars (Stubbs, 2009: 4). For instance, Mark Beeson notes that the developmental state has turned into “a generic term to describe governments that try to actively “intervene” in economic processes and direct the course of development rather than relying on market forces” (2007: 141). In the same vein, Weiss contends that “nowadays, the term “developmental state” is so loosely applied that it has become virtually synonymous with “the state in East Asia”” (2000: 23). This represents for her a serious mistake (2000: 23).

Scholars using the concept of the developmental state define it by stressing its institutional, relational and ideational features (Stubbs, 2009: 6). According to the first criterion, the developmental state has a set of institutions with a relative autonomy to carry out industrialization (Johnson, 1982: 315-20). A second characteristic of the developmental state is its relational aspect. For instance, Woo-Cumings argues that the developmental state is “a shorthand for the seamless web of political, bureaucratic, and moneyed influences that structures economic life in capitalist Northeast Asia” (1999: 1). The third one stresses that the developmental state has an ideational element. Studies in this vein mainly focus on nationalism and (neo)mercantilism. For example, Manuel Castells holds that a “state is developmental when it establishes as its principle of legitimacy its ability to promote and sustain development” (1992: 56-7). Elizabeth Thurbon insists that “developmentalism is first and foremost a political and economic philosophy (a worldview), which impacts on decision-makers’ assumptions on what goals to favour and on the role of the state to achieve them” (2014: 66).

Rather than relying on one element of the developmental state, scholars tend to emphasize the different aspects of the developmental state. For example, whilst Johnson’s analysis is primarily institutionalist (1982: 315-20), it does not mean that he overlooks the ideational element of the Japanese state. Indeed, Japanese policy-makers have prioritized economic development for more than fifty years (Johnson, 1982: 305-6). Even if Thurbon puts forward the ideational feature of the developmental state, she acknowledges that the institutional framework matters as well (2014: 65). Others scholars also mix in their studies of the developmental state its ideational, institutional and relational aspects (Leftwich, 1995; Deans, 2000; Weiss, 2000).

The characteristics of the developmental state are often listed with the conditions that make possible its birth. Johnson listed four main conditions necessary for the emergence of the developmental state: “(1) a receptive social environment; (2) determined leadership; (3) technical competence; and (4) money (i.e., capital)” (1989: 4). According to this scholar, “the order is important; pouring aid money into places without either a receptive social environment or determined leadership or technical competence will not produce development but only corruption” (1989: 4).

Drawing upon Johnson, Stubbs identifies four conditions necessary for the rise of the developmental state in East Asia (2009: 6-7). Two conditions are domestic. Firstly, state-society relations are of paramount importance. A strong state cannot develop unless there is the presence of a weak society unable to resist the rise of the developmental state. A weaker society facilitates the formation of a strong state, in other words, the constitution of a skillful autonomous bureaucracy in charge of planning and carrying out economic development, and also the ability of the state to maintain domestic social order. Secondly, the concept of the developmental state must be promoted within the society and embraced by determined political leaders (Stubbs, 2009: 6-7).

The two other conditions revolve around the regional and international context. Firstly, the appearance of the developmental state must be related to the regional and international security environment. In East Asia, there is little doubt that the threat represented by communism during the Cold War helps to explain the formation of the developmental state (Woo-Cumings, 1998; Zhu, 2002, 2003). Furthermore, the American hegemon actively promoted strong states in East Asia to contain communism (Cumings, 1984). Secondly, the regional and international economic context facilitated the creation of the developmental state in East Asia during the Cold War. Not only did the US pour capital (military and economic support) into the region and opened its national market to industrial products from its East Asian allies, but it had also to rely massively on raw materials and manufactured goods necessary to conduct wars in Korea and Vietnam. Several authors have stressed this point to explain the emergence of the developmental state in Singapore, Japan, Malaysia, South Korea, Taiwan, and Thailand (Harland, 1993; Stubbs, 2005).

The debate on the conditions leading to the rise of the developmental state paves the way for two other issues. To begin with, what states can be qualified as developmental states? Clearly, Japan, South Korea, Taiwan, Singapore and Hong Kong (Johnson, 1999; Pempel, 1999) are qualified as such. There is no consensus for the group of countries composed of Thailand, Malaysia, Indonesia, and the Philippines. For example, some scholars refuse to consider them as developmental states (Doner and Hawes, 1995; Booth, 2001). Johnson rejects that Thailand, Indonesia and Malaysia are developmental states but asserts that the Philippines will transform into one because the Americans left this country (1998: 653-4). He concurs with Weiss (1998) that East Asian countries can be classified in two categories: “North-east Asian transformative states and South-east Asian pilotless states” (1998: 654).

Scholars claiming that Thailand and Malaysia are developmental states stress their strong state bureaucracies which conducted several industrial policies of in the end of the 1960s and in the 1970s (Riggs, 1966; Nuechterlein, 1967; Esman, 1972; Stubbs, 2005). Martin Rhodes and Richard Higgott prefer qualifying Malaysia as a semi-developmental state (2000: 7). Some authors even apply the concept of developmentalism outside the area of East Asia. For instance, whilst they acknowledge that Kazakhstan does not exactly match the ideal type of the developmental state, Joachim Ahrens and Manuel Stark assert that the Kazakh state shares some common key characteristics. Thus, they label it as a hybrid developmental state (2014: 109). Juhana Vartiainen (1999) extends the concept to Austria and Finland, and Ben R. Schneider to Latin America (Brazil and Mexico) though noting that the *desarrollista* state in Latin America differs from its East Asian counterpart in terms of the structure of bureaucracy (1999: 276-9). Michael Loriaux speaks about the developmental state in France as a myth and moral ambition kept alive by domestic institutions and discursive practices (1999: 237).

The second issue concerns motivation. As put it by Haggard, “East Asian states may have been “strong”, but ultimately we want to know *why* they embraced relatively efficient, outward-oriented, growth-promoting polices” (2004: 70, emphasis in the original). The institutionalist literature on East Asia puts forward four possible explanations. The first option is to focus on the ideology of state decision-makers about how to promote development. As they controlled material and organizational resources, they could conduct developmental policies based on their underlying ideas (Haggard, 2004: 70). Some authors have pointed out the diffusion of Japanese ideas about industrialization in East Asia (Haggard, 1990; Vogel, 1991). Johnson holds that non-economic reasons such as political ideology, the resistance to neocolonialism or national security usually push states to carry out plans of intentional economic development (1989: 6). Some scholars have preferred stressing culture, in particular Chinese culture and Confucian values (McCord, 1989: 209-11; Harland, 1993: 10 and 13; Lingle, 1996: 390-1).

The second explanation lies in international pressure that constrained political elites in East Asia. Bruce Cumings and Woo-Cumings have consistently advocated this point. They note in their analysis that first the Japanese imperial system and thereafter an American-dominated regional order impacted on the formation and the policies of the state (Cumings, 1984; Woo-Cumings, 1991). External pressures can also take the form of resource constraints (Haggard, 1990) and security threats (Kang, 2002: 29-40). The third option is the material advantages that elites have benefited from adopting economic growth policies (Haggard, 2004: 71).

The last answer revolves around state-business relations. The developmental state approach, since its inception, has been the target of criticisms for its excessive emphasis on state institutions and its relative lack of interest on non-state actors, particularly business actors (Doner, 1991; Moon and Prasad, 1994; Evans, 1995; Fields, 1995). A number of East Asian states made a political deal, be it explicit or implicit, with some parts of the business sectors. These political agreements represented the basis of rapid economic development (Campos and Root, 1996). Weak or non-existent labour movement no doubt facilitated these bargains (Deyo, 1989).

### **1.2.2 The varieties of capitalism literature**

One paramount issue remains: how has the developmental state evolved since the 1980s against the background of the end of the Cold War, the neoliberal wave and economic globalization? Can we still speak about the developmental state? Johnson (1982) ended his analysis of MITI’s industrial policy in 1975. Nevertheless, it does not mean that Japan stopped supporting its industries in 1975. He wanted to emphasize that after the mid-1970s, the role of Japan’s industrial policy was no longer to catch up with Western economies, but rather to foster new high-tech industries (1999: 56).

Since the 1980s, the developmental state has faced a different international context. The US has put significant pressure on its allies (Japan, South Korea, Taiwan and Thailand) to deregulate their economies. With the end of the Cold War, it could no longer ignore the neomercantilist protectionist policies of its East Asian allies. It is why it began to campaign for the deregulation of their economies using persuasion and its influence within the International Monetary Fund (IMF), the Organization for Economic Co-operation and Development (OECD) and the World Bank. The process of neoliberalization, in other words deregulation, privatization and the retreat of the state, coupled with the globalization of the economy, contradicts the state interventionist ideas of the developmental state (Stubbs, 2009: 10-1). Although some neoliberal policies have been carried out in Japan since the 1980s, it is incorrect to hold that the developmental state has disappeared. Its evolution will be discussed in Chapter 2 to demonstrate its current relevance.

The debate on the evolution of the developmental state has to be placed in the broad “discussion on how and to what extent the functions, forms and modes of operation of the state have changed in the context of globalization and global governance” (Bieling, 2007: 3). Two different phases of the debate can be distinguished. The feature of the first phase, from the late 1980s to the late 1990s, was a complete disagreement on the impact of globalization on the role of the state (Bieling, 2007: 3).

On the one hand, many scholars asserted that globalization deprives the state of political capacities (Ohmae, 1995; Strange, 1996). In this radically changed context, the state has no other choice but to adjust to global competition. Such authors tended to stress such things as the increased and accelerated capital flows, fluctuations of global financial markets, new transnational security threats, and so on. Unsurprisingly, liberal economists above all portrayed globalization as an unstoppable systemic process driven by technological innovations as well as international transport and communication (Drucker, 1997; Friedman, 2000).

On the other hand, many scholars (Panitch, 1994; Weiss, 1998) contested the argument above based on two elements: firstly, they pointed to the enduring capacity of the state to exercise power through action such as the rates of public spending and of social provisions within the OECD, the use of public policy tools in the fields of money, financial and trade policy, and, in particular, the capacity of the state to implement and to ensure the compliance of other actors with political decisions (Hirst and Thompson, 1996); secondly, they rejected the simplified description of the state as a passive victim of the globalization process. In their view, it is more accurate to claim that globalization is the outcome of deliberate political decisions and strategies (Helleiner, 1994; Gritsch, 2005). In this vein, globalization is not an external force imposed on states, but is actively influenced by political forces.

In the second phase from the late 1990s, this debate has converged somewhat on a middle ground (Bieling, 2007: 4). Scholars have argued that globalization is a powerful transformative force that is fundamentally reshaping state, social and economic institutions (Held *et al.*, 1999; Leibfried and Zürn, 2005). Yet, it has been accepted that this phenomenon should not be perceived exclusively as penetrating passive states, but also as a process endorsed, promoted and shaped by domestic actors (Bieling, 2007: 4). Nowadays, globalization still remains a concept at the center of a fierce debate (Bieling, 2007: 4; Azaïs, 2010: 12-5).

For instance, the idea that capitalism is diverse does not enjoy consensus. Indeed, Jeffry A. Frieden explains that “we may not for [advanced industrial countries] speak of a diversity of capitalism […] The differences that count between the industrial countries have nothing to do with their economic institutions; they concern their economic policies, their public policies and the manner in which they react to political decisions” (Quoted in Lorenzy, 2008: 37).

Nevertheless, numerous researchers have made an empirical analysis of the diversity of capitalism (Hall and Soskice, 2001; Amable, 2003; Boyer, 2005). They have shown that this diversity concerns the principles of the functioning of different national economies. Thus, they have suggested several typologies. For example, Michel Albert (1993) makes the difference between liberal capitalism and Rhine capitalism. Peter A. Hall and David Soskice (2001) prefer opposing liberal and coordinated capitalism, the starting point for the varieties of capitalism approach. Regardless of their typologies, all these researchers have refuted the assumption that globalization means the convergence of national economies.

The danger that the varieties of capitalism approach faces is to provide a purely descriptive, rather than theoretical analysis of this diversity (Lechevalier, 2014: 4). To avoid this pitfall, scholars have advanced two theoretical foundations of the diversity of capitalism: firstly, institutional complementarities; secondly, history (path dependence). The former means that “the presence (or efficiency) of one increases the returns from (or efficiency of) the other” (Hall and Soskice, 2001: 17). In particular, complementarities between institutions that are in separate economic fields are interesting to examine. The most famous form, notably studied in the case of the Japanese capitalism at the end of the 1980s, is the institutional complementary between long-term employment and bank finance. Aoki Masahiko (1994) argues that such promise to employees is more feasible where the financial system is not inclined to short-term profit. Institutional complementarities imply that institutions of a particular form of capitalism should be considered related to each other. It follows that reforming one institution gives positive results if, at the same time, other institutions which are complementary are also reformed. This represents a difficult task (Lechevalier, 2014: 4).

The second theoretical foundation relies on path dependence which can be defined as “historical sequences in which contingent events set into motion institutional patterns or event chains that have deterministic properties” (Mahoney, 2000: 507). Historical evolution is crucial to understand the varieties of capitalism and, in particular, the persistence of this diversity. Many studies have demonstrated the importance of path dependence on institutional development (Mahoney, 2002; Katō, 2003; Thelen, 2004; Sasada, 2013), countering thus the thesis of the convergence of national economies due to globalization. However, by focusing on path dependence, scholars may overlook institutional evolution. To avoid this pitfall, recent research has combined the acceptance of institutional change with a degree of inertia (Garud and Karnoe, 2001; Deeg, 2005; David, 2007).

Within this literature, it is not easy to locate Japanese capitalism (Lechevalier, 2014: 12). The capitalist nature of the Japanese socio-economic system was even brought into question. For instance, Sakakibara Eisuke (1993) defined it as a non-capitalist market economy. One reason for the difficulty in positioning Japanese capitalism is that scholars of the varieties of capitalism have paid more attention to the Anglo-Saxon and the European types of capitalism, and have neglected until recently the forms of capitalism in Asia and other areas (Storz *et al.*, 2013).

Another reason lies in the influence of cultural interpretations, an approach very popular among the Japanese themselves. The proponents of this perspective argue that Japanese capitalism cannot be compared with other forms of capitalism because it is based on some unique cultural and structural foundations. Morishima Michio (1982), with his well-known book *Why Has Japan ʻSucceededʼ?: Western Technology and the Japanese Ethos* is representative of this approach. Inspired by the famous thesis of Max Weber (1930) on *The Protestant Ethic and the Spirit of Capitalism*, Morishima (1982) claims that the particular characteristics of the Japanese economy stem from Confucianism. The main weakness of the cultural explanation is its inability to explain the historical trajectory of the Japanese economic system (Lechevalier, 2014: 11). As demonstrated by historians, the Japanese economy was very close to the liberal market capitalism in the inter-war period, in particular if we consider the primacy of short-term employment relations and funding of the economy by financial markets (Gordon, 1985; Koike, 1988; Okazaki and Okuno-Fujiwara, 1999).

In the vein of the varieties of capitalism approach, Weiss challenges the view that states have lost their capacity to govern their national economy, suggesting that globalization is not merely constraining but also politically enabling. Facing the pressures of the international political economy, states pursue policies to compensate for the uncertainties, instability, and systemic risks created by interdependence. Domestic institutions matter because they mediate both the enabling and constraining effects of global markets. They influence how states react to their impacts and produce distinctive policy patterns (Weiss, 2003: 26-7). Her argument is based on two assumptions. First, “domestic institutions, depending on their characteristics, can hinder or enable states to respond to new challenges and accomplish new tasks, thus softening, neutralising, or exaggerating the potentially constraining effects of global markets” (2003: 27-8). Not only is it unnecessary to converge towards one institutional optimum, but also one best form does not exist to achieve both short and long-term economic goals (Hall and Soskice, 2001).

Secondly, confronted with the enabling logic of globalization, states conduct different policies, depending on the normative-organizational (institutional) framework. For instance, if trade liberalization harms a specific segment of the population, governments may respond by allocating domestic compensation. The existence and the nature of the response, either fiscal tightening or sustained social protection, depend on both the normative and the institutional features of the existing structures, as well as the political and economic organization of the affected actors (Weiss, 2003: 28).

Following Weiss, Stubbs contends that, in spite of changes in the external environment and major shifts in the domestic economies, the developmental state has proven to be particularly durable. He advances two factors to explain the stickiness of the developmental state. To begin with, the neomercantilist ideas underpinning the developmental state and its policies have become firmly embedded in the government’s formal institutions and its informal practices. The developmental state has still its proponents in key locations of the bureaucracy (Stubbs, 2009: 12). A team of METI bureaucrats initiated the process that led to the creation of the Cool Japan Fund (see Chapter 5, Section 5.2.4). The bureaucrats still assume that the Japanese state has to secure the competitiveness of the Japanese economy, in that case the sector of cultural industries.

The developmental state has also adherents in a lot of companies and quasi-governmental organizations because a state interventionist actions have been beneficial to them. In addition to a system of institutions and policies, it has created a complete set of economic, political and social institutions that have become entrenched in East Asian countries. Secondly, the developmental state is resilient because it has provided security against foreign attacks in East Asia, social stability and widespread prosperity. Its success has enhanced its legitimacy and widespread support, nurturing pressure so that it continues policies for economic growth (Stubbs, 2009: 12-3).

Another way to investigate the evolution of the developmental state is to focus on ideas. Vivien A. Schimdt posits the explanatory power of ideas and discourse to explain the change and continuity of institutions. She labels this turn to ideas and discourse the discursive institutionalist, the fourth new institutionalism, different from rational choice institutionalism, historical institutionalism and sociological institutionalism (2008: 304-5).

Following this discursive institutionalism, Thurbon emphasizes the ideational element to characterize the developmental state. Policy-makers share a strong consensus on the necessity of the catch-up of the national economy and on the competitiveness of some industrial sectors defined as strategic. The state has an active role to perform through a long-term industrial policy (Thurbon 2014: 68). If the developmental state is understood not exclusively but primarily as a set of ideas about the finality of the national economy, the aims and the role of the state, authors can grasp the evolution of the developmental state. Instead of its dismantlement, it is more illuminating to conduct research on the political conditions required to maintain the developmental state among decision-makers (Thurbon, 2014: 69).

## 

## **1.3 Japan’s state-business relations**

### **1.3.1 The debate on the dominance of the bureaucracy**

Many authors have described the power structure in Japan as an iron triangle composed of close ties between the LDP leaders, the bureaucracy and the big business community (Van Wolferen, 1989; Kataoka, 1990; Hayao, 1993; Hayes, 1994). The three actors of this triangle share with each other an interdependent relationship. Therefore, the LDP relies on the bureaucracy for policy expertise. At the same time, the bureaucracy needs the LDP to vote for its proposals in the Diet. The LDP depends on big business for electoral funds; in return, the latter counts on the LDP for political stability and for creating and maintaining a favorable business climate.Finally, the bureaucracy depends on big companies for jobs after retirement (*amakudari*) whilst business relies on the bureaucracy for favourable legislation (Hayao, 1993: 8). This model of a triangle governing Japan – Japan Incorporated or Japan Inc. – conveys the idea of a monolithic power structure and, especially a monolithic bureaucracy (Dobson, 2003: 15).

In the Japanese developmental state, the bureaucracy is considered as the dominant actor. Johnson claims that “although it is influenced by pressure groups and political claimants, the elite bureaucracy of Japan makes most major decisions, drafts virtually all legislation, controls the national budget, and is the source of all major policy innovations in the system” (1982: 20-1). Consequently, “Japan’s is a system of bureaucratic rule” (Johnson, 1982: 320). This argument “became the benchmark by which to judge those who offered alternative explanations” (Wright, 1999: 942).

Johnson emphasizes the prominent role played by the economic bureaucracy of the MITI and the Economic Planning Agency. During the policy-making process, conflicts occur among the bureaucrats of different ministries. Jurisdictional disputes over policy, appropriations, and priorities are a common pattern of the Japanese bureaucracy. This demonstrates that, in the developmental state, the bureaucracy is not a monolithic actor (Johnson, 1982: 320-1).

Within the bureaucracy, conflicts fulfill important functions. They strengthen this organ, giving it an important *esprit de corps* and impeding complacency and bureaucratic rigidity. However, they also provoke slow decision-making, distortions in policy to satisfy rival bureaucratic interests, and dissuade bureaucrats from dealing with high-risk issues. It is why coordination of the bureaucracy by the leaders of the state is of paramount importance (Johnson, 1982: 320-1). In addition to conflicts within the bureaucracy, struggles also take place between this actor and the political authorities. As the separation between reigning and ruling is not explicit but implicit, boundary conflicts cannot be avoided (Johnson, 1982: 322).

The bureaucracy is portrayed as the dominant player because, among other reasons, it issues administrative guidance, which represents for bureaucrats a discretionary and unsupervised power. The flexibility of administrative guidance, compared with detailed laws which, by their very nature, can never be detailed enough to cover all situations, represents its advantage. Of course, Japan has a legal system, but composed of short and very general laws. Administrative guidance, in addition to cabinet orders, ordinances and rules generated by the bureaucracy, clarifies these laws. Japanese bureaucrats are inclined to abuse this power (Johnson, 1982: 318-9). When wisely used, Japanese administrative guidance is equivalent to the discretionary power of a diplomat in the negotiation of an international agreement (Johnson, 1982: 319).

Later, Johnson repeated his argument that until about 1975, Japan was governed by the state bureaucracy. However, he noted an apparent decrease in the power of the bureaucracy in the end of the 1970s, accompanied by an apparent increase in the power of the LDP. This led him to claim that the shift from a “bureaucratic leadership structure” to a “party leadership structure” was real (1986: 23-4). In some sectors such as agriculture, national security and education, political rather than bureaucratic interests dominated. Yet, “most important policies still originate within a ministry or agency, not within the political or private sectors” (Johnson, 1989: 182).

The first challenge to the thesis of the dominance of the bureaucracy came from scholars inspired by pluralist and neopluralist perspectives (Wright, 1999: 943). They have identified and included in their analyses the pressure of political parties (LDP and opposition parties in the Diet) and interest groups. Muramatsu Michio and Ellis S. Krauss (1987) use the term “patterned pluralism” in order to analyze the relations between interest groups and state actors in the policy-making process. Patterned pluralism includes three features: firstly, social interest groups integrated into a strong bureaucratic state; secondly, one dominant party which is able to mediate a large array of competing interests; and lastly, stable relations between parties and interest groups, illustrating clear and fixed ideological differences (Muramatsu and Krauss, 1987: 537-8).

Neopluralist scholars have contested the monolithic nature of the Japanese bureaucracy, insisting on the generalized jurisdictional competition and conflict between governmental bodies in Kasumigaseki[[10]](#footnote-10) (Inoguchi, 1983; Satō and Matsuzaki, 1986; Boyd, 2006). The sectionalism of the Japanese bureaucracy demonstrates that it is not a monolithic actor (Hook *et al.*, 2012: 41). It preceded the emergence of the developmental state after the Second World War. It is as old as the modern Japanese state. It can be traced back to the cabinet government system established in 1885 where each ministry and its minister were individually accountable to the Emperor. The principle of collective accountability as a cabinet did not exist (Boyd, 2006: 64). The different reforms to mitigate sectionalism have failed because they have triggered new turf wars and have served to reinforce bureaucratic competition (Boyd, 2006: 53-5).

Instances of jurisdictional disputes between the ministries and agencies are legion. For instance, John C. Campbell demonstrates the divisions between various ministries: the MITI and the Ministry of Finance (MOF) over macro-economic policy, the MITI and the Ministry of Foreign Affairs (MOFA) concerning export promotion and foreign aid (1984: 297-9). The MIC (the Ministry of Internal Affairs and Communications) has had a jurisdictional dispute with the MEXT (the Ministry of Education, Culture, Sports, Science and Technology) concerning the control of Japan’s information industry. Frequent clashes have also occurred between the METI and the MIC (Hook *et al.*, 2012: 46). During the steel trade dispute with the US in the beginning of the 2000s, the indecisiveness of the MOFA contrasted with the decisive approach adopted by the METI to the American safeguard measures (Yoshimatsu, 2007: 291-2). Chapter 5 demonstrates that the policy Cool Japan is an example of the sectionalism of the Japanese bureaucracy.

Sectionalism does not only occur between ministries, but also within them (Boyd, 2006: 53; Hook *et al.*, 2012: 41). For instance, within the MOFA, the North American Affairs Bureau often clashes with the Asian and Oceanian Affairs Bureau because Japan has conflictual interests regarding the US and East Asia[[11]](#footnote-11) (Hook *et al.*, 2012: 42). Within the METI, the jurisdictional domains can easily overlap between the Media and Content Industry Division and the Creative Industries Division (see Chapter 5, Section 5.2.2).

Muramatsu (1993) asserts that, during the 1980s, the bureaucracy became more defensive due to reform of the administration, American demands to open the Japanese market and the struggle between the bureaucracies of different ministries to protect their jurisdictional domains and their power. Richard J. Samuels goes further, claiming that Japanese politics may be characterized by a permanent state of conflict and contestation. However, the conflictual nature of the system serves to stabilize it and to strengthen the values to which all actors must adhere. Therefore, political struggle and opposition construct “ever denser networks of obligation and reciprocity – tacit compacts and protocols of reciprocal consent –” (Samuels, 1994: 334).

Other scholars have challenged the thesis of bureaucratic dominance. Indeed, John O. Haley has claimed that the domination of the bureaucracy has been exaggerated. Not only has the influence of the bureaucrats been rarely as important as assumed, but also such influence has steadily narrowed after the Second World War (Haley, 1987). T. J. Pempel has underscored that policy-making in Japan became much more complicated and less coherent than previously, and is characterized by “an increased autonomy for Japanese business, a relative decrease in the hegemonic powers of bureaucratic agencies, and a rise in the influence of the LDP and its parliamentary members” (1987: 306). According to Muramatsu and Krauss, Johnson offers a limited view of political economy because he does not take into account various political issues “such as political party strategy, political leadership, and relations among politicians, bureaucrats, and interest groups” (1987: 516). Whilst the bureaucracy continues to have a major and powerful role in the policy-making process, other actors are also influential, for example the LDP and interest groups (Muramatsu and Krauss, 1987: 540).

Several reasons have been advanced to explain the increase of the influence of the LDP in the policy-making process. Firstly, the excess of sectionalism and jurisdictional competition within the bureaucracy have made it possible for politicians to back one ministry against another, or to have a prominent role when the decision-making process is blocked. Secondly, senior LDP politicians have gained policy expertise and, subsequently, powerful policy tribes (*zoku*) have emerged. *Zoku* has been defined as Diet members having a particular amount of expertise in a specific field of governmental policy and enough seniority in the party to influence the ministry in charge of this political field (Curtis, 1988: 114). Thirdly, the decrease of LDP leaders from former bureaucrats towards professional politicians has contributed to the rise in the importance of the LDP in the policy-making process (Wright, 1999: 944).

The most vigorous challenge to the dominant bureaucracy thesis has come from John M. Ramseyer and Frances M. Rosenbluth. Drawing on the rational choice approach, they argue that the relation between the LDP and the bureaucracy is the relation between a principal (LDP) and an agent (bureaucracy) where this political party behaves rationally to maximize its self-interests. Deliberately provocative, they argue that the LDP dominates Japanese policy-making by its control of the bureaucracy. It delegates to bureaucrats the responsibility of making and implementing policy. To be sure that the bureaucracy acts in accordance with the LDP’s politico-electoral interests, the leadership uses different means to monitor and control their actions. First, the LDP retains a veto over bureaucrats’ policy proposals, bills and actions. In the case of a disagreement between these two actors, the leadership will win and the bureaucracy is aware of that. Secondly, the LDP controls their promotions. This means that bureaucrats cannot neglect LDP preferences (Ramseyer and Rosenbluth, 1993: 105-7).

Third, information is asymmetrical between the LDP and the bureaucracy. The latter knows more than the principal. To correct this imbalance, the political leadership encourages dissatisfied electors to complain to their local LDP Members of Parliament. Their intervention with the bureaucracy can raise their chance of reelection. It keeps bureaucrats who want to be elected to the Diet in the most important ministries and who are keen to report cases of agency slack to demonstrate their party loyalty. In addition to the control of their promotions, the political leadership also controls their postretirement positions (Ramseyer and Rosenbluth, 1993: 107-8). These points imply that the image of a dominant bureaucracy is an illusion. “Real Japanese bureaucrats, the evidence suggests, administer in the shadow of the LDP” (Ramseyer and Rosenbluth, 1993: 120).

Johnson and Edward B. Keehn have vehemently rejected the thesis of the legislative dominance of the LDP as “an absurd notion, based on an ahistorical understanding of Japan that flies in the face of even the most rudimentary understanding of Japanese politics” (1994: 18). They have even denounced the use of rational choice theory[[12]](#footnote-12) when applied to Japan as “an arrogant disregard of Japanese scholarship about Japan that borders on academic malpractice” (1994: 16).

More specifically, Johnson’s thesis of the dominance of the bureaucracy in the developmental state has been challenged by the studies of individual industrial sectors, policies and processes. Such studies decrease the weight of the state in economic affairs and have focused on the influence of private managers (Samuels, 1987; Friedman, 1988; Okimoto, 1989; Calder, 1993). They criticize the claim of the dominance of the Japanese bureaucrats. For instance, Scott Callon argues that the shift of Japan from a catch-up to a world economic power from the late 1970s to the mid-1980s provoked the collapse of MITI’s industrial policy (Callon, 1995: 6). The MITI, other state actors and firms had conflictual relationships. The industrial policy in the field of high technology that the MITI carried out was neither cooperative nor effective (Callon, 1995: 182-3).

Based on his historical examination of the relations between the Japanese state and the industry in the energy markets, Samuels points out “the consistency with which state programs for market control and direct intervention were transformed. In *no* case did the state prevail against private interests” (1987: 289, emphasis in the original). Rather than portraying the state and within it the bureaucracy as the dominant actor, he has emphasized that the Japanese state negotiates more than it leads. In this sense, state and business are involved in a permanent negotiation, what Samuels defines as the politics of “reciprocal consent”, in other words an iterative process of reassurance among both actors (1987: 8).

Johnson argues that the allocation of loans and subsidies represented one of the main tools of MITI’s industrial policies (1982: 199). John Zysman even asserts that the financial system based on credit relations was “the eyes and hands of the state’s industrial brain” (1983: 308). It is why Kent E. Calder’s analysis of industrial capital and government’s funds and the respective roles of governmental and business sectors during the high-growth period is a critical test of Johnson’s ideas (Wright, 1999: 946). Calder refers to “strategic capitalism”, a “hybrid public-private system, driven preeminently by market-oriented private-sector calculations, but with active public-sector involvement to encourage public spiritedness and long-range vision” (1993: 16). Calder disagrees with the claim of the dominance of Japanese bureaucrats, even during the high-growth period. “One cannot assume the rationality and effectiveness of industrial policy in developmentally transforming an economy from the statements and actions of industrial bureaucrats alone” (1993: 20). Bureaucrats, including intermittently those of the MITI, have been preeminently inclined to stability rather than strategy (Calder, 1993: 245-6), a confirmation of the conservative nature of bureaucrats (Downs, 1967; Allison, 1971).

Apart from infrastructure-related policies, the Japanese state has been hesitant, reactive and greatly dependent on the information and initiative of business actors (Calder, 1993: 247). State structures have mattered in Japanese credit allocation. Nevertheless, their fragmentation and their complexity have reduced the prospects for the state to achieve broad and cross-sectorial objectives. Rather than producing total paralysis (Van Wolferen, 1989), the fragmented and decentralized nature of state structures have considerably increased the scope of private-sector initiatives to promote Japan’s industrial policies (Calder, 1993: 247-8).

Following Calder, Mark Tilton holds that “to understand the true scope of industrial policy, one must look beyond official state-sponsored policies to unofficial policies initiated and implemented by trade associations” (1996: 205). In his opinion (1996), bureaucrats did not generally try to impose their view on business actors. Nevertheless, Chapter 6, Section 6.2.2 will explain that the METI often takes decisions that the AJA does not really want (AJA Official Interview, 22/04/2014).

Bureaucrats worked with business actors to implement industrial policies in order to achieve national goals. The MITI usually was the catalyst for the organization of cartels desired by the companies but unable to constitute them without the MITI. Its goals were neither future-oriented nor efficiency-driven, but to preserve self-sufficiency in industries paramount for national security (Tilton, 1996). In a similar vein, Margaret A. McKean contests that the Japanese state has a leadership role, and notes that Japan does not have a dominant state: “Rather, the state follows when it can, coordinates when it must, and deregulates when it cannot coordinate” (1993: 103).

The merit of the studies of sectorial industrial policies has been to question the role that the MITI and other bureaucratic bodies played in the economic development of Japan. Thus, it appears that the reasons for the high-growth era might be more complex than Johnson and other researchers previously argued. The economic miracle might have resulted from other actors, public or private, and other processes, for example the development of industrial credit. For sure, such studies have challenged the view of the Japanese state acting strategically and purposefully. Their empirical findings have demonstrated “the structural complexity and fragmentation of state institutions and processes, and the difficulty in moving the Japanese state to purposeful action” (Wright, 1999: 946).

Johnson also reacted to the criticisms concerning his neglect of the role of business actors. He reproached Samuels (1987), David Friedman (1988), Daniel I. Okimoto (1989) and Calder (1993) for having erroneously framed the relations between the state and private actors as dichotomous and zero-sum. In particular, Calder fails to take into account that “private” may have a different meaning in Japan than in the US. In Johnson’s opinion, all these scholars exaggerate and misinterpret the role of the private sector in Japan because of a mix of parochialism and ideology in the context of the Cold War (1999: 56-9).

### **1.3.2 The characteristics of state-business relations in Japan**

Whilst the literature on the relations between business and politics in Japan has mainly approached particular industries or groups of industries, specific policies, particular actors or specific aspects of the state-business relationships, few analyses have been carried out with a general focus on business and politics in Japan (Yanaga, 1968; Curtis, 1975; Babb, 2001). This topic of research is probably one that is difficult to study, the relationships between business actors and politics representing a black hole in Japan. The former tend to consider politics as an unpleasant business and a nuisance, thereby reluctant to talk about this “dark murky world” (Babb, 2001: 2). James Babb expresses his frustration at not being able to interview any head of General Affairs Division (GAD), the department of the firms normally responsible for business-government relations. In particular, the heads of the GAD are in charge of fundraising for political contributions. This is the reason why they are quite reluctant to talk about this sensitive issue (Babb, 2001: 158-60).

Apart from examining the relationships between business and politics as a whole, another contribution of Babb is to distinguish among different types of business players, their means and motives. He classifies them into three types: first, mainstream business leaders who can strongly criticize leading politicians’ practices and try to exert political influence; second, policy business cooperating with government policy initiatives for mutual gains; and thirdly, political business existing in the most impenetrable part of the relations between politics and government. Nevertheless, he admits that “the biggest problem in Japan is that it is often difficult to distinguish clearly between these three types because all tend to interact together and even cooperate with one another” (2001: 19). Chapter 6 gives both examples of criticisms and collaboration between the state and the cultural industries.

According to Hamada Yukihiko, three major points characterize Japanese business-government relations: “reliance on business associations, extensive use of personalized networks, and a strong emphasis on harmony” (2007: 406). The first feature derives from an old tradition of business activities and the presence of hierarchically organized corporate actors. It is why Japanese companies are more inclined to collective action (Zhao, 1993) through national business organizations. The Japanese business community is represented by three different groups: *zaikai* (the main business associations), *gyōkai* (industrial associations) and individual firms (Stockwin, 1999; Yoshimatsu, 2000). *Zaikai* represent big business interests, and include the Japan Business Federation (*Keidanren[[13]](#footnote-13)*), the Japan Chamber of Commerce and Industry (JCCI), and the Japan Association of Corporate Executives (JACE) (Hamada, 2010: 334).

*Keidanren* is the voice of big business as its leaders come from the major Japanese companies. It deals with political, social, economic and international issues. This means that the interestsit defends are quite large. The JACE represents a more informal association, gathering relatively progressive middle managers. In contrast to *Keidanren* and the JACE, the JCCI is the business association which promotes the interests of medium‐sized or smallcompanies. It is less assertive than the JACE and *Keidanren*. These three business associations are inclined towards preserving good relations with each other and having a close cooperation on many issues (Hamada, 2010: 334).

*Gyōkai* refers to business associations representing an industrial sector and its specific interests. The most powerful *gyōkai* comprise the Japan Iron and Steel Federation, the Japan Gas Council, the Japan Automobile Manufacturers Association, and the Japan Electronics and Information Technology Industries Association for electricity. The purpose of the *gyōkai* is to mediate in competitive interests between individual corporations. They have close contacts with bureaucrats as they represent the interests of one industrial sector. Chapter 6 will detail the contacts between the AJA and the METI as well between theCESA and the METI. In case of conflicts that arise between *gyōkai*, *zaikai* acts as a mediator and coordinate national economic aims with the government (Abe, 1999). Individual corporations usually follow the decisions of their business associations. As they are reluctant to initiate lobbying on their own initiative, in many cases, lobbying is conducted under the auspice of business associations. Typically, companies lack desire for direct lobbying (Hamada, 2010: 335).

These three levels in the business community of Japan are in contact with different level of bureaucrats and politicians. Whilst *zaikai* are in relation with high‐level bureaucrats, the LDP and leaders of other parties, *gyōkai* and individual corporations interact with divisions of the ministries, as well as with certain politicians who are interested in specific issues. It seems that leaders from *zaikai* spend a large part of their time on national issues that go beyond the particular interests of the firms that continue to pay their income (Hamada, 2010: 335).

The extensive use of personalized, informal networks is the second feature of business-government relations in Japan (Zhao, 1993; Katzenstein and Tsujinaka, 1995; Belderbos, 1997; Babb, 2001; Kewley, 2002; Hamada, 2007, 2010). Hamada holds that “informal networks are some of the most effective mechanisms by which to co-ordinate different interests and to achieve consensus among political élites” (2007: 407). Due to a strong bureaucracy and a tradition insisting on harmony and cooperation, informal networks provide business actors with more options for bargaining and compromises. They include financial contribution, fine-dining and the offer of *amakudari* to retired bureaucrats in the private sector. Informal networking between corporations and decision-makers are not a Japanese specificity. Yet, given their degree and scope of intensity, personalized networks are a more prevalent activity in Japan compared to many other industrialized countries (Hamada, 2010: 335).

In particular, the Japanese business community has often wielded important political power by financial contributions to political parties. *Keidanren* used to collect funds from leading Japanese companies and the main *gyōkai* associations to give them to Japan’s conservative political parties, mainly the LDP. For instance, the annual total of political funds distributed by *Keidanren* amounted to between $US120 and $US140 million (¥13.3 billion and ¥15.6 billion[[14]](#footnote-14)) (Kubota, 1997). In 1994, this business association decided to stop this activity due to several political scandals where big companies and politicians were involved (Hamada, 2010: 335).

Although donations to politicians or their personal fund-raising organizations became illegal in 2000, companies and industrial associations donated to political parties approximately $US26 million (¥3.26 billion) for the 2002 national election campaigns. In 2004, *Keidanren* decided to set up a new system for political donations. Nowadays, it gives guidelines to help corporations and industrial associations to decide to give money to which political parties as they provide an assessment of their policies as well as track records. Based on them, firms and business associations decide to donate to certain political parties and the sum of money. A lot of industrial associations and companies still give important amount of donations to political parties at local and national levels. The business community makes donations uniquely to political parties accepting its demands in issues ranging from industrial policies and tax reform to diplomatic and security (Hamada, 2010: 336).

The literature does not deal with the issue of the contributions to political parties from the cultural industries. The interest of researchers in the relationships between the state and the cultural industries is quite recent. Indeed, the state has only paid attention to this sector since the beginning of the 2000s (see Chapter 5, Section 5.2.2). Even if scholars try to fill this gap in the literature, the author of this doctoral dissertation is doubtful as to the possibilities to find evidence of contributions to political parties from the cultural industries because they developed independently of the state. In particular, they did not receive support from the state when they began to export Japanese pop culture in the 1980s (see Chapter 4).

An important stress on harmony between companies and decision-makers constitutes another feature of the relationships between business and government. This implies a heavy reliance on “a wide range of behind‐the‐scenes consensus building (*nemawashi*)” (Hamada, 2010: 337, emphasis in the original), that is to say a system of careful and thorough consultations to avoid overt conflicts and to reach a consensus (Zhao, 1993; Kono and Clegg, 2001; Ohtsu and Imanari, 2002). Japanese society tends to value more harmony than taking initiatives and behaving in an assertive way (Zhao, 1993). Therefore, Hamada claims that the relationships between business and government in Japan are very consensual rather than confrontational (2007: 408). Nevertheless, Chapter 6, Section 6.2.1 illustrates that, in the anime industry, mistrust of the government is widespread.

As explained above, the practice of *amakudari* is an important aspect of state-business relations in Japan. *Amakudari* can be divided into four distinctive categories. To begin with, former bureaucrats are appointed to a position in the private sector. This is in the strict sense of the word *amakudari* and is governed by legal restrictions. The second type refers to officials moving to public corporations or special legal entities. They are established by law and their funds come from the government in whole or in part. The move to such organizations is called *yokosuberi* (sideslip). In contrast to the first one, *yokosuberi* is not subject to legal restrictions. The name of the third pattern is *wataridori* (migratory bird). It consists in several moves in the public and/or private sector. Although this practice is banned among special legal entities by the Diet, this institutionalized pattern of reemployment of former civil servants is widespread. *Seikai tenshin* represents the last form of *amakudari*. It designates ex-civil servants moving to the political arena and standing for election, most commonly for the Lower House election (Colignon and Usui, 2003: 11).

Numerous studies have been published on the scope, the reasons, the nature and the implications of *amakudari* for state-business relations in Japan (Calder, 1989; Schaede, 1995; Horiuchi and Shimizu, 2001; Colignon and Usui, 2003; Suzuki, 2004; Mizoguchi and Van Quyen, 2012). For instance, Calder (1989) argues that former bureaucrats “descending from heaven” find positions with greatest frequency in relatively small, non-Tokyo-based and non-affiliated companies with few Tokyo University graduates in top management. Ex-civil servants often truly play an equalizing role as intermediaries in the Japanese government-business relationships (1989: 399). Yet, Ulrike Schaede (1995) refutes Calder’s equalization argument. In her opinion, the probability that the leader company in an industry employs ex-civil servants is the same as for the number two in the same sector. Thus, equalizing power is not an explanation for the recruitment of ex-bureaucrats (1995: 315).

Suzuki Kenji lists four perspectives (human resource, communication, monitoring, and compensation) that underlies discussions and arguments about *amakudari* (2004: 5-10). First, private banks are highly interested in the human capital, that is to say knowledge and experience accumulated by bureaucrats through years working at the Bank of Japan (BOJ) and the MOF (2004: 5-6). Second, *amakudari* officials facilitate the communication between their companies and the government. Indeed, it is more effective to contact the bureaucracy through ex-civil servants than to contact it anonymously. This is why *amakudari* is often described as the glue strengthening state-business relationships in Japan (2004: 6-7). Johnson, for instance, claims that “amakudari provides one more channel of communication for the government, the business community, and the political world” (1982: 71).

Third, extending the communication perspective, the monitoring one suggests that the state tends to use *amakudari* executives as informal regulators in order to avoid political wrath (Amyx, 2001: 61). *Amakudari* may result in moral hazard because, on the one hand, the state does not really want to disclose problems that companies face to the public, and try to hide and solve them discretely; and, on the other hand, companies, aware of the government’s reluctance, may ask for special secret treatment. Company managers are inclined to consider the employment of *amakudari* executives as protection against failure (Suzuki, 2004: 7-8).

Indeed, banks are inclined to take more risks when they have in their staff ex-MOF bureaucrats. This hypothesis is confirmed in terms of their non-performing loans. Consequently, *amakudari* represents an implicit collusion between the MOF and banks to enable them to engage much more in risk-taking activities (Horiuchi and Shimizu, 2001: 590), a similar conclusion drawn by Adrian Van Rixtel about the inflow of former MOF and BOJ bureaucrats to banks (2002: 325). Mizoguchi Tetsuro and Van Quyen Nguyen go even further, introducing “the idea that *amakudari* is a form of institutionalized corruption” (2012: 838). Richard A. Colignon and Usui Chikako prefer speaking about “an institutionalized element of an elite power structure whose influence is not over other elites but over Japanese society as a whole” (2003: 28).

The fourth and last perspective on *amakudari* argues that it is predominantly used as a compensation system. Ramseyer and Rosenbluth (1993) particularly stress this point. In the same vein, Steven N. Kaplan and Bernadette A. Minton hold that *amakudari* positions are generally seen as rewards (1994: 233). Such positions represent a system of deferred compensation for bureaucrats and a source of motivations to work hard. Therefore, *amakudari* is “the final prize in the competition among bureaucrats in the ranking hierarchy” (Aoki, 1988: 266).

Proponents of this perspective usually emphasize the income of bureaucrats which seems smaller than the average income of an employee in a private company (Ramseyer and Rosenbluth, 1993: 116-7). They also point out the retirement system of government officials. When a bureaucrat is appointed to the rank of vice-minister, his colleagues from the same promotion must leave their job. This enables the newly appointed vice-minister to have absolute seniority in the ministry (Johnson, 1995: 149-50). As a bureaucrat becomes vice-minister around fifty-five years old, the average age of retirement among the same-year promotion colleagues is the same (Rothacher, 1993: 173-4).

These four views are generally complementary. In fact, a mix of some of those perspectives usually illuminates *amakudari*. Yet, this does not imply they never contradict each other. For instance, the monitoring perspective assumes that ex-civil servants have more likelihood to be employed in weak companies requiring monitoring. However, if firms are weak, it is unlikely that ex-bureaucrats get high income, a point stressed by the compensation perspective (Suzuki, 2004: 11).

As far as the author of this doctoral dissertation knows, no research has been carried out on *amakudari* in the cultural industries. This thesis does not provide any evidence of this practice in this sector. Even if some studies may deal with this issue in the future, this author is sceptical about the possibilities of finding cases of *amakudari*. Indeed, the Japanese government largely ignored anime studios, manga publishers and video games companies until the beginning of the 2000s, suggesting that they are unlikely industrial sectors for retired bureaucrats (see Chapter 5, Section 5.2.2).

### **1.3.3 The cultural, content and creative industries**

The term "culture industry" was coined by two members of the Frankfurt School: Max Horkheimer and Theodor W. Adorno. In their book *Dialectic of Enlightenment* (1947 [2002]), they denounced the commodification of culture because standardized cultural products lead consumers to passivity and docility. In their view, mass culture significantly undermines the ability of individuals to think and act in a critical way. These two Marxist authors contrasted art which has a potential for social emancipation, which suggests alternatives to status quo with culture industry where art means marketable products (Horkheimer and Adorno; 1947 [2002]). So, their use of the term “culture industry” was extremely pejorative.

The shift from “culture industry” to “cultural industries” was the result of the works of French sociologists, such as Edgar Morin (1962), Armel Huet *et al.* (1978), and Bernard Miège (1979). In their opinion, the term “culture industry” ignored the complexity of the mass production of culture and the different logics at work between the sectors which commercialize cultural products. It is why these scholars adopted the plural form. Moreover, they reproached Horkheimer and Adorno for neglecting that the commercialization of culture is an ambivalent process (Morin, 1962; Huet *et al.*, 1978; Miège, 1979). The United Nations Educational, Scientific and Cultural Organization (UNESCO) also contributed to this shift through a wide-ranging comparative project on the cultural industries that was carried out in 1979 and 1980 (Hesmondhalgh, 2013: 24).

Several definitions of the cultural industries exist. This is related to the difficulty to define “culture”. Scholars disagree on which industries to include in the cultural industries. For instance, David Throsby suggests a concentric circles model of the cultural industries based on the proportion of cultural content relative to their commercial goals. He includes in the category “core creative arts” literature, music, performing and visual arts because they have the highest degree of cultural content. They are surrounded by “other core cultural industries” which consist of film, museums, galleries and so on. Then he classifies video games, radio, television, publishing etc. under “wider cultural industries”. The last concentric circle, “related industries” is made up of advertising, design, fashion and architecture as they exhibit the highest ration of commercial content (Throsby, 2008: 149-50). Throsby assumes that the ideas and influences of the “core creative arts” spread to the other circles of his model (2008: 149).

For David Hesmondhalgh, the cultural industries “deal primarily with the industrial production and circulation of texts[[15]](#footnote-15)” and “are most directly involved in the production of social meaning” (2013: 16). This scholar uses a concentric model, too. Yet, he takes a different stance than Throsby on which industries to put in the center and on the periphery. He claims that the “core cultural industries” are composed of broadcasting, music, film, publishing, video games etc. He includes in the “peripheral cultural industries” paintings, sculpture, installations, art prints and so on because their audience is smaller, and consequently their influence less pronounced than the core cultural industries. Furthermore, their reproduction relies on semi-industrial or non-industrial means. These two categories of the cultural industries interact with each other in diverse ways (Hesmondhalgh, 2013: 17-8). In spite of the absence of a consensual definition, few scholars would dispute that the anime, manga and video games sectors are part of the cultural industries.

In 1994, the term “content” was used for the first time in a report of the Japanese government in relation to computer software programs, including video games. At the beginning, the governmental rhetoric on the content industries referred to the global popular video games industry. Later, the rhetoric expanded to encompass anime and manga (Choo, 2012: 86). In June 2004, *The Content Industries Promotion Law[[16]](#footnote-16)* was adopted in Japan. Under the law, the term “content” includes anime, music, video games, manga, television drama and films (*Content Industries Promotion Law*, 2004). In Japan, the term “content industries” is used as an alternative to the word “cultural industries” (Xiang, 2014: 3). It is why, in this doctoral dissertation, the words “cultural industries” and “content industries” are employed interchangeably. In South Korea, the content industries refer to the cultural industries as well (Lee, 2012: 130).

The cultural industries include organizations, networks, and individuals involved in the production, creation, manufacturing, or the commercialization of cultural products such as anime, manga, video games, films, dramas, music and so on (Hesmondhalgh, 2013). For Otmazgin and Ben-Ari, an analysis of the cultural industries requires not only a focus on their management, business practice and profit, but as well an interest on “how they are related to broader political, cultural and social frameworks such as the state, and from the domestic to the international plane” (2012: 11).

They blur the line between the conventional categories of culture and industry. They differ from primary industries, such as mining and farming. Yet, there is doubt whether they should be included as secondary (manufacturing) or tertiary (service) industries (Venturelli, 2005: 393-4; Bilton and Cummings, 2010). In the opinion of Otmazgin and Ben-Ari, they possess five features that characterize them compared to other industries. First, processes of innovation and production mean a closer relation between individual creators and commodifying agents. Whilst, in the automobile and electronic industries, there are clear differences in terms of education, technological skills and access to expensive manufacturing equipment between professionals and amateurs, individual creativity in the cultural industries can now be initially supplemented by accessible and inexpensive digital equipment reducing production costs. It is why individual creativity can reach a point unknown in most other manufacturing industries (Otmazgin and Ben-Ari, 2012: 12).

Second, much more than in other industries, the cultivation and valorization of human creativity are at the heart of the production process of the cultural industries. This differs from the rigid and very organized production in factories (Negus, 1992: 46). Third, loose control over creative inputs and a constant reciprocity between innovation and production represent another characteristic. Artists such as musicians and *mangaka* (manga cartoonists) often have their own schedules. They usually need to find a work environment that will stimulate their creativity. Therefore, the cultural industries have to set up dynamic and flexible mechanisms for promoting creativity (Otmazgin and Ben-Ari, 2012: 13). Nevertheless, regardless of the nature of the final product, its massive production can be as heavily industrialized as in other industries (Hesmondhalgh, 2013: 9).

Fourth, the innovation, production and transfer of cultural products depend on relatively simple technology in contrast to automobile and electronics industries. In particular, the Internet, cell phones and piracy are accessible and powerful mediums that have enabled the massive dissemination and consumption of cultural products (Hjorth, 2009). This explains why copyright enforcement is a thorny issue (Kozuka, 2012). Piracy has contributed to the global growth of Japanese popular culture around the world (see Chapter 4, Section 4.4).

Lastly, cultural items differ from buying a pen, a chair or a computer because they contain narratives that can express dreams and feelings of their consumers. For instance, Hollywood films embody the “American way of life”. Millions of young people around the world have become fascinated by Japan because of their avid consumption of Japanese animation. In this sense, narratives contained in cultural goods can strongly influence the thoughts and identities of people (Storey, 1999: 128). Thus, the impact of cultural industries is not limited only to commercializing popular culture, but also intentionally and unintentionally includes the diffusion of emotions, ideas and sensibilities. As a result, the dissemination of popular culture may provoke unintended long-term consequences for the consumers (Otmazgin and Ben-Ari, 2012: 14).

The distinctiveness of cultural industries makes it more difficult for the state to promote their development for Otmazgin and Ben-Ari. They contend that the traditional methods used by the state to assist the development of other industries (investments in research and development, in human, in technological and physical infrastructures) may not succeed because artistic and cultural creativity needs freedom and flexibility. In addition, enforcement of copyright is a very complicate issue given the ease in replicating the cultural products and in disseminating them in the form of CDs and DVDs[[17]](#footnote-17) or through the Internet (Otmazgin and Ben-Ari, 2012: 14). It is important to keep in mind that the scope of this thesis is not to assess the success or failure of the Cool Japan policy. This thesis aims to analyze the reactions of the cultural industries (anime, manga and video games) to this policy. This task is achieved in Chapter 6, whilst the policy of Cool Japan is explained in Chapter 5.

The term “creative industries” is closely associated with the British Labour government led by the Prime Minister Tony Blair. After the 1997 general election, the Department of National Heritage became the Department of Culture, Media and Sport (DCMS). In 1998, the DCMS released a seminal report: *The Creative Industries Mapping Document*. This report marked a terminology change, from *cultural* industries to *creative* industries. The latter was defined as “those industries which have their origin in individual creativity, skill and talent and which have a potential for wealth and job creation through the generation and exploitation of intellectual property” (DCMS, 2001: 5). The following industries were listed as sectors of the creative industries: advertising, antiques, architecture, crafts, design, fashion, film, leisure software, music, performing arts, publishing, software, TV and radio (DCMS, 1998). The inclusion of the software sector increased the employment figures by 40 per cent, justifying the claims about the size and growth of these industries. It also allowed to connect the creative industries to the rise of the Information and Communication Technologies (ICT) and the knowledge economy (Garnham, 2005: 20-1; Oakley and O’Connor, 2015: 6-7).

A central idea justifying the focus on the creative industries is that they represent a key source for job creation and economic growth (Garnham, 2005: 25). Through Cool Japan, the Japanese government hopes to stimulate the domestic economy and increase employment opportunities (see Chapter 5, Section 5.2.2).

Since the publication of *The Creative Industries Mapping Document*, the creative industries have attracted the attention of numerous scholars, such as Richard E. Caves (2000), John Hartley (2005), Terry Flew (2012). Furthermore, European countries such as Netherlands (Aalbers *et al.*, 2005), Italy (Santagata, 2008) and Germany (Söndermann *et al.*, 2009) have commissioned reports to delineate the creative industries and estimate their economic contributions. Such interest has expanded outside Europe. The *Creative Industries Production System[[18]](#footnote-18)* developed by the United Kingdom (UK) was taken up by Australia, Singapore, New Zealand and Hong Kong (UNESCO, 2006: 4). In Japan, the METI established the Creative Industries Division on the 1st July 2011 (see Chapter 5, Section 5.2.2). This testifies that the Japanese state views these industries as important. This topic has been embraced by United Nations bodies, too (UNCTAD and UNDP[[19]](#footnote-19), 2010; UNDP and UNESCO, 2013).

Critics of the creative industries point out that they represent the subordination of culture to economic aims. Culture is seen primarily through its contribution to economic growth and job creation (Schlesinger, 2016: 2; Garnham, 2005: 25). In addition, critics emphasize that their definitions remain vague and imprecise (O’Connor and Gibson, 2014: 24). National differences remain concerning the taxonomy of the creative industries (Schlesinger, 2016: 8). In the same vein as the UK (DCMS, 1998), Italy (Santagata, 2008: 30) and Germany (Söndermann *et al.*, 21: 2009) include software and computer services in the creative industries. However, this is not the case of the European Commission (2010: 6) and the UNESCO (2009: 24).

It is generally admitted that the cultural industries are a subset of the creative industries, and that the latter has a wider definition than the former (Bouquillion and Le Corf, 2010: 4; UNDP and UNESCO, 2013: 20). In Japan, the creative industries comprise the cultural industries, but also the sectors of food, fashion, design, craftwork, tourism and so on (METI, 2014a: 11). Cool Japan is thus a very broad term (see Chapter 5, Section 5.2.4).

### **1.3.4 State-cultural industries relations in Japan**

Not being the catalyst for the dissemination of Japanese popular culture overseas (see Chapter 4), the Japanese government has been rather reactive in its initiatives, and has followed the success of Japan’s cultural industries in the diffusion of popular culture items (Otmazgin, 2012: 51). Piracy has greatly contributed to the global growth of Japanese popular culture as well (see Chapter 4, Section 4.4).

These products being valorized for their economic and diplomatic value, and for presenting a friendlier image of Japan abroad (Otmazgin, 2011: 318-9), the Japanese government has participated in the promotion of Japanese popular culture abroad since the 2000s (AJA Official Interview, 22/04/2014). It has sought to harness its success overseas in order to project and intensify Japan’s soft power (Leheny, 2006; Lam, 2007; Otmazgin, 2012). The MOFA considers Cool Japan as a mean to improve Japan’s soft power (see Chapter 5, Section 5.3.1).

Before the 2000s, the export of Japanese pop culture was entirely left in the hands of the private sector. As said above, the popularity of Japanese popular culture does not originate from governmental activities (Agency for Cultural Affairs Official Interview, 21/05/2014). The Japanese state preferred to focus on the promotion of culture domestically because it deemed that cultural exports did not represent a profitable business for the Japanese economy (Otmazgin, 2008: 80). In addition, bureaucrats viewed pop culture products such as manga, anime and video games as unworthy of their attention. So, they assumed that these products did not deserve to be the focus of state policies (Hatayama, 2005: 86).

Nowadays, the Japanese state is seeking new areas for governmental intervention to stimulate growth of the cultural industries (Leheny, 2006; Otmazgin and Ben-Ari, 2012). In particular, it has devised a “Japan Brand Strategy” to strengthen this sector (Daliot-Bul, 2009). According to Kondō Seiichi, the state should act as a network hub and facilitator of private sector creations[[20]](#footnote-20), in other words “to concentrate its efforts on building an environment where ideas and culture are freely created by the private sector and where the market test of interaction between transmitters and receivers is exactly conducted” (2008: 201-2). As detailed in Chapter 5, the government wants to facilitate the exports of the Japanese cultural industries through the Cool Japan policy.

More generally, the governmental efforts to promote Japanese pop culture overseas involve a very large number of governmental ministries and agencies. With such a lot of actors involved, it is not a surprise that a lack of coordination, usual competition for resources and for prestige as well as overlapping responsibilities have taken place (Otmazgin, 2012: 52). Evidence is provided in Chapter 5 that Cool Japan is another instance of the sectionalism of the Japanese bureaucracy. Using the concept of institutional isomorphism (DiMaggio, 1983; DiMaggio and Powell, 1983), Matsui Takeshi (2014) qualifies the competition between central ministries to promote the cultural industries as the “Cool Japan craze”. These state actors have used different terminology for their support of the dissemination of Japan’s pop culture. The MOFA has talked about promoting “pop culture diplomacy”. For its part, the METI has advocated helping the “content industries” defined as every cultural and artistic work with commercial value (Zykas, 2011: 155-57 and 163-66).

A number of tensions and contradictions occur between state policies and the cultural industries. They arise because, on the one hand, the government emphasize intentionality, planning and foreseeable consequences; on the other hand, the production and the diffusion of pop culture is dynamic, unintended and frequently not completely planned. In this sense, state intervention in this sector may “kill the cool” (Otmazgin and Ben-Ari, 2012: 19). As the anime industry developed without the support of the government, it could be free in the choice of the content (AJA Official Interview, 22/04/2014).

Otmazgin and Ben-Ari argue that the policies of the Japanese government show that it is encouraging the exportations of popular culture by helping the bigger companies. Bureaucrats find it easier to allocate resources to several key companies than to deal with a large and complex array of companies involved in the production of pop culture. “However, small companies and venture start-ups, and not big companies, are at the heart of popular cultural production” (Otmazgin and Ben-Ari, 2012: 19). Nevertheless, contrary to this claim, the priority of the Cool Japan Fund is to assist the SMEs financially in their expansion abroad. Indeed, they lack the networks to develop their activities overseas. However, big companies can also apply for funding from the Cool Japan Fund and represent the platform for the SMEs (METI Official 1 Interview, 25/02/2014).

Interestingly, when Otmazgin compares the efforts of Japan and South Korea to foster their respective cultural industries, he remarks that they are “part of a developmental-state strategy” (2011: 307) and reminds us that “both countries share a strong developmental state legacy” (2011: 309). Yet, this scholar (2011) does not really use the developmental state as a conceptual framework to investigate the cultural policy in these countries.

Whilst he explains the policies carried out by the METI, the MIC, the MEXT, the MOFA and the Japan Foundation to promote “Cool Japan” (2011: 314-5; 2013: 81-5), he still covers their actions in a broad way. And he does not deal at all with the reactions of the cultural industries. In contrast to this author, Choo’s analysis of actions conducted by state actors is much more detailed (2009: 138-71). She also addresses the difficulties to harmonize the initiatives of the involved ministries (2009: 172-75) as well as their struggle to obtain more budget (2012: 89-90), even if she does not use the term “sectionalism”. Chapter 5 shows that Cool Japan is another example of the sectionalism of the Japanese bureaucracy.

In addition, this scholar (2009) sheds light on the relations between the Japanese government and the animation industry against the background of “Cool Japan” when she identifies some gaps between these two actors. However, she only considers the animation sector and does not deal with the reaction of other sectors targeted by the state (video games and manga publishers for instance). Mihara Ryōtarō (2014) examines, on the one hand, the policy “Cool Japan”; and, on the other hand, the criticisms, sometimes very harsh, levelled at this policy in the media and on Twitter. “Cool Japan” has been reproached for not being necessarily “cool” (2014: 55-62), on Japan (62-72) and for mixing “cool” and “Japan” (72-9); criticisms qualified by this scholar as sterile (2014: 79). Former bureaucrat of the METI, and initial member of the Creative Industries Section of this ministry in charge of Cool Japan, he explains this policy and its goals, stressing mainly the actions of the METI (2014: 187-232). Whilst he gives insights into the reception of this policy by the media and the general public, he does not explain in details the reactions of the Japanese cultural industries.

## **1.4 Conclusion**

This literature review covered three issues: the developmental state, the varieties of capitalism, and state-business relationships, including between the cultural industries and the state. The first section dealt with the concept of the developmental state first introduced by Johnson. Various topics were reviewed such as the characteristics of the developmental state, the conditions and motivations that explain its establishment as well as the debate on which states can be considered as developmental ones. This section also explained how the developmental state is very closely linked to the discussion on the diversity of capitalism.

In the second section, we reviewed the literature on the relationships between government and business in Japan. The traditional image of the Japanese policy-making process as a monolithic iron triangle composed of close ties between the LDP leaders, the bureaucracy and the big business community (Japan Inc.) was here contested. In the same vein, the idea that the state and within it a monolithic bureaucracy dominates the policy-making process was challenged. Indeed, in their analyses, neopluralist scholars have stressed not only the pressure of other groups such as opposition parties in the Diet and interest groups in the policy-making process, but they have also insisted on the inherent and generalized jurisdictional competition and conflict among the bureaucracy. Moreover, rational choice scholars have argued that the LDP dominates the policy-making process. And other authors have emphasized the role played by private actors. Regardless of their claims, researchers have mainly focused their efforts to understand the relationships between the government and the big business.

Scholars have also examined the features of state-business relationships. A group of them have paid attention to the mechanisms that foster such links. Unquestionably, the practice of *amakudari* has captured most of the attention. Few studies have been conducted with a general focus on business and politics in Japan given the difficulty to research on this topic. In recent years, following the recent interest of the authorities in the cultural industries, some authors have begun to analyze the relationships between these two actors, and have examined the characteristics of the cultural industries.

Two main findings emerge from this literature review. Firstly, the links between the state and the cultural industries are still an emerging area of research. As shown in this literature review, it seems that nobody has covered the reactions of the manga and video games sectors to the Cool Japan policy. Choo has dealt with the reactions of the anime industry, but before the setting-up of the J-LOP and the Cool Japan Fund. Secondly, the concept of the developmental state has been used to consider various industries, but not the sectors considered in this doctoral research.

Therefore, the next chapter will suggest a theoretical framework, the developmental state, to investigate the relationships between the state and the cultural industries. In particular, Chapter 2 will claim that, despite neoliberal reforms and the process of globalization, the Japanese developmental state still exists. Indeed, it has adapted to a new context.

# Chapter 2: Theoretical framework and methodology

## **2.1 Introduction**

The relationships between state and business are central. Their links occupy a central position in contemporary political debate (Coen *et al.*, 2010: 1). The government can be perceived as a regulator, and sometimes, as an adversary of business. It can also be criticized for having cosy relationships with domestic companies, protecting them from international competition and providing support to them through tax cuts, subsidies or technical assistance. The state is a major customer as well, buying a large array of public facilities such as roads, schools, jails, hospitals as well as military equipment (Wilson, 2003: 1-4).

Companies are divided on some issues, and tend to agree on others. For instance, if the government decides to raise corporation tax, it is likely that the business world will express its opposition. But, if the authorities reduce trade barriers, disagreement will certainly appear within the business community because firms have conflicting interests. Therefore, it is important to bear in mind that state-business relationships are multifaceted (Wilson, 2003: 7). They vary over time, and between countries, corporations, and segments of the economy (Coen *et al.*, 2010: 1).

Various disciplines have contributed to the study of such links. Economics, especially the microeconomic tradition of rational choice, has focused on the rent-seeking behaviour of firms. Business studies have examined the growing phenomenon of corporate social responsibility, its motivations and consequences. Legal studies have dealt with companies in terms of their rights, responsibilities and liabilities (Coen *et al.*, 2010: 3-4). Political science has mainly paid attention to analyzing the institutional structures and political environments in which corporations evolve. Yet, more and more scholars examine the actions and strategies of firms (Coen *et al.*, 2010: 12). Within this discipline, this area of specialism has attracted less attention from scholars than the issues of voting behaviour, political parties, or legislatures (Coen *et al.*, 2010: 9).

In the case of Japan, after the burst of the bubble and against the backdrop of the two lost decades[[21]](#footnote-21) (Porter *et al.*, 2000; Lincoln, 2001; Funabashi and Kushner, 2015), the debate has shifted from the analysis of the causes of the Japanese “miracle” to the study of the reasons for such a long economic crisis. In the context of the globalization and the implementation of neoliberal reforms since the 1980s, the evolution of the Japanese developmental state and the relationships between business and politics have crystallized the debate.

The aim of this chapter is to present a theoretical framework to examine the relationships between the state and the cultural industries in Japan. This chapter claims that the concept of the developmental state offers the best approach to analyze the topic of research of this thesis. First, this chapter reviews the different theories that political scientists employ to understand state-business relationships, respectively corporatism, pluralism, Marxism and elitism. Whilst the first three suffer from shortcomings, the last one, in particular the statist tradition, offers a promising opportunity to develop a conceptual framework based on the notion of the developmental state. Secondly, the features of this sort of state are examined and its evolution considered after the stage of catching-up with Western countries and amid the globalization and the liberalization of the Japanese economy. Yet, it does not mean that the developmental state has disappeared. It has just transformed to face a new context. The last part of this chapter addresses the issue of the methodology used in this doctoral research.

## **2.2 State-business relations theories**

### **2.2.1 Corporatism**

Analyses of corporatism generally comprise two different views. Actually, the majority of corporatist scholars assume that these two aspects of corporatism are so intertwined that they can be viewed as a single perspective (Lijphart and Crepaz, 1991: 235). On the one hand, Schmitter defines corporatism “as a system of interest representation in which the constituent units are organized into a limited number of singular, compulsory, noncompetitive, hierarchically ordered and functionally differentiated categories” (1974: 93)*.* On the other hand, corporatism is viewed as the inclusion of interest groups into the policy-making process. For instance, Gerhard Lehmbruch argues that corporatism is an “institutionalized pattern of policy-formation” above all “in the shaping of economic policy” (1979: 150). In the same vein, Frederic L. Pryor suggests that “corporatism is a type of organized or coordinated capitalism where power to make important economic policies is transferred from the parliament and government to semi-private organizations; these are based on economic function or industrial sector and include a strong representation of labor interests” (1988: 317).

For Alan Siaroff, corporatism represents “within an advanced industrial society and democratic polity, the co-ordinated, co-operative, and systematic management of the national economy by the state, centralised unions, and employers (these latter two co-operating directly in industry), presumably to the relative benefit of all three actors” (1999: 177). It thus means that the absence of such coordinated and cooperative management may generally be regarded as pluralism. Most of the time, scholars refer to these two perspectives, or at least a continuum between corporatism and pluralism (Siaroff, 1999: 177).

In the analyses carried out in the 1970s and 1980s, corporatist scholars were mainly interested in the macroeconomic consequences of corporatism. Their findings were highly favourable to corporatism. Indeed, corporatist countries had better macroeconomic performances in terms of unemployment, growth and inflation rates than those of pluralist countries (Schmidt, 1982; Cameron, 1984). Yet, some scholars have expressed their disagreement with this interpretation (Therborn, 1987; Woldendorp, 1997). Other authors have even claimed the declining efficacy of corporatism (Lindvall and Sebring, 2005; Rommetvedt *et al.*, 2013), including one prominent corporatist scholar, Schmitter (1989). In the case of Scandinavian countries, empirical analyses in the 1990s, apart from very few exceptions, suggest the weakening of their traditional corporatism. The scale of this weakening is debated, but not the direction of the development (Blom-Hansen, 2000: 171).

However, Oscar Molina and Rhodes suggest that the use of certain analytical tools from theories of political exchange can help use to understand the persistence and new manifestations of corporatism (2002: 325-26). They reproach the corporatist literature for placing too much importance on the structural components of corporatist (static view) rather its procedural aspects (evolutionary view), thereby leading many scholars to assume the demise of corporatism given the pressures generated by globalization as well as the European Monetary Union (2002: 319-20).

Whilst Austria, Norway and Sweden are judged as examples of corporatism, in contrast to pluralist Canada and the US, the cases of Switzerland, France, Italy and, especially, Japan are controversial (Lijphart and Crepaz, 1991: 238-9). In another attempt to measure corporatism in twenty-four industrial democracies[[22]](#footnote-22), Siaroff builds an ideal type of corporatism based on twenty-two factors that he classifies into four groups: (1) structural features (an important degree of unionization, in particular among workers; few unions which have a prominent role in wage negotiations; a strong and centralized state etc.); (2) functional roles (a key and common role for unions and business associations in policies such as education, training and social programmes; and the institutionalized association of labour and business in government policy-making); (3) behavioural patterns (a long-term vision shared by unions and business associations; a strong consensus between unions, business associations and the state on economic and social issues etc.); and (4) favourable contexts (a political tradition valuing consensus; a certain blurring between public sector and private sector etc.) (1999: 177-9).

Not surprisingly, Austria, Sweden and Norway have shown all or almost all of these factors. Therefore, they represent the ideal type of corporatism. At the other extreme, Canada and especially the US almost do not fulfil any of the above criteria. Indeed, they have relatively low levels of unionization, and decentralized labour relations. Furthermore, social-democracy has been weak or non-existent (Siaroff, 1999: 179 and 182). In the same vein as Arend Lijphart and Markus M. L. Crepaz (1991), Siaroff labels France, Japan and Switzerland as problematic cases (1999: 182). Lehmbruch suggests that France and Japan are “corporatism without labour” (1984: 66), an expression coined by Pempel and Tsunekawa Keiichi (1979). In a slightly different way, Harold L. Wilensky and Lowell Turner speak about “corporatism without full-scale participation by labor” in Japan, France “and perhaps Switzerland” (1987: 12).

Siaroff puts Switzerland, Japan and France in the category of “nations without agreement on placement or even on conceptualization” (1999: 184). For Michael Shalev, Japan represents “the veritable Achilles heel of empirical operationalizations of corporatism” (1990: 65). Switzerland and Japan are problematic cases. These countries have some characteristics of corporatism such as free riders in the world, consensus and common outlook between state, business and union actors, and usually strong economic performances, perhaps at other countries’ expense. In addition, Japan has an activist state which spends a minimum on defence, a centralized business community, and a highly pronounced blurring between, on the one hand, the public sector; and, on the other hand, the private one. Nevertheless, in total, Japan only meets twelve criteria, in other words just a little more than half of the ideal type, even if each factor has not necessarily the same weight (Siaroff, 1999: 185-6).

Shalev refutes that Japan is a corporatist state because this country has a very different decision-making process, relationships between business and labour, and welfare policies compared to Western Europe’s social-democratic states. This scholar asserts that in Japan, “labour quiescence since the middle of the 1970s is better explained by the whip of market conditions, the pressure of unified opponents, and the reinvigoration of the dual labour market, than by the elevation of peak labour organizations to the status of guardians of public order” (1990: 87).

So, can corporatism offer a theoretical framework to illuminate the relations between the state and the cultural industries in Japan? It is unlikely that corporatism is able to offer an appropriate theory to investigate such relations. Indeed, corporatism stresses the paramount importance of labour organizations. Nevertheless, the data collected indicate that, for Cool Japan, the Japanese state is in contact with the cultural industries and that labour organizations in this sector are not associated with this policy, or play a very secondary role. As developed in Chapter 5, Cool Japan aims to accelerate the dissemination of Japan’s pop culture, and not to improve the working conditions of the artists and creators.

### **2.2.2 Pluralism**

Pluralism has been one of the main frameworks for analyzing politics in political science. It has contributed to many analyses of the relationship between the government and civil society from the end of the 19th century until nowadays. Pluralism has been used to examine many subfields of political science, such as pressure groups, political theory, multiculturalism, public administration, and so forth. Many political scientists often rely on an implicit pluralist framework (Smith, 2006: 21).

Whilst, in Britain, pluralism was relegated into the background as a consequence of political developments between 1914 and 1945, it became the dominant theory in political science after the Second World War in the US. Following Arthur F. Bentley (1908 [1967]), modern pluralists have stressed the role of groups in politics and the necessity to limit the power and competence of the state. After moving from a normative theory to an empirical one, pluralism became a legitimizing discourse of the American political system (Merelman, 2003: 18).

Pluralist scholars above all emphasize the centrality of the role of groups in the decision-making process. They argue that checks exist to block the concentration of power in the hands of few groups, distinguishing two kinds of constraints: external and internal. The external checks refer to the existence of countervailing power (Galbraith, 1963: 125). It is likely that an alternative counter-group will balance other groups (Smith, 1976: 63). For instance, the emergence of a pro-abortion lobby provoked the emergence of an anti-abortion lobby (Marsh and Chambers, 1981). The internal checks refer to the important counterweights present in the government. Even if a ministry is close to an interest group, it “has to open its ears to all interested organizations” (Finer, 1966: 102).

Another important characteristic of pluralism is the idea that power is dispersed in modern industrial society (McFarland, 2004: 24). Pluralism assumes a political system open to many interests in a very complex and interdependent society (Luhmann, 1982: 142). No single elite or interest dominates “since a diversity of conflicting interests are involved in many issues, without any one interest being consistently successful in realizing its goals” (Hewitt, 1974: 61). Power is non-cumulative. The success in one area does not mean success in others. Furthermore, the state is fragmented into several power centers. It follows that a single group cannot control all of them (Dahl, 1961).

Contrary to a common criticism, pluralism “acknowledges inequality of power, access and resources but also admits that constraints exist to ensure that a single group does not become too powerful” (Smith, 1990: 307). Although pluralists do not deny that business has an important influence over decision-makers and the economy, they believe that some checks exist to prevent business from acquiring a too powerful position. Most pluralist scholars share the view that the power of a pressure group varies according to its resources. Furthermore, the difference of resources means that certain groups have easier access to the decision-making process. For David B. Truman, the social position of the group, its degree of organization, and the skills and qualifications of the leaders impact on such access (1951: 267-9). Pluralists also take into account the size of the organization, the degree of mobilization and the amount of finances (Eckstein, 1960: 32).

The idea that pluralists have of power relies on Robert A. Dahl’s definition: “A has power over B to the extent that he can get B to do something that B would not otherwise do” (1957: 202-3). The first face of power focuses on overt decision-making as well as bargaining in observable disagreements or conflicts. For Dahl, the key points are who participates, who gains, and whose preferences prevail for the outcome of a given decision. As a result, an actor is powerful if he can successfully advance his preferences in a decision (Dahl, 1957).

Pluralism was reformulated in the 1960s and 1970s[[23]](#footnote-23). It was challenged by the civil rights and the anti-Vietnam war movement that took place in the 1960s. The civil rights movement demonstrated that a group with a powerful grievance was not part of the American political system. Despite its apparent pluralism, this system had strong barriers to political participation. The Vietnam War represented even a more important challenge to this theory. Indeed, it weakened the claim that American politics was consensual (Smith, 2006: 27).

Neopluralism[[24]](#footnote-24) emerged in this context with the recognition of the domination of business compared to other groups (Dunleavy and O’Leary, 1987: 275). Grant McConnell asserts that businesses have great power in the American political system (1966: 129). In contrast to the classic pluralists, neopluralists refute the claim that countervailing powers are sufficient to constrain the influence of firms. There is a danger that the democratic process will be corrupted by the power of business (Dahl, 1982: 51). But, in a similar vein to pluralism, neopluralists continue to stress the role of groups in the policy process.

Charles E. Lindblom (1977) acknowledges the dominance of business in the political sphere. In his opinion, business benefits in two ways. Firstly, the government depends on economic growth for its success. Therefore, business enjoys “a privileged position in government” (1977: 175). Secondly, in a market system, no democratic control exists on important decisions of business that considerably affect people’s lives (1977: 172). This scholar thus believes that business benefits from structural power, moving the discussion on from Dahl’s earlier definition of power. Government, dependent on business for economic growth, takes measures that advantage it. It is not necessary for this group to conduct any observable action because the government is “curbed and shaped by the concern of government officials for its possible adverse effects on business” (Lindblom, 1977: 178).

Lindblom’s structural power of business is at odds with Dahl’s idea of power because power can be unobservable. The view of the former echoes Marxist scholars such as Claus Offe (1984) and James O’Connor (1973) as well as the second dimension of power developed by Peter Bachrach and Morton S. Baratz (1962). When Lindblom explains that business tries “to indoctrinate citizens to overlook their privileged position” (1977: 178), his perspective is akin to the third dimension of power proposed by Steven Lukes (1974, 2005).

Yet, Lindblom’s claim of the structural power of business has been challenged. For Mark A. Smith, business loses in legislative battles because the issues such as tax rates, air pollution and product liability attract the most media attention. Representatives become more responsive to citizen preferences when facing a united corporate front. Firms have a more effective influence not upon elected politicians but through its capacity to shape public opinion regarding what government should and should not do (Smith, 2000: 10-1).

Peter D. Culpepper holds that business power depends on the political salience of an issue. In a nutshell, “business power goes down as political salience goes up” (Culpepper, 2011: 177). In low salient political issue, corporations dominate because they benefit from tools, resources, and an expertise that politicians or journalists do not possess. In particular, politicians lack incentives to develop this expertise because the public is relatively uninterested in issues such as corporate control (Culpepper, 2011: 178). David J. Vogel reminds us that the power of business varies both over time and across countries. Then, the structural power of business is a simplistic argument (Vogel, 1996: 158).

Whilst almost all political scientists concur that firms[[25]](#footnote-25) in most democracies have many more resources than other groups (unions, environmental associations and so on), there is an absence of consensus whether such an asymmetry of resources leads to disproportionate influence for companies over state (Coen *et al.*, 2010: 11).

Apart from American politics, neopluralists framework analysis has also been applied to international environmental politics (Falkner, 2009), world politics (Cerny, 2010) and the role of companies in European integration and policy-making (Verdun, 2008). In the case of Japan, as explained in Chapter 1, Section 1.3.1, neopluralist scholars have challenged the claim of the dominance of the bureaucracy by examining the influence of political parties and interest groups in the policy-making process, and by contesting the monolithic nature of the Japanese bureaucracy (Inoguchi, 1983; Campbell, 1984; Muramatsu and Krauss, 1987).

Despite some useful insights offered by this theoretical school of thought, this doctoral thesis does not adopt a pluralist lens to investigate the relationships between the state and the cultural industries in Japan. Indeed, pluralist thinkers tend to minimize the relative degree of autonomy of the state in their studies. Furthermore, they also neglect that the state can have institutional links with business actors. Actually, these two points are central characteristics of the developmental state as explained below.

### **2.2.3 Marxism**

Marxist definitions of the state include four different conceptions (Hay, 2006: 60-2). The first one refers to the state as the instrument of the repression of the bourgeoisie. As stressed by Martin Carnoy, “it is the notion of the [capitalist] state as the repressive apparatus of the bourgeoisie that is the distinctly Marxist characteristic of the state” (1984: 50). This one-dimensional view of state power is present in the works of Friedrich Engels (1844; 1884 [1908]) and in Vladimir I. Lenin’s *The State and Revolution* (1917 [1972]).

The second conception views the state as an instrument of the dominant class. Even if instrumentalism encompasses diverse and divergent theories of the state, it is often considered as *the* Marxist theory of the state (Hay, 2006: 61). For Paul Sweezy, the state is “an instrument in the hands of the ruling class for enforcing and guaranteeing the stability of the class structure itself” (1942: 243). For the proponents of instrumentalism, “the functioning of the state is […] understood in terms of the instrumental exercise of power by people in strategic positions, either directly through the manipulation of state policies or indirectly through the exercise of pressure on the state” (Gold *et al.*, 1975: 34). Instrumentalists have addressed in their works two points. Firstly, they have been concerned with the social and personal connections between the members of the ruling class. This represents the focus of the “power structure research” studies (Domhoff, 1967, 1970, 1980; Mintz and Schwartz, 1985). Secondly, they have paid attention on the social connections between the dominant economic class and the state elite (Miliband, 1969; Domhoff, 1990).

The third conception posits that the state is an ideal collective capitalist. This view can be traced back to Engels’ frequently quoted remark that “the modern state, no matter what its form, is essentially a capitalist machine, the state of the capitalists, the ideal personification of the total national capital” (1878 [1947]: 338). Proponents of this conception assert that capitalism does not reproduce by itself and cannot ensure the conditions of its own reproduction. The role of the state is to secure the continuity of capitalism in the long term (Altvater, 1973a, 1973b; Hirsch, 1978).

The fourth and last one refers to “the state as a factor of cohesion within the social formation” (Hay, 2006: 62). This conception finds its origin in a comment of Engels about the necessity of a power, the state, which “stands apparently above society and has the function of keeping down the conflicts and maintaining ʻorderʼ” (1884 [1908]: 206). The state acts in order to preserve “the unity and cohesion of a social formation by concentrating and sanctioning class domination” (Gramsci, 1971: 244; Poulantzas, 1978: 24-5). The four different conceptions above demonstrate that “the state has meant (and continues to mean) many things to many Marxists” (Hay, 2006: 62), despite their common focus on class.

In his review of Marxist theories of the state, Bob Jessop underscored that Karl Marx and Engels lack a consistent theory of the state (1977: 353), a stance shared by many scholars (Poulantzas, 1978: 20; Dunleavy and O’Leary, 1987: 203; Finegold and Skocpol, 1995: 175). The current theoretical developments of Marxism are influenced by the debate placing Ralph Miliband (instrumentalism) in opposition to Poulantzas (structuralism). The significance of this debate lies in the problems it exposes in how Marxist scholars view the state. In particular, Miliband and Poulantzas disagree on the source of power in modern capitalist countries and the relationship between the state and the dominant class. In other words, “is the modern state a state in capitalist society or a capitalist state, and what difference does it make anyway?” (Hay, 2006: 71).

The debate was initiated by Poulantzas (1969) in a critical review of Miliband’s book *The State in Capitalist Society* (1969). The debate followed with the reply of Miliband (1970), and was revived by this author (1973) in a critical review of Poulantzas’s book *Political Power and Social Classes* (1973). Not surprisingly, Poulantzas (1976) replied to Miliband. This debate highlights the disagreements between instrumentalism and structuralism, and symbolizes the agent-structure problem in social sciences. Indeed, proponents of instrumentalism such as Miliband (1969) and George W. Domhoff (1967, 1970) claim the primacy of agents, their aspirations and actions. This differs from structuralist scholars such as Poulantzas (1979) because they assert the primacy of the structure (the capitalist state) over the agency. In their view, the capitalist state is a structural system that agents cannot really influence.

Fred Block (1977, 1987) and Jessop (1990, 2002, 2008) have attempted to go beyond the debate between structuralism versus instrumentalism. Defining himself as a “post-Marxist” (1987: 35), Block’s aim (1977, 1987) is to show that the state usually governs in the long-term interests of the ruling class and to examine the relationships between the state managers and the capitalist class.

Block’s state theory reconciles a focus on the intentions, interests and strategies of the state managers who are relatively independent from the capitalist class with another focus on the structural context where the state apparatus evolves. Therefore, Block avoids the pitfalls of instrumentalism (intentionalism and indeterminacy) and structuralism (functionalism and determinism) (Hay, 2006: 74). However, he remains ambiguous[[26]](#footnote-26) as to whether reforms are always in the long-term interests of the capitalist class in the last instance (Finegold and Skocpol, 1995: 198).

Jessop has also attempted to transcend the dualism of structure and agency by analyzing them through a dialectical analysis of their interaction. Jessop’s strategic-relational approach[[27]](#footnote-27) implies that “the state is a specific institutional ensemble with multiple boundaries, no institutional fixity and no pre-given formal or substantive unity” (1990: 267). The state is dynamic and in constant change. It is located “within a complex dialectic of structures and strategies” (1990: 269). It is not a once-and-for-all process. This authors speaks of “strategic selectivity” to explain that the state is made up of an ensemble of power centers that favour more some forces than others within and outside the state to act for different political reasons (2008: 37). Then, the strategic-relational approach does not guarantee that the capitalist system will last or disappear, although the first option seems more likely. It assumes the indeterminacy of political and social change (Jessop, 1990: 12-3), making a Marxist theory of the state very elusive (Hay, 2006: 76; Crinson, 2009: 24).

In spite of the insights provided by Marxism, this dissertation will not rely on a Marxist framework to analyze the relationship between the state and cultural industries in Japan. Indeed, the four different conceptions of the state developed by Marxist scholars do not coincide with the evidence presented in this thesis. In particular, Marxist authors are inclined to overlook the relative autonomy of the state, a characteristic of the developmental state.

### **2.2.4 Elitism**

National elite power has long been a topic of study in the US and Britain. The common concern of this literature is to establish the degree to which the national elite is cohesive or diverse. These studies originate in the debate between pluralism and elitism in the 1940s and 1950s in the US (Evans, 2006: 44). Within this literature, the seminal book of Charles W. Mills *The Power Elite* (1956), has generated the most important legacy.

The power elite refers “to those political, economic, and military circles which as an intricate set of overlapping cliques share decisions having at least national consequences. In so far as national events are decided, the power elite are those who decide them” (Mills, 1956: 18). Elite individuals dominate three central domains. First, they run the two or three hundred giant corporations which together dominate the economic field. Secondly, they occupy key positions in a centralized political arena that used to be a decentralized set of several dozen states. Finally, the elite heads the military order which has evolved from a slim institution to the largest and most expensive feature of government (Mills, 1956: 3-7).

Noting that the members of the elite tend to be relatively unaware of their important power, Mills prefers stressing their structural position and the consequences of their decisions rather than their awareness (1956: 18). It is why his focus is on three aspects of the power elite. First, he stresses the psychology of the several elites in their circles. Insofar as the members of the power elite share similar backgrounds (career, origin, education and style of life), their unity revolves around psychological and social factors engendering their easy intermingling. Secondly, his attention is captured by the structures and the functioning of the institutions that the political, military and economic elite dominate. “If these hierarchies are scattered and disjointed, then their respective elites tend to be scattered and disjointed; if they have many interconnections and points of coinciding interest, then their elites tend to form a coherent kind of grouping” (1956: 19). Lastly, the unity of the power elite is not based only on psychological resemblance, social intermingling and institutional hierarchies, but also rests on coordination. For Mills, many members of these three higher circles are working together, in other words coordinating, to realize their interests (1956: 19-20).

The aim of Mills is to identify and examine the power elite. Its members can be found in different circles, among the upper classes of local society and the metropolitan 400, the world of celebrity, the very rich, the chief executives, the corporate rich the admirals and generals (military ascendancy) and the political directorate. Mills asserts that the power elite is much more unified and has much more power than the bottom characterized by its impotence and fragmentation (1956: 29).

The agenda of research opened by Mills was continued after his death in 1962. Since then, four key issues have been stressed: elite backgrounds, elite interlock, elite unity and elite influence on public policy (Kerbo and Dellafave, 1979: 6). For instance, Harold R. Kerbo and John A. McKinstry (1995), in their book *Who Rules Japan?*,analyze the nature and organization of the Japanese elites, the iron triangle composed of the bureaucratic, corporate and political elites. These scholars (1995) examine the mechanisms that bind the Japanese elites together: intermarriage, *keibatsu* (family ties), business groups, social clubs and *Tōdai* connection. Johnson also views the “old boy” connections as one practice to mitigate bureaucratic competition in the developmental state (1982: 321). Elites of various countries have been researched, for example Britain (Scott, 1991), Mexico (Camp, 2002) and Finland (Ruostetsaari, 2015).

In addition to the above school of thought, elitism is also represented by the exponents of statism. At the end of the 1970s, the state as a fundamental unit of analysis experienced renewed interest. In *Bringing the State Back In*, Evans *et al.* observe that “the state as an actor or an institution has been highlighted in an extraordinary outpouring of studies by scholars of diverse theoretical proclivities from all the major disciplines” (1985: 3). The two main proponents of statism are Theda Skocpol (1979) and Michael Mann (1988).

Skocpol argues for “an organizational, realist perspective on the state” (1979: 31). In her opinion, the state has several features. Firstly, the state is “a set of administrative, policing, and military organizations headed, and more or less well coordinated by, an executive authority. Any state first and fundamentally extracts resources from society and deploys these to create and support coercive and administrative organizations” (1979: 29). The state power is based on these organizations despite the existence of “institutions through which social interests are represented in state policymaking as well as institutions through which nonstate actors are mobilized to participate in policy implementation” (1979: 29).

Secondly, the state has a relative autonomy from the dominant class. The extent of this autonomy is not always the same because it depends on the sociopolitical systems and on specific historical contexts (Skocpol, 1979: 29-30). Thirdly, “state organizations necessarily compete to some extent with the dominant class(es) in appropriating resources from the economy and society” (1979: 30). Fourthly, these resources, in other words state power, are used to achieve two basic missions: to maintain order and to compete with other states. Even if the preservation of economic and class structures is the easiest way to guarantee stability, the state may choose to conduct policies in favour of the subordinate class that may clash with the interests of the dominant class because the state wants to preserve its own interests (Skocpol, 1979: 30).

Finally, the state exists in a geopolitical environment in interaction with other states. The geopolitical position of a state is “a basis for potential autonomy of action over and against groups and economic arrangements within its jurisdiction” (Skocpol, 1979: 31). Facing some international situations can lead state rulers to formulate policies clashing, in extreme instances, with the basic interests of the dominant class (Skocpol, 1979: 31).

Therefore, this author challenges pluralist and Marxist theories of the state because they both assume that the state is “nothing but *an arena* in which conflicts over basic social and economic interests are fought out” (1979: 25, emphasis in the original). In other words, she reproaches these theories of the state for neglecting the relative autonomy of the state.

In the same vein as Skocpol, Mann (1988) also stresses the role of a governing elite. His main focus is “in those centralized institutions generally called ʻstatesʼ, and in the powers of the personnel who staff them, at the higher levels generally termed the ʻstate eliteʼ” (1988: 4). The key issue he addresses is about the nature of the power that states and state elites have. He contrasts the power of state elites with power groups found in civil society: ideological movements, economic classes and military elites (1988: 4).

He emphasizes two different senses of state power. The first one, despotic power, represents the power of the state elite over civil society, that is to say “the range of actions which the elite is empowered to undertake without routine, institutionalized negotiation with civil society groups” (1988: 5). The second one, the infrastructural power, refers to “the power of the state to penetrate and centrally coordinate the activities of civil society through its own infrastructure” (1988: 7).

According to Mann, the state is an arena and this explains the origin and mechanism of its autonomy. In contrast to the main non-state actors, the state is centralized and has a delimited territory. As a result, “*autonomous state power is the product of the usefulness of enhanced territorial centralization to social life in general.* This has varied considerably through the history of societies, and so consequently has the power of states” (1988: 29, emphasis in the original).

Statism, which is also developed in the seminal *Bringing the State Back In[[28]](#footnote-28)* (Evans *et al.*, 1985), offers a promising option for the concept of the developmental state because the statist paradigm emphasizes the notion of state capacity and autonomy as key factors in the political, social, and economic realms. The next section explains that the developmental state, in spite of institutional links between the government and business, is relatively autonomous. Moreover, Mann’s idea of infrastructural power (1988: 7) fits the developmental state because this model of state “rests above all on greater infrastructural, or *negotiated*,powers (the capacity of A to *cooperate* with B *from a position of organizational autonomy* and to coordinate responses to achieve outcomes)” (Weiss, 1995: 612). Two central notions of statism are thus present in the developmental state.

## **2.3 The analytical framework of the developmental state**

### **2.3.1 The features of the developmental state**

Johnson identifies four characteristics of the developmental state. “The first element of the model is the existence of a small, inexpensive, but elite bureaucracy staffed by the best managerial talent available in the system” (1982: 315). The majority of bureaucrats should be generalists with a background in law and economics. “The term that best describes what we are looking for here is not professionals, civil servants, or experts, but managers” (1982: 315). The role of this bureaucracy is to select the priority industries that it is necessary to promote, the best means to achieve their development, and to control competition in the strategic sectors (Johnson, 1982: 315).

The second element is a political system where bureaucrats enjoy enough leeway to take initiative and to work efficiently. In the developmental state, “the politicians reign and the bureaucrats rule” (Johnson, 1982: 316). The former have the responsibility to establish conditions for bureaucratic initiative. They also act as a “safety valve”. When the bureaucrats go too far, politicians must intervene in the work of the bureaucracy. The most important task that politicians perform is to ensure that interest groups do not “capture” the developmental state and change its priorities (Johnson, 1982: 315-6).

The third element of the model refers to state intervention in the economy through market-conforming methods. Johnson opposes Japan, a plan rational country, to the Soviet Union and the US, respectively plan ideological and market rational (1982: 18-9). In his “governed market theory”, Wade advances three elements to explain the success of state-led development in East Asia. First, it is the consequence of important investment in industries exposed to competition abroad, if not in the domestic market. The levels of investment are different from what would have occurred in the absence of governmental intervention. Secondly, the successful industrialization of East Asia is the outcome of a set of state policies that combine controls, incentives, and mechanisms. East Asian governments could steer how resources were allocated in order to generate different production and investment outcomes from what would have happened in the case of the free market. Thirdly, these policies were more consistent than in other developing countries because they were underpinned by a set of corporatist and authoritarian political arrangements (Wade, 1990: 26-7).

When conducting its industrial policy, the state must pay attention to maintain competition to the extent that it is compatible with its priorities. Efficient market-conforming methods emerge from conflict between the state and strategic industries. The relationship between the state and firms is not naturally a cooperative one: “the state inevitably will go too far, and private enterprise inevitably will resent state interference in its decisions” (Johnson, 1982: 318). One lesson that can be drawn by the Japanese case is that the state and the private sector are mutually dependent: the state needs the market and vice versa. “Once both sides recognized this, cooperation was possible and high-speed growth occurred” (Johnson, 1982: 318).

Japan has an array of market-conforming tools of state intervention. This ranges from the creation of governmental financial institutions and the extensive use of tax incentives to a generalized reliance on public corporations as well as the creation of an “investment budget” distinct from the general account budget. Perhaps administrative guidance represents the most important tool of state intervention. It consists of encouragements (*kanshō*), warnings (*keikoku*), requests (*yōbō*), suggestions (*kankoku*) and directives (*shiji*) issued by the ministries to the private sector. In spite of not being based on any explicit law, it cannot violate the law (Johnson, 1982: 265). On the one hand, administrative guidance allows the Japanese bureaucracy to deal with discrete complex situations without the need to find or enact a law. “At its best Japanese administrative guidance is comparable to the discretionary authority entrusted to a diplomat negotiating an international agreement. Success depends upon his skill, good sense, and integrity” (Johnson, 1982: 319). On the other hand, the Japanese bureaucracy, like all bureaucracies, can abuse this discretionary power (Johnson, 1982: 319).

The fourth and last characteristic of the developmental state is a pilot organization like the MITI. Defining the exact scope of the pilot organization is clearly a contentious issue. Based on MITI’s experience, the governmental body in charge of industrial policy should supervise “at least planning, energy, domestic production, international trade, and a share of finance (particularly capital supply and tax policy)” (Johnson, 1982: 320). The MITI was characterized by its indirect control of government money, its internal democracy, its small size, its role of “think tank” and its vertical departments for the carrying out of industrial policy (Johnson, 1982: 320).

Although it is widely accepted among scholars that a pilot agency represents an important aspect of the developmental state (Weiss, 2000: 23; Hayashi, 2010: 50), this doctoral research does not use this element. In the case of the cultural industries, as examined in Chapter 4, Sections 4.3-4.4, the state did not trigger the exports of Japanese pop culture. It rather reacted to its dissemination and is now implementing a policy to reinforce the global growth of Japanese pop culture.

One of the most important implication of the development state is the recurrence of two types of conflict: not only within the bureaucracy, but also between the bureaucracy and the state leaders (Eisenstadt, 1956). Johnson provides numerous examples of each. In particular, jurisdictional disputes within the bureaucracy over policy, influence, and priorities are common. Indeed, “the greatest threat to a bureaucrat’s security comes not from the political world or private-interest groups but from other bureaucrats” (Johnson, 1982: 321). It is why coordination of the bureaucracy is one critical function albeit the most frustrating and time-consuming performed by a state’s leaders (Johnson, 1982: 321).

Several practices have been elaborated to minimize bureaucratic competition. One is to leave the task of initial policy formation and coordination to younger bureaucrats because they are not as exposed as their senior colleagues. Other practices consist of the appointment of ministers and other senior political leaders who were former senior bureaucrats because they are knowledgeable about the bureaucracy, “old boy” connections, hierarchical relations in the bureaucracy and the use of deliberation councils (*shingikai*) (Johnson, 1982: 321).

Conflict between the bureaucracy and the political authorities is likewise common. This results from an implicit, not formally acknowledged separation between reigning (politicians) and ruling (bureaucrats). It is why boundary problems cannot be avoided. Conflict is triggered when political leaders reckon that the bureaucracy has gone too far and vice versa. The majority of practices used to minimize struggles within the bureaucracy is also used to mitigate struggles between bureaucrats and politicians. The main priority is to try to avoid or privatize conflict (Johnson, 1982: 322).

One main challenge of the development state is the difficulty to achieve and maintain cooperative government-business relationship. For Johnson, three kinds of relations between these two actors exist: self-control, state control, and public-private cooperation (Johnson, 1999: 57). The first term means that the state leaves the control of strategic industries to private cartels. The advantage of self-control is to achieve the most important degree of competition and private management in the developmental state. Yet, its biggest disadvantages lie in the domination of the industries by the biggest companies (*zaibatsu*) and the probability of conflicts between the interests of *zaibatsu* and those of the state. Generally, this pattern of government-business relationships is preferred by big companies (Johnson, 1982: 310). This pattern dominated from around 1931 to 1940 with the *zaibatsu* controlling Japanese industries. Yet, private control was not total as some sectors, for example steel, communications and the most important part of rail transport were state-controlled sectors (Johnson, 1999: 57).

State control refers to the direct imposition of state institutions on the private sector, in other words, to put management of firms under the control of the state. This relationship was favoured by the “control” bureaucrats at the end of the 1930s and by the bureaucrats during the reconstruction after the end of the Second World War and at the beginning of high growth. The main advantage of this pattern is that the state’s interests and priorities dominate those of companies. On the other hand, state control leads to gross inefficiency in the economy and poor management because it inhibits competition. This kind of relationship took place in Manchuria, in the prewar and wartime electricity industry, in the postwar coal industry, and in public corporations of contemporary Japan (Johnson, 1982: 310). Similar to the period of private control, state control was never complete during this period, from approximately 1940 to 1952. In particular, *tōseikai* (control associations) were secretly dominated by the *zaibatsu* (Johnson, 1999: 57).

The third pattern of government-business relations, the public-private cooperation, is by far the most significant. The main advantage of this pattern is to put ownership and management under the control of private leaders, thus achieving a higher competitiveness than under state control. Furthermore, the state has a more important level of influence over businesses, and a greater degree of social goal-setting compared to self-control. It uses several tools such as government funds, targeted tax breaks, government-supervised investment coordination and so on (Johnson, 1982: 311). As developed in Chapter 5, the Cool Japan policy relies on two instruments: subsidies and equity investments.

Yet, this form of relationship is very difficult to achieve and preserve in spite of highly entrenched social basis for cooperation, such as common education among government and industrial leaders (for example at *Tōdai* Law School), the extensive “old boy” networks and the practice of *amakudari*. On the one hand, industries generally like receiving governmental support, but they do not appreciate government orders. For instance, the world of animation needs subsidies from the state, but rejects any interference of the authorities in the content of anime (AJA Official Interview, 22/04/2014). On the other hand, the authorities are frequently dissatisfied by the excessive competition and preemptive investment of the industries they are attempting to develop (Johnson, 1982: 312). Chapter 6 will show that there are gaps between the state and the cultural industries.

Business actors and the government need each other. For Johnson, “the concept ‘developmental state’ means that each side *uses* the other in a mutually beneficial relationship to achieve developmental goals and enterprise viability. When the developmental state is working well, neither the state officials nor the civilian enterprise managers prevail over the other” (1999: 60, emphasis in the original). The state represents a catalytic agent. Indeed, private actors are sensitive to the incentives and the disincentives that the government creates (Lind, 1992).

Another main challenge of the developmental state has been to secure what Evans (1995) has described as “embedded autonomy”. The state is autonomous because of a recruitment deeply based on selection and meritocracy, and long-term career rewards, which produce bureaucratic coherence. Evans (1992, 1995) insists on the prestige and competence of the bureaucrats. The autonomy of the state is also based on a strong capacity of the bureaucracy for the collection of information. In Japan, the MITI’s research institute used to produce a large part of the studies, data, and analytical frameworks that enabled the MITI to carry out its role of think tank (Johnson, 1985). This capacity “gives state agencies a formidable *competence* in areas normally left to the private sector. The other is that it nurtures bureaucratic *independence vis-à-vis* sectoral interests within the business community” (Weiss, 1995: 598, emphasis in the original). The last element that ensures the autonomy of the bureaucracy is the existence of a pilot agency in charge of coordinating the economic policy (Johnson, 1982: 319-20).

Yet, the autonomy of the state is relative, not total. Indeed, it is embedded “in a concrete set of social ties that binds the state to society and provides institutionalized channels for the continual negotiation and renegotiation of goals and policies” (Evans, 1995: 12). In practice, embedded autonomy implies the existence of institutional links between the government and the industries. In Taiwan, Japan and South Korea, governmental bodies have set up an elaborate array of links with the private sector through deliberation councils, commissions and other institutional arrangements gathering academics, bureaucrats and representatives of industries to discuss key policy issues. For instance, the MITI had some 250 or so deliberation councils (Weiss, 1995: 600).

In the field of industrial policy, one *shingikai* has a paramount importance: the Industrial Structure Council. Indeed, it discusses and deliberates on how to promote the sound development of the industrial structure and smooth relations with foreign economic partners (METI, 2016c). Moreover, it formulates METI’s (formulated MITI’s) visions. The role of visions is to provide an assessment of the Japanese economy and indicates the strategic industries that the Japanese government wants to foster. For example, in the 1960s, the focus was on the heavy and chemical industries (MITI, 1963). This emphasis shifted towards the promotion of knowledge-based industries in the 1970s (MITI, 1974). Through the publication of visions, the METI communicates (the MITI communicated) long-term goals and the future direction of industrial policies so that business actors are induced to follow this direction (Uekusa, 1988: 99; Okimoto, 1989: 24; Wakabayashi *et al.*, 1999: 11).

For Johnson, the main link between the business community and the MITI was the Industrial Structure Council (1982: 102). The members of this *shingikai* are mostly representatives of the Japanese industry and scholars. As of October 2016, they are nineteen (seventeen regular plus two temporary). This council is chaired by Sakakibara Sadayuki, the head of *Keidanren* (METI, 2016c). It is divided into nine subcouncils: New Industrial Structure Subcouncil, Development Subcouncil for 2020 and Beyond, Regional Economic and Industrial Policy Subcouncil, Trade Subcouncil, Subcouncil on Industrial Science and Technology Policy and Environment, Manufacturing Industry Subcouncil, Commerce, Distribution and Information Subcouncil, Industrial Safety Subcouncil, and Intellectual Property Subcouncil (METI, 2016b).

The predecessors of the Industrial Structure Council were the Industrial Rationalization Council created in December 1949 and the Industrial Structure Investigation Council set up in 1961 for a period of three years. Both were replaced by the Industrial Structure Council in March 1964 (Ikeo, 2000: 177). The Industrial Structure Investigation Council produced the first MITI’s vision in November 1963. Others vision reports include *The Long-range Vision of the Industrial Structure[[29]](#footnote-29)* (MITI, 1974), *The Vision of MITI Policies for the 1980s* (MITI, 1980) and *The Vision of MITI Policies for the 1990s* (MITI, 1990). Even if *The Industrial Structure for the 21st Century* (MITI, 1994) and *The Strategy for the Creation of New Industries* (METI, 2004) are not entitled “vision”, both encapsulate MITI’s and METI’s vision for the future of the Japanese industries. In the latter, the METI indicates the content industries as a priority industry[[30]](#footnote-30) to develop. Indeed, this ministry expects this sector to grow significantly in the future and to have important ripple effects on peripheral industries (METI, 2004: 81).

The institutional links between the state and the business world are important because they enable the former to consult the industries, to exchange information and to coordinate actions in order to deliver better policies than would have been produced if it had not acted in concert with the business world. By acquiring information from industry representatives, by meeting them on a regular basis as well as experts, the state obtains valuable and permanent feedback of use in adjusting its policies. The autonomy of the state does not mean isolation. In his study of Japanese industrial policy for high technology, Okimoto notes that “MITI engages in painstaking discussions with scientists and engineers, research scholars, industry leaders, and financial analysts – the people in the know – to find out where technology is headed and where the most promising commercial opportunities lie. The information it collects and processes is about as thorough as could be obtained” (1989: 73).

The collaboration between the state and the industries is eased by the organizational structure of the industries. One common characteristic in East Asia is the structured nature of the representation of companies. Business associations are generally deeply centralized and are involved in the decision-making process and implementation of state policies (Weiss, 1995: 602). In Japan, the *gyōkai* represent the basic level for the carrying out of governmental policies (Sone, 1993: 300-3). In countries such as Australia, Britain and the US, where partially organized or fragmented business associations compete, reaching consensus within the industrial world has proven to be more difficult to achieve, thereby favouring more individual lobbying (Weiss, 1995: 604).

Rather than relying on Evans’ concept of embedded autonomy, Weiss prefers using the expression of “governed interdependence” that “refers to a process over time whereby the state exploits and converts its autonomy into increasing coordinating capacity by entering into cooperative relationships with the private sector in order thereby to enhance the effectiveness of its economic and industrial policies” (1995: 607). The state needs to be at the same time close and distant. If it is not insulated enough, this can lead to rent-seeking activities by firms and distributive rather than developmental policies. Yet, if it is too distant to the business world, policy failures can occur because it has incomplete information on the business situation (Weiss, 1995: 604).

Weiss identifies four forms of governed interdependence. The first, disciplined support, means that the government provides some assistance to companies in exchange for the fulfilment of some performance outcomes. This kind of support is mainly given to nurture new industries, and to reorientate the production from domestic to export markets. Performance conditions are a safeguard against the rent-seeking behaviour of companies. They ensure that the use of money is monitored, the attainment of policy aims measured, and serve for public accountability. In South Korea and Japan, disciplined support has played a key role in boosting investment and exports and has also been used to upgrade quality standards. This type of governed interdependence is quite common in the first stage of industrialization (Weiss, 1995: 608).

The second form of governed interdependence, public risk absorption, refers to “public initiatives - usually to establish new or emerging industries - which require the cooperation of the private sector for their success, but which emphasize less the exercise of discipline than the minimization of risk” (Weiss, 1995: 609). In fact, the state accepts to take most or all of the risk. Public risk absorption was used for the robotic (Mansfield, 1989) and the computer industries (Anchordoguy, 2005). In the former, the Japanese developmental state encouraged the creation of the Japan Robot Leasing Company (JAROL) in 1980 to promote the use of robots by companies. The JAROL could offer generous leasing terms because 60 per cent of its capital was financed by low-cost loans from the Japan Development Bank (JDB) (Mansfield, 1989: 190). In the same vein, the MITI helped the establishment of the Japan Electronic Computer Company (JECC) in 1961 in order to develop the Japanese computer industry. From 1961 to 1981, the state invested some $US2 billion (¥290 billion[[31]](#footnote-31)) in low-interest loans into the JECC to fund computer rentals (Anchordoguy, 2005: 131). Even if the Cool Japan Fund is mainly funded by the state, it does not correspond to public risk absorption because it is a minority investor in the selected projects (see Chapter 5, Section 5.2.4).

The third type, private-sector initiatives in public policies, nowadays happens in sectors facing decline, such as textiles, steel and shipbuilding. In spite of the prevalence of private initiatives in policy-making, most of the time they are directly or indirectly requested by the state and need to fulfil public-defined criteria. For example, cartels can decide to privately coordinate their production or to promote their exports. This was a typical strategy followed in South Korea, Japan and Taiwan during their fast-growth period. The important point for the business world is to link its strategy with state policies in order to secure the approval of the authorities. Reaching a consensus within a particular industry depends on its degree of sectorial cohesion. In the case of intense intra-industry competition, a consensus may be more difficult to achieve (Weiss, 1995: 610).

The fourth and last form of governed interdependence, public-private innovation alliances, refers to policies for the development, improvement, purchase and diffusion of technology. Public-private innovation alliances include both disciplined support and the share of risks. The participation of firms is on a complete voluntary base. However, once they join these networks, they have to bear an important part of the costs. They are encouraged to join these partnerships because they have access to new technology and product development. Furthermore, the risks are shared (Weiss, 1995: 611).

Another characteristic of the developmental state is “the existence of a widely agreed upon set of overarching goals for the society, such as high-speed growth” (Johnson, 1982: 22). Weiss speaks about “the transformative goals”, in other words the priorities of the developmental states to close the gap between themselves and the industrialized countries (2000: 23). Ernest Gellner notes that “the need for economic growth in a developing country has few if any *economic* springs. It arises from a desire to assume full human status by taking part in an industrial civilization, participation in which *alone* enables a nation or an individual to compel others to treat it as an equal” (1973: 15, emphasis in the original). For Johnson, the developmental state derives from the nationalism of the late industrializers and this kind of state subordinates economic interests to political factors (1982: 24). Adrian Leftwich list these political factors: willingness to catch up with the Western economies, nationalism, regional competition, ideology of state leaders, and foreign threat. In his opinion, they have constantly influenced the evolution of the developmental state (Leftwich, 1995: 401).

Researchers have mainly focused on the institutional structures of the developmental state. The idea-based element has not attracted much attention.[[32]](#footnote-32) Yet, it is impossible to explain the emergence of the institutional apparatus without taking into account the importance of the ideas underpinning the developmental state. If they are neglected, the risk is to identify it as a fixed set of public policies (Thurbon, 2014: 65-6). In addition to some institutional frameworks and types of action, the developmental state represents a politico-economic philosophy. In other words, it represents a political view of the economy: “the goal of the economic activity is to strengthen the nation in an international arena perceived as a place of rivalry  
and struggle. The continuation of techno-industrial transformation and competitiveness are thus a political project” (Thurbon, 2014: 64-5).

The distinctiveness of the developmental state lies in the strong consensus among decision-makers to catch up with the most advanced economies, to secure the competitiveness of the domestic economy, and on an active state support of strategic industrial sectors. The competitiveness is considered in the long-term (Thurbon, 2014: 68).

### **2.3.2 The evolution of the developmental state**

Several criticisms have been levelled at the developmental state that can be broadly divided into three categories. Authors such as Okimoto (1989), Calder (1993) and Callon (1995) have challenged the claim of the dominance of the bureaucracy (see Chapter 1, Section 1.3.1). Proponents of the neoliberal position have addressed criticisms as well. In their view, the market will perform well only if it is unfettered. The state must refrain from intervening in the economy. If it does that, its intervention must be minimal. At the heart of the disagreement between neoliberal and statist (proponents of the developmental state) approaches is the role of the state in economic development, and more generally, in the economy. Neoliberals have questioned the effectiveness of industrial policy as an explanation for the economic development of East Asia (Hayashi, 2010: 47-8). Their stance is referred to as the Washington Consensus[[33]](#footnote-33) which emphasizes the liberalization and deregulation of the economy, as well as the privatization of the state-owned companies. Statists hold that neoliberal scholars “shy away from subjecting their beliefs to serious empirical test, yet they are powerful enough to get those beliefs widely accepted, especially via international financial institutions like the IMF and the World Bank” (Wade, 1992: 275).

The position of the proponents of the developmental state is firmly backed by historical studies. In particular, Ha-Joon Chang (2003a, 2003b) shows the key role that the state played in previous economic development and does not limit his research to East Asia. This scholar argues that current industrialized countries “did not get where they are now through the policies and institutions that they recommend to developing countries” (2003b: 2).

The neoliberal position assuming that the promotion of the free market enhances economic growth has lost its appeal since the 2000s because of the generally poor performance of the developing countries which have embraced the neoliberal agenda (Hayashi, 2010: 48). The financial crisis of 2008 highlighted the central role of the state in the regulation of the economy. Since the calling into question of the recommendations of the IMF and the World Bank at the beginning of the 2000s, industrial policy has been progressively reconsidered to promote development (Debanes and Lechevalier, 2014: 9-10).

In a very famous report[[34]](#footnote-34) on the East Asian miracle, the World Bank acknowledges that “in a few economies, mainly in Northeast Asia, in some instances, government interventions resulted in higher and more equal growth than otherwise would have occurred” (1993: 6). Despite criticizing industrial policy[[35]](#footnote-35) for being generally unsuccessful, the World Bank notes that information exchange between the state and companies, a central element of industrial policy in South Korea and Japan, may have accelerated and improved investments (1993: 354-55). It seems that industrial policies represent more a gain in time than an economic one (Pekkanen, 2003: 211).

The Washington Consensus is nowadays paying more attention to “good governance”. Dani Rodrik calls this evolution the “augmented Washington Consensus” where “the failure of the original Washington Consensus is due to an inadequate application of an otherwise sound set of principles” (2002: 1). This means that the World Bank and the IMF continue to advocate a neoliberal agenda to achieve development and changed their view on how to implement it. As aptly observed by Hayashi, “in this regard, there is no prospect that these two diverging approaches on what should be done to achieve development would be resolved in the near future” (2010: 48).

Critics of the developmental state have also been addressed by scholars who admit that state-led industrialization in East Asia fostered economic development, but assume that this model cannot any more be implemented nowadays. In their opinion, against a background of liberalization and globalization, the developmental state has become obsolete. Since the East Asian financial crisis of the late 1990s, it appears that it has lost a part of its attractiveness (Hayashi, 2010: 45-6). Some authors assert that this financial crisis demonstrated that the policy instruments of the developmental state are in contradiction with world financial markets. In their opinion, this crisis testifies that development is now market-led rather than state-led (Pang, 2000; Maswood, 2002). Graham K. Wilson argues that the developmental state is facing a crisis because bureaucrats have nowadays much fewer policy instruments than previously (2003: 81-101). The “lost decade” of the Japanese economy in the 1990s also seems to have reduce the credibility of the developmental state (Hayashi, 2010: 46).

Critics posit that the post-Cold War context is not friendly to the developmental state’s policies. The Cold War, in particular the two conflicts in Korea and Vietnam, directly and indirectly contributed to economic growth in East Asian (Japan, Taiwan, South Korea, Hong Kong) and Southeast Asia (Thailand, Malaysia and Singapore). According to Johnson, the Korean War represented the virtual equivalent of the Marshall Plan for Japan (1999: 55). The US also allocated substantial financial support to East and Southeast Asia (Stubbs, 2005).

Furthermore, since the demise of the Soviet Union, the US has urged the East Asian states to embrace a neoliberal agenda (Bello, 1998; Cumings, 1999; Pempel, 1999). This country no longer accepts large trade deficits with its East Asian partners because it deems that they are the consequence of unfair policy. In addition to Washington, the IMF, the World Bank and the World Trade Organization (WTO) have repeatedly advocated for substantial liberalization of the national economies. Wade strongly criticizes WTO agreements[[36]](#footnote-36) because “the ‘development space’ for diversification and upgrading policies in developing countries is being shrunk behind the rhetorical commitment to universal liberalization and privatization” (2003: 622).

The East Asian financial crisis represented a great opportunity for the US to advance its neoliberal agenda. Both the US and the IMF accused the developmental state of being responsible for the crisis, “and had no hesitation in dismantling what they saw as obstacles to spreading the free market system to the East Asian economies” (Hayashi, 2006: 79). Therefore, this crisis represented an ideological struggle (Higgott, 1998).

Critics also claim that the developmental state has become redundant and obsolete as a result of the growth of financial markets. Nowadays, companies use international capital markets to finance their operations. The developmental state has considerably lost its control of the financial market, its capacity to monitor companies and to allocate credit (Pang, 2000; Maswood, 2002). Kanishka Jayasuriya holds that this model of state was linked to a specific global economic governance where it had the capacity to control the flows of capital. Nevertheless, financial deregulation means the demise of the developmental state (Jayasuriya, 2001: 102).

However, rather than speaking about the decline, the obsolescence or the demise of the developmental state, it is more illuminating to comprehend its ongoing transformation. This model of state has not been static but has continuously evolved in Taiwan, South Korea and Japan. In contemporary East Asia, the developmental state has been adaptive (Wong, 2004: 347). Indeed, it still plays an important role in the East Asian economies. Liberalization, globalization or economic policy convergence do not imply that the state has retreated from promoting national development. In Japan, South Korea, Taiwan and China, the developmental state continues to promote industrial policies, research and development, and social reforms, although such policies are conducted under many more constraints. The state remains of a central importance in economic development. Nevertheless, the way it matters has evolved considerably (Wong, 2004: 357).

The developmental state has been redefined in order to tackle complex issues which are broader in scope. Indeed, the contemporary East Asian developmental states face new economic, political and social situations. Japan, Taiwan and South Korea are no longer driven by the mere logic of catch-up development because they have already achieved the same level of development than Western countries. These countries have now to deal with a myriad of new challenges, thereby representing new mandates for them (Wong, 2004: 357-8).

Despite numerous changes, the developmental state has demonstrated its resilience. A set of factors can explain its “stickiness”. Firstly, the neomercantilist ideas underlying the developmental state and its policies became firmly embedded in state bodies. Proponents of these ideas are still present in the bureaucracy as well as in many companies and quasi-governmental organizations. Secondly, the social stability, national security and widespread prosperity that this model of state engendered mean that it occupies a key position in the political economy of this region. Thirdly, the developmental state represents an entire set of economic, social and political institutions that became entrenched in East Asian countries. Its legitimacy and large support stem from a successful state-led industrialization. This has led to increased pressures on the developmental state to continue the promotion of economic growth (Stubbs, 2009: 12-3).

Instead of studying institutions through their functions, Haggard suggests “to dig beneath institutional arrangements to reveal the political relationships that create and support them” (2004: 74). In the same vein, Leftwich aptly points out that development “must always be understood as an inescapably political process in which the purposive interaction of people, power and resources, in diverse cultural and historical contexts, shapes the pattern and the outcomes at any given point” (2005: 575).

In spite of its relative degree of autonomy, the Japanese developmental state has been captured by particularistic interest, as demonstrated by the famous “construction state” and its astounding waste of public money (McCormack, 1996). After the burst of the bubble at the beginning of the 1990s, the MOF favoured an “outgrowing” policy rather than a radical surgery in dealing with the Japanese banking sector crisis. The former was chosen because it was deemed as being less socially and politically disruptive than the complete restructuring and canceling of bad debts, in other words bank closures, bailouts and loan write-downs. If the MOF had called in the loans and sold the depreciated assets, banks, construction companies and property developers would have been seriously weakened. Yet, they represent among the most important financial contributors to the LDP (Weiss, 2000: 45-6). Apart from path dependency and institutional inertia, the developmental state persists because some actors continue to back it (Beeson, 2009: 14).

For sure, Japanese capitalism has profoundly changed since the beginning of the 1980s, to the point that it can be clearly distinguished from the “model” of the 1980s. For example, it is now misleading to speak of a J-model of the firm because Japanese companies are characterized by increasing heterogeneity of their performance and mode of organization (Lechevalier, 2014: 2). The main driver of these significant changes has been the implementation of neoliberal reforms, rather than reactions to globalization challenges or technical evolutions (the use of ICT by companies). This implementation has been “certainly progressive and fragmented, not without hesitation and steps backwards” (Lechevalier, 2014: 3). Indeed, the transformation of Japanese capitalism has been a non-linear process because it has been sharply contested at every stage (Tiberghien, 2014: 27).

In spite of these neoliberal reforms, it does not mean that Japanese capitalism has converged towards the Anglo-Saxon model. In addition to Japanese historical trajectory and a whole set of institutional complementarities, another reason is that there was an absence of consensus within the LDP and the bureaucracy about the reforms. It follows that “the neo-liberal experience in Japan was significantly different, in its unfolding and in its effects, from equivalent experiences in the United States and Europe” (Lechevalier, 2014: 158). Suzuki Takaaki (2014) speaks about “the neoliberal hybridization of the Japanese developmental state” to qualify the evolution of the Japanese state since the beginning of the 1980s. In a similar way to the diversity of capitalism (see Chapter 1, Section 1.2.2), neoliberalism should also be comprehended through the lens of its diversity (Lechevalier, 2014: 158). It is thus necessary to consider “varieties of liberalism” (Konzelmann *et al.*, 2010).

Amid this transformation, industrial policy has been eroded in Japan. Until the middle of the 1990s, certain MITI budgets were in relative stagnation or decline and the programmes implemented were less ambitious. Three factors can account for this situation. First, the efforts of the MITI to develop some high-tech industries such as the computer and the semiconductor industries failed (Takahashi, 2003; Lechevalier, 2006). Secondly, scholars have criticized the foundations of industrial policy (Komiya *et al.*, 1988). Lastly, the neoliberal ideology has advocated for a small government which limits the government’s intervention in the economy (Lechevalier, 2014: 78).

However, in the 1990s, several signs indicated that the Japanese state renewed industrial and innovation policies and its willingness to fulfil a new function as coordinator. The bureaucrats in charge of the framing and the implementation of these policies conducted an uncompromising analysis of the reasons for past failures. The two principal ministries responsible for research and innovation policies, the MITI and the Ministry of Education (MOE), were reorganized and respectively became the METI and the MEXT. Moreover, the Council for Science and Technology Policy, an institution attached to the Cabinet Office to coordinate the policy between the different participants, was revived and developed (Lechevalier, 2014: 81).

The logic of the developmental state has changed because the phase of catching-up is over. According to Johnson, “the mid-1970s saw the end of the era of Japan’s catching up and the beginning of its uneasy tenure as an economic superpower” (1999: 56). Yet, the end of this phase has not led to the demise of the developmental state. The phase of catching-up has been replaced by a new logic, that of keeping up. To express this move, Weiss prefers using the term “transformative state” instead of developmental state (2000: 29). Whereas the developmental state used to be driven by closing the technological gap with reference to Western economies, it is now firmly committed to the continuous upgrading of its industries. This includes the restructuration of declining industries, assistance to strategic industries to regain ground lost to competitors, the existence of long-term investment plans to upgrade mature industries, the support of nascent high-tech industries, as well as the search for new technological potential and products (Weiss, 2000: 27).

Therefore, amid a very competitive context, the emphasis is on the continuous upgrading of Japanese industries. For instance, in 1997, Japan started a plan to support the development and commercialization of new technologies in growth industries such as telecommunications and biotechnology. In the 1990s, the MITI identified the green industry as one of the next important industries and collaborated with it to develop green technologies (Mertens, 1996). Nowadays, the successor of the MITI, the METI, is still attempting to find and to promote new promising industries (Hayashi, 2010: 65). In particular, the stress on national strategy and the necessity to stimulate competitiveness of the Japanese companies are continuing tenets of METI’s policy. This implies that this ministry is still driven by “the view that competitiveness is too important to be left entirely to the whims of market forces” (Elder, 2003: 163).

It is true that the various scandals that struck the Japanese bureaucracy in the 1990s[[37]](#footnote-37) tarnished its reputation. The Japanese bureaucracy was highly considered for two reasons. Firstly, it was staffed by the best and brightest individuals. Secondly, the Japanese public believed and the bureaucrats regarded themselves as fulfiling a national mission above narrow self-interest. Yet, the scandals showed that even the bureaucrats could yield to corruption, thereby provoking a fall in public trust of the bureaucrats (Pekkanen, 2004: 378). Despite these scandals, governmental officials still continue to have a prominent role in the Japanese developmental state. For example, a team of METI’s bureaucrats initiated the reorganization of this ministry and, with the help of counterparts of the MOF, the drafting of the law creating the Cool Japan Fund (see Chapter 5, Section 5.2.4).

After its victory to the House of Representatives[[38]](#footnote-38) election in August 2009, the Democratic Party of Japan (DPJ) promised to abolish the bureaucratic-led government and to replace it by a politician-led one, arguing that it was the sine qua non for the implementation of far-reaching economic reforms (Zakowski, 2015: 1). In its 2009 electoral manifesto, the DPJ announced its willingness to create a politician-led government, a unitary system of Cabinet-centered policy-making, and to stop ministries’ sectionalism by reinforcing the leadership of the Prime Minister’s Office (Zakowski, 2015: 54).

Nevertheless, this political agenda resulted in failure. The excess of different factors (the remoteness of the institutional model[[39]](#footnote-39), volatility of the policy vision, aversion of pre-existing institutions and negative feedback on the initial setbacks) explains the DPJ’s failure (Zakowski, 2015: 194-205). Other reasons have been formulated such as this political party’s lack of experience in governing Japan, personal rivalry inside the DPJ, the bicameral nature of the Japanese Diet, as well as pressure from interest groups and the resistance of veto players in the government and the ruling party (Nakano, 2010; Abiru, 2011; Sakakibara, 2012, Takenaka, 2013). In the December 2012 House of Representatives election, the DPJ suffered a bitter defeat. Back in power, Abe Shinzō, the leader of the LDP, erased almost all traces of the failed attempt at a politician-led government. The Interministerial Liaison Council was the sole legacy of the DPJ preserved by the LDP (Zakowski, 2015: 205).

### **2.3.3 The developmental state and the cultural industries**

As explained in this chapter and the literature review, three categories of criticisms have been levelled at the concept of the developmental state. First, the dominance of the bureaucracy has been challenged by authors such as Samuels (1987), Friedman (1988), Okimoto (1989) and Calder (1993). They have reproached Johnson for emphasizing too much the role of public actors and neglecting the role of firms. Secondly, neoclassical economists have cast doubt on the effectiveness of industrial policy and argue for a minimal role for the state in the field of economy. Thirdly, some authors have asserted that liberalization and globalization, especially the liberalization of the world financial markets, have led to the decline, obsolescence and redundancy of the developmental state (Pang, 2000; Jayasuriya, 2001; Maswood, 2002).

Despite such criticisms, this thesis will use a theoretical framework based on the concept of the developmental state to investigate the relationships between the state and the cultural industries in Japan. Indeed, the METI is the main ministry at play in the implementation of the Cool Japan policy. This ministry is one of the numerous governmental bodies involved in this policy. This point raises the issue of the coordination of the activities and policies of the various state actors, a particular difficult issue given the sectionalism of the Japanese bureaucracy. Further details of the policies conducted by the METI and the other state actors, as well on the difficulty to coordinate their efforts, will be provided in Chapter 5.

The institutional links that the METI has developed with respectively the business associations of the anime, video games and manga industries are consistent with one feature of the developmental state: the institutionalized government-business links (Weiss, 2000: 23). This point will be developed more in Chapters 5 and 6. However, even if the Japanese state is in contact with the cultural industries through mainly their business associations, it does not imply that this economic sector has captured the bureaucracy. In this sense, the state benefits from a relative degree of autonomy, a characteristic of the developmental state. It is one of the reasons that explains the existence of several gaps between the state and the cultural industries in Japan. This issue will be detailed in Chapter 6 which analyzes their reactions to the Cool Japan policy.

A last feature of the development state consists in an ideological consensus among the elite on the necessity to catch up with the industrialized countries. Once this goal is achieved, the priority is to keep up, to continuously upgrade the industries, be it in terms of technologies, skills or products. This is the rationale for the developmental state to conduct industrial policies because it assumes that the market, only by itself, cannot secure the competitiveness of the national economy. This thesis argues that Cool Japan is an industrial policy. In particular, the METI frames and implements Cool Japan through the lens of an industrial policy. The J-LOP and the Cool Japan Fund, two bodies supervised by this ministry, allocates governmental fund (subsidies and equity investments). By doing this, the state aims to accelerate the diffusion of Japanese pop culture overseas, a dissemination that it did not initiate at the onset. The Japanese government has realized that banks are reluctant to invest in companies related to Cool Japan (food, content, etc.). It is why it decided to establish the Cool Japan Fund in November 2013 (METI Official 1 Interview, 25/02/2014). In other words, the authorities are not satisfied with the current situation and are conducting an industrial policy, in particular through the METI, the J-LOP and the Cool Japan Fund to facilitate the access to funds by the cultural industries (see Chapter 5, Sections 5.2.2-5.2.4).

## **2.4 Methodology**

### **2.4.1 Quantitative, qualitative and mixed research methods**

Three methods of research are available to social sciences scholars: quantitative, qualitative and mixed methods. This thesis adopts a qualitative method approach based on the conviction that such choice enables us to investigate thoroughly the relationships between the state and the cultural industries in Japan.

Historically, the quantitative research approach has strong links with positivism. This paradigm posits that the aim of science is to build universal causal laws, thereby assuming that the assumptions and methods of natural science can be transferred to the social sciences. Furthermore, science is value-free. Facts and values are separated. In addition, the only knowledge available to science is from direct experience or observation. Objective knowledge (facts) is sought, whereas invisible or abstract entities are rejected (Robson, 2011: 20-1).

The quantitative approach relies on measurement and quantification. Therefore, an emphasis on statistical analysis is favoured, with a focus on behaviour. The standards of research must be those of the natural sciences. A deductive logic is adopted, leading to the testing of pre-existing theories. A neutral value-free researcher is sought. Objectivity is valued. A scholar must maintain a distance between him/herself and the participants. Generalization of the findings is a priority, usually in the form of statistics. The sample of participants thus must be representative of some larger population. Standardization is given priority. Most of the time, this implies decontextualization (Robson, 2011: 18-9).

The notions of reliability and validity represent two important issues for quantitative researchers. An instrument is deemed reliable if it invariably gives the same results over time and with the same or comparable individuals (Donmoyer, 2008: 713). Validity can be divided between internal and external validity. The former means “whether an instrument used in a study actually measures what it purports to measure” (Donmoyer, 2008: 714). The latter signifies the generalizability of a study’s findings, in other words the extent to which the findings on a sample are representative of a wider population (Donmoyer, 2008: 714).

Whilst quantitative research is closely associated with positivism, qualitative research is inspired by interpretivism. This paradigm stresses the world of experience as it is lived, felt and undergone by individuals in social situations (Blaikie, 2004: 509). It is why researchers with this theoretical orientation are deeply sceptical about the notion of an objective reality which can be known by the study’s participants. They prefer focusing on the multiple social constructions of meaning and knowledge. Hence, they rely on research methods such as interviews and observation to obtain access to multiple perspectives. The purpose of research is to understand (Robson, 2011: 24).

Qualitative research does not rely on statistics. Generalization of the findings is not seen as a priority. The emphasis is on the context and the meaning that participants give to social situations. As a result, social phenomena are described from the perspective of the people researched. Qualitative researchers are less concerned about objectivity. They accept the existence and importance of their values, thereby stressing their personal commitment and their reflexivity (self-awareness). They tend to conduct small-scale projects in terms of participants. They adopt an inductive approach, starting with data collection which lead to the emergence of theoretical ideas and concepts (Robson, 2011: 19).

Some qualitative researchers have rejected the notions of reliability and validity based on philosophical reasons. They do not consider that scholars should aim to produce consistent, in other words reliable, findings. Their focus should be on analyzing how individuals construct reality and on understanding these different constructions. Qualitative researchers have also rebutted quantitative researchers’ assumptions on validity. Indeed, they tend to consider contexts as idiosyncratic and always evolving. Therefore, they prefer employing the notion of transferability instead of generalizability. Transferability implies that all research findings are just hypotheses about what may occur in the same context. Moreover, only the readers of studies can decide if findings may be transferable to their context. Qualitative researchers also refute the notion of internal validity (Donmoyer, 2008: 714-5).

Despite ontological, epistemological and methodological differences between quantitative and qualitative research, the rise of mixed methods research since the 1990s has testified to a break in the paradigm war (Bryman, 2008: 15). Mixed methods research mean the combination of quantitative and qualitative research (Tashakkori and Teddlie, 2003). Since the 1990s, an increasing number of methodological publications has examined the possibility of mixed methods research, and later more confidently has argued in favour of them (Brannen, 1992, 2005; Tashakkori and Teddlie, 1998, 2003). The number of books including chapters on both qualitative and quantitative research has recently been on the rise (Bernard, 2000; May, 2001). The creation of the *Journal of Mixed Methods Research* in 2007 also indicates the growing popularity of mixing quantitative and qualitative methods. This trend demonstrates a more pragmatic approach to research methods (Morgan, 2007).

Nevertheless, the rise of mixed methods research has not completely put an end to the controversy between qualitative and quantitative methods. Alan Bryman points out that “clashes continue even when a truce has been declared” (2008: 21). For instance, Lynne S. Giddings (2006) suggests that mixed methods research is “positivism dressed in drag”, adding that “the thinking in mixed-methods research rarely reflects a constructionist or subjectivist view of the world” (2006: 200). This criticism is consistent with John K. Smith and Lous Heshusius (1986) who have provided one of the strongest and clearest statements of the incompatibility between quantitative and qualitative research because they draw on different and irreconcilable foundations. Kenneth R. Howe (2004) claims that, in mixed methods research, qualitative methods have been relegated to an auxiliary role and calls for mixed methods research that relies explicitly on interpretivism. These are instances of what Bryman refers to as the “paradigm argument”, in other words the incompatibility between quantitative and qualitative research due to differences of epistemological assumptions, methods and values (2012: 629-30).

### **2.4.2 Case studies method**

This doctoral research employs the case studies method to elucidate the relationships between the state and the cultural industries in Japan. Case studies have been defined in several ways. For instance, Robert C. Bogdan and Sari K. Biklen define case study as “a detailed examination of one setting, or a single subject, a single depository of documents, or one particular event” (2003: 54). Frank E. Hagan’s definition of case studies is “in-depth, qualitative studies of one or a few illustrative cases” (2006: 240), whilst Robert K. Yin adopts a twofold definition of case study, distinguishing between the scope of a case study and its features (2014: 16-7). Taken together, these various definitions suggest that the sort of information collected in case studies is extremely rich, detailed, and in-depth (Berg, 2007: 283). Indeed, case studies give a “thick description” (Geertz, 1973), in other words a deep understanding of events, individuals, phenomena or organizations. They provide access to the “sensemaking” created and used by respondents involved in the event, group or organization considered by the researcher (Weick, 1995). Sensemaking refers to the way people, groups or organizations perceive what they hear and see, and how they interpret their own actions as well as their interactions with others (Berg, 2007: 285).

According to Yin, five major research methods exist: experiments, surveys, archival analyses, histories and case studies (Yin, 2014: 9). The method employed in a thesis depends on “the type of research question posed, the extent of control a researcher has over actual behavioral events, and the degree of focus on contemporary as opposed to entirely historical events” (Yin, 2014: 9). Case studies are employed in this thesis because they capture the various elements that enable us to analyze and understand the topic of this research. This study relies on a multiple-case design rather than a single-case one (Yin, 2014: 56-64) in order to see whether each sector considered (anime, manga, and video games) reacts in a different manner to the governmental policy, and if such is the case, to account for the differences in their reactions. So, each sector is the focus of one case study.

### 

### **2.4.3 Sources used in this research**

This thesis relies on various sources to answer to the research questions formulated in the Introduction. They range from newspaper articles to the academic literature relevant to this doctoral dissertation. The data and information presented in this thesis come mainly from interviews, official documents of various Japanese agencies and ministries, as well as business reports of the AJA, the CESA and the Digital Content Association of Japan (DCAJ). The access to the interviewees has been one of the main challenges that this research has faced, whatever the status of the interviewees (elite or non-elite individuals). David Richards defines elite as “a group of individuals, who hold, or have held, a privileged position in society and […] are likely to have had more influence on political outcomes than general members of the public” (1996: 199). One of the key purposes of interviewing elite people is to help researchers to understand their theoretical positions, perceptions, beliefs and ideologies. These elements are rarely gleaned from documents (Richards, 1996: 199-200). However, the same can be said about non-elite people.

In addition to the access to the interviewees, selecting them has been another main difficulty. As this doctoral dissertation examines the relationships between the state and three sectors of the Japanese cultural industries (anime, manga and video games), various kinds of individuals were interviewed: governmental officials of the METI but also of other state bodies (the MOFA, the Agency for Cultural Affairs and the Japan Foundation); one representative of the J-LOP and of the Cool Japan Fund; four scholars; and several representatives of companies in each sector as well as officials of the CESA, the AJA, the All Japan Magazine and Book Publishers’ and Editors’ Association and a business association official. Semi-structured interviews have been employed because they combine a schedule of questions with supplementary ones to explore further aspects of the answers received. This form of interviews allows to vary the sequence of questions made, and to ask follow-up questions, thereby providing more insights and more valid data (Halperin and Heath, 2012: 258).

A majority of interviewees asked to receive the questions prior to the interviews. The average length of interviews was between one hour and one hour and a half. Many interviews were recorded to make transcription. However, in the last four months of the fieldwork, this author chose to stop recording so that interviewees could feel more at ease to answer the questions. One interviewee asked not to be recorded, whilst two individuals requested that this author did not record a part of the interview. When the potential interviewees were contacted, it was specified that their anonymity could be ensured, an option that many requested. The author agreed to protect their anonymity in line with their wish. He strictly respected the ethics guidelines of his department regarding the consent of the interviewees prior the interviews, the respect of their anonymity if requested, and the destruction of the transcript and the recording file three months after the completion of this doctoral project if the interviewees expressed this request.

### **2.4.4 Theoretical and practical limitations to the methodology of this thesis**

Any kind of methodology has limitations, and the methodology adopted in this thesis does not represent an exception. Two sorts of limitation can be distinguished: theoretical and practical. Concerning the former, the main challenge to the case study method is the problem of generalization. It is especially the case when researchers adopt a single-case method. However, this study relies on a multiple-case method not only to compare the reactions to the Cool Japan policy of the three sectors (anime, manga and video games) considered in this research, but as well to provide a more general analysis of the cultural industries in Japan. The Japanese cultural industries obviously are not limited to anime, manga and video games. For instance, the sectors of movies and music are not the topic of this doctoral research. Yet, these three sectors represent a significant segment of the cultural industries in this country.

The issue of the generalization also concerns to what extent the data this author collected in his fieldwork, especially during interviews, are representative of each sector. To address this challenge, at least four interviews were conducted for each sector, with representatives of different companies, officials of business associations and scholars to obtain a general view of each sector. Furthermore, the author visited the METI, the main ministry in charge of framing and implementing the Cool Japan policy, five times to gain the most comprehensive account and explanations of this policy. A last way to meet the challenge of generalization has been to rely on data triangulation, that is to say the collection of information from multiple sources (interviews, governmental documents, newspaper articles, books, journal articles…) with the aim of corroborating the same findings (Yin, 2014: 120-1).

In addition to theoretical challenges, this author had also to face practical challenges. As said above, the access of the interviewees, whatever their status (elite or non-elite individuals), represented a thorny issue. This author used different strategies to gain access to them. First, some mentors acted as go-between and introduced the author to many interviewees. Campbell highlights the importance of having a mentor who advises a researcher about interviews and of being introduced to secure access to Japanese interviewees (2003: 231). For example, this author was introduced to the MOFA by a Japanese scholar he met at a conference. The video games companies that previously were contacted without recourse to a mentor rejected the requests of interview, but accepted them after being introduced by a Japanese scholar. At the end of each interview, interviewees were asked if they could suggest to meet a person and whether they accepted to introduce this author to such person. This technique, known as snowball sampling, “takes advantage of the social networks of identified respondents” (Atkinson and Flint, 2004: 1044). Through snowball sampling, this author could conduct many interviews.

Another strategy followed was to contact potential interviewees directly by emails or letters. This strategy was used in the case of the absence of mentors. It is not doubt part of the reason why this method failed most of the time. A majority of companies contacted by this method did not answer the requests for an interview, or if they answered, the requests were declined. Finally, this author could interview individuals met at a conference and AnimeJapan 2014, the biggest Japanese anime convention. Therefore, the exchange of business cards (*meishi*) can be seen as the first step to secure interviews.

A practical challenge also lay in the fact that this author was not fluent enough to conduct interviews by himself in Japanese, leading him to rely on the assistance of three interpreters (two in French and one in Spanish). The use of interpreters necessitated an important effort of coordination, not only to coordinate different agendas but also to send questions prior to each interview. A last challenge revolved around how to deal with the biases of interviewees. Respondents may have had difficulties in recalling information accurately. They may have been prone to the “interview effect”, the tendency for interviewees to provide more “socially acceptable” responses or responses they assume the interviewer wants to obtain. They may not have told the truth because they wanted to protect their reputation in the eyes of this author, or because they were questioned about issues that either they did not know how to answer or that they felt embarrassed to answer (Halperin and Heath, 2012: 259). Again, the best way to cope with the biases of interviewees has been to use data triangulation, in other words the collect of information from various sources (Yin, 2014: 120-1).

## **2.5 Conclusion**

This chapter reviewed the different theories available to investigate the relationships between the state and business in political science, respectively corporatism, pluralism, Marxism and elitism. It explained that the statist tradition within elitism represents a good option to develop a conceptual framework based on the notion of the developmental state because statism stresses the relative degree of autonomy of the state (Skocpol, 1979) and state capacity, for example its infrastructural power (Mann, 1988). Actually, the developmental state, as an analytical tool, was coined by Johnson in 1982 when political science experienced an upsurge of interest in the state in the 1980s.

The aim of this chapter was to present a theoretical framework to study the relationships between the state and the cultural industries in Japan. This analytical tool relies on the concept of the developmental state. This model of state has three different characteristics. First, the developmental state has institutional links with business actors. It favours cooperative relations with sectors or industry associations rather than individual relations (Weiss, 2000: 23). Secondly, it possesses a relative degree of autonomy vis-à-vis firms. Indeed, on one hand, it is in close contact with business actors so that it is knowledgeable about the last developments in the markets. This is vital to ensure the deliverance of sound economic policies. On the other hand, the developmental state has to keep some distance in order to avoid being captured from private interests, from the rent-seeking behaviour of corporations. Such a characteristic is called embedded autonomy (Evans, 1995) or governed interdependence (Weiss, 1995).

Lastly, the Japanese developmental state is premised on a shared consensus and commitment of the elite, including the bureaucracy, to close the technological gap between Japan and the industrialized economies of the West. The end of the process of catching-up does not imply the end of the developmental state because a new logic appears, that of keeping up. The elite still wants to secure the competitiveness of its national economy, a priority that cannot be let totally to the whims of the market. It is why, in spite of the implementation of neoliberal reforms and amid globalization, the Japanese developmental state has not become obsolescent. It has adapted to a new context.

This theoretical framework is employed as a lens to analyze the policy Cool Japan in Chapter 5 and the reactions of the cultural industries (manga, anime and video games) to this policy in Chapter 6. The methodology adopted in this doctoral research is based on a qualitative approach and, more specifically, on case studies. This means that each reaction of these sectors is explained in a different case study. In this way, the topic of this thesis can be examined in-depth.

# Chapter 3: Cultural industries in Japan

## **3.1 Introduction**

The aim of this chapter is to set the scene for Chapters 5 and 6. It provides a broad overview of the Japanese cultural industries and explains the evolution of the domestic market. It focuses on the anime, manga and video games industries. Evidence will be given to show the importance that cultural industries occupy in the Japanese economy. This overview is necessary because it shows their capacity to produce and commercialize pop culture on a massive scale. Moreover, the domestic market represents the industrial basis of these industries. The size and structure of the Japanese market cannot be overlooked. Indeed, it is especially the accumulated experience, abilities and skills in the commodification and commercialization of their products in the domestic market that enabled them to build their competiveness before their expansion abroad in the 1980s and 1990s (Otmazgin, 2013: 52-3).

The chapter is divided into three sections. The first section examines the characteristics of the Japanese cultural industries, in particular the close relationships between them and their customers (the case of *otaku*) and between them and amateurs (the case of *dōjinshi*[[40]](#footnote-40)) as well as media mix. The second section deals with the structure of the anime, video games and manga industries. For the anime sector, it focuses on the production committee system, the low-cost strategy of anime studios, the poor working conditions of animators and the lack of animators. It explains that the video games sector is made up of console makers (hardware) and software developers. It also details that the manga industry consists of *mangaka*, publishers and retailers. The last section analyzes the evolution of the domestic market, respectively since the beginning of the 1990s for the manga industry, since the mid-90s for the video games one, and since the beginning of the 2000s for the anime one. It makes clear that the emergence of the Internet represents a current challenge for this sector of the Japanese economy.

## **3.2 The characteristics of the Japanese cultural industries**

Many countries other than Japan have commodified and marketized their popular culture to some degree, either for entertainment or for propaganda purposes (Mulcahy, 2006). Nevertheless, Japan represents an extreme case because the commercialization of a large array of different forms of entertainment is massive. For Donald Richie (2003), Japan is an “image factory”. It has an uncommon ability for creating, commodifying and marketizing cultural innovations and fashion trends, both native and imported. In contrast to other countries, the process of commodification and commercialization in Japan are much more visible and exaggerated (Richie, 2003).

It is true that the Japanese cultural industries are high-skilled in translating artistic creations into consumer products and commercializing them for particular audiences. The process consists of extracting and localizing images, fashion trends and fads. Then, they are turned into products produced and marketized. Creativity is at the heart of this process and is combined with a commercial logic (Otmazgin, 2013: 54).

The Japanese cultural industries are very effective at manufacturing commodified popular culture on a massive scale. At the beginning, a large part of them, such as anime, video games, pop music and television programs, drew upon Western technologies. They were also influenced by Western culture diffused in Japan after the end of the Second World War. The majority of popular cultural products present in the current domestic market associates the strengths of not only imported technologies but also local culture (Nakamura, 2004; Low, 2009; Mōri, 2009; Pope, 2012). Nevertheless, ultimately, the Japanese cultural industries began to create products to target domestic audiences. They shifted from simply imitating Western popular culture to become world-class producers of pop culture. Anime, manga and video games are among the best-known examples (Otmazgin, 2013: 54).

Several characteristics help to explain the ability of the Japanese cultural industries to manufacture commodified popular culture and to market it on a massive scale. For instance, the close relationships between the cultural industries and their audience facilitate creativity in popular culture. Rather than being erratic, these relationships are constant and very active. For the cultural industries, they are paramount in order to extract individual creativity and to transform it into new products. In the case of the audience, the close relationships with the cultural industries give an opportunity to become an active part in the commodification of culture, not only in the creative stages but also in the final design of the products (Otmazgin, 2013: 55-6).

The case of *otaku* is a perfect example of active audience participation in the production of popular culture in Japan and the close proximity between the cultural industries and their customers. *Otaku* are by a huge majority men, who are passionate about anime, video games and manga, and attracted to fictional worlds. In Japanese society, *otaku* is a pejorative term. *Otaku* are harshly criticized for four reasons. Firstly, they are reproached for being detached from reality. They do not perform their roles and responsibilities at home, school and work. Secondly, it is assumed that they are unable to communicate with others. Thirdly, they are considered as failed males. They do not correspond to the social standards of masculinity of Japan. Lastly, they consume and play in uncommon and inappropriate ways (Kam, 2013).

However, at the same time, *otaku* are praised for being enthusiastic and heavy consumers of Japanese popular culture. Their creativity symbolized by *dōjinshi* is also valued. The total number of *otaku* is estimated at 2.85 million of individuals, for a market size of ¥290 billion (Kitabayashi, 2004: 2). Their purchases account for more than 11 per cent of the simple aggregate of the market sizes (¥2.3 trillion) of the anime, manga, idols and video games (Kitabayashi, 2004: 2). The table below details the population and the market size of five sectors of the Japanese content industries. It shows the considerable consuming power of *otaku*. They can no longer be considered as a niche market (Kitabayashi, 2004: 2).

**Table 3.1 Size of the otaku group in five major fields**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Fields** | | **Population⃰⃰ (thousand)** | **Market size (¥1 billion)** | **Major indexes** |
| Manga | | 1000 | 100 | - Number of participants in spot sale of fanzines  - Circulation of specific magazines |
| Animation | | 200 | 20 | - DVD sales per title  - Circulation of specific magazines |
| Idols | | 800 | 60 | - Size of concert audiences  - Sales of first-release CDs |
| Games | Home-use  Personal Computer (PC)  Network  Arcade, etc. | 570  140  30  60 | 45  19  1  13 | - Number of hours spent playing games  - Circulation of specific magazines  - Rate of game players who participate in network games |
| PC assembly | Wealthy  Junk | 30  20 | 30  2 | - Number of specific parts sold  - Sales at PC parts shops in Akihabara  - Circulation of specific magazines |

⃰ Including overlapping categories

Source: Kitabayashi, 2004: 2.

Apart from being heavy consumers, *otaku* also serve as a base for testing new products. Being extremely knowledgeable about the latest trends, they filter or contribute to the diffusion of new products to the market. Most of the time, they are the first consumers of the latest products commercialized (Otmazgin, 2013: 63). The *otaku* market’s role when new products are introduced is illustrated below.

**Table 3.2 Diffusion of new products in the market**

|  |  |  |  |
| --- | --- | --- | --- |
| **The Otaku Stage** | **Popularization 1** | **Popularization 2** | **Declining Stage** |
| Initial consumption and assessment of new products entering the market | Consumption by a wider circle of consumers | Mass consumption, product diversification, and marketing of related products and accessories | Gradual reduction in consumption and appearance of new products |

Source: Nomura Research Institute, 2005b: 47.

In the first stage, new products are consumed by *otaku*. Only after winning their approval are the products then commercialized for a wider group of consumers. In the third stage, successful products are massively consumed. They also turn into spin-off products and accessories. For example, popular manga can be adapted into an anime series. This can boost the sales of the original product and other spin-off products. Lastly, the sales of the products decrease and are replaced by new ones (Nomura Research Institute, 2005a, 2005b).

The close relationships between the cultural industries and amateurs represent another characteristic of these sectors. The Japanese cultural industries have been successful in supporting, recruiting and co-opting individual creativity and private initiatives to contribute to corporate success. Amateurs’ creations are embraced and packaged by the cultural industries, often for a very low compensation. Yet, successful amateurs have the opportunity to showcase their talents and hope to be recruited by the established industries (Otmazgin, 2013: 56).

The case of *dōjinshi* illustrates the close proximity between, on the one hand, manga publishers and consumers; and on the other hand, the manga industry and amateurs. The manga sector has co-opted these amateur artists so that they become part of their business. It is in the mid-1970s that *dōjinshi* appeared in Japan. Amateur manga artists began to sell their works to manga fans in fairs. Nowadays, the largest *dōjinshi* convention, Comiket (an abbreviation for Comic Market), is held twice a year in Tokyo (August and December), and attracts half-million visitors. *Dōjinshi* conventions gather tens of thousands of amateur artists selling their own works (Pink, 2007).

*Dōjinshi* are often but not always based on existing manga. The characters are most of the time similar to those present in existing manga. Nevertheless, amateur manga usually feature parody, sexual content and violent scenes. So how do we explain that, confronted with a clear violation of copyright, manga editors prefer not to sue amateur manga artists and *dōjinshi* publishers? How can we explain such tolerance although *dōjinshi* conventions have grown in scale since their creation? At the conventions in Tokyo and Osaka, amateur manga buy hundreds of thousands of books annually, amounting to millions of US dollars. Actually, the manga sector and *dōjinshi* publishers have reached a tacit agreement. As long as the latter edit amateur manga only on a small scale, the former tolerates their activities (Pink, 2007).

The manga industry even benefits from *dōjinshi* in three ways. First, amateur manga maintain the interest of fans in purchasing manga because their works are based on the originals. These amateur artists make free promotion for manga (Patrick Galbraith Interview, 28/01/2014). Secondly, among *dōjinshi* authors, the manga editors can discover and recruit new talented workers. Professional manga artists such as Takahashi Rumiko, Fujishima Kōsuke, CLAMP and Akamatsu Ken were originally *dōjinshi* creators (Kinsella, 2000: 134; Shimoku, 2008: 120-9). Lastly, instead of conducting expensive customer surveys, *dōjinshi* conventions provide the opportunity for manga publishers to gain easy and free access to their audiences. They can know what is currently popular or not, and about the current and future trends (Patrick Galbraith Interview, 28/01/2014). Therefore, *dōjinshi* revolve around a close interaction between, on the one hand, the manga industry and the consumers; and on the other hand, the professionals and the amateurs. Each side gains an advantage in this reciprocal system (Pink, 2007).

Media mix also represents a characteristic of the Japanese cultural industries. Media mix refers to “the cross-media serialization and circulation of entertainment franchises” (Steinberg, 2012: viii). This popular, widely used term[[41]](#footnote-41) gained its current meaning at the end of the 1980s (Steinberg, 2012: viii). Media mix echoes the concept of convergence defined as “the flow of content across multiple media platforms, the cooperation between multiple media industries, and the migratory behavior of media audiences who will go almost anywhere in search of the kinds of entertainment experiences they want” (Jenkins, 2006: 2). Media mix is vital for anime because their survival depend on other media (manga, toys and video games). According to Steinberg, “media mix is anime’s life support system” (Quoted in Jenkins, 2013). It is rare that the Japanese cultural industries produce stand-alone products, at least in the case of manga, anime and light novels (Jenkins, 2013). The majority of anime is based on manga (Yokota Masao Interview, 06/03/2014). For Condry, 60 per cent of the Japanese animation is adapted from already-popular manga characters (Quoted in Jenkins, 2013).

The franchise *Pokémon* is a famous example of media mix. It started as a pair of video games in 1996. Nowadays, this franchise encompasses a card game, anime TV (Television) series and featured animation, movies, toys, manga and so on. From 1996 until 2013, its cumulative sales were worth ¥4 trillion, respectively ¥1.8 trillion for the domestic market, and ¥2.2 trillion for the foreign one (Famitsū, 2013). Another very lucrative example of media mix is *Yu-Gi-Oh!* which began as a manga and, since then, has spawned a TV series, a card game, at least ten video games, and character goods (T-shirts, pencil boxes, packaged curry etc.) (Itō, 2007: 93). These cases of media mix demonstrate the strong proximity between the sectors of video games, manga and anime in Japan.

## **3.3 The structure of the Japanese cultural industries**

Tokyo represents the hub of the Japanese cultural industries. It is the place where an important part of the products is initially created, produced and commercialized. Out of 419 animation studios, 365 are located in Tokyo, representing 87 per cent of the Japanese animation companies (AJA, 2014: 6). Akihabara is the Mecca for the passionate fans of anime, manga and video games. Shibuya and Harajuku represent fashion centers, particularly for young people.

In addition to big companies, the process of creation and commercialization of the Japanese popular culture includes thousands of small companies and venture start-ups. These small actors are at the heart of the production of this culture (Otmazgin, 2013: 54).

### **3.3.1 The structure of the anime industry**

The animation industry employs approximately 5,000 animators (Otmazgin, 2013: 54). The figure below gives a description of the structure of the anime industry. Actually, it represents the structure for the planning, production and distribution of anime.

**Figure 3.1 Anime industry structure**



Source: JETRO[[42]](#footnote-42), 2005: 3.

In the planning stage, a production committee is created in order to fund a new project. This committee includes TV channels and films companies. It also ranges from advertising agencies to toy companies as well as video games makers and publishers. The involvement of toy companies is necessary to develop character goods and other spin-off products based on the characters of the anime (JETRO, 2005: 2). The making of anime is undertaken by a prime contractor, an anime production. This prime contractor subcontracts to numerous anime companies every phase of production. Most anime are developed for being aired on TV. Feature anime primarily produced for the release in cinema, such as Ghibli feature anime, are an exception (Yokota Masao Interview, 06/03/2014).

The production committee system implies that its members share the copyright of anime because they invest money in the anime production. Anime companies are sometimes part of the production committee. But they are very few, for example Tōei (Yokota Masao Interview, 06/03/2014). Anime companies are deprived of the revenues generated by the commercialization of anime if they are absent in the production committee. Indeed, the prime contractor (an anime studio) only receives money from the contract with the production committee, and the subcontractors (other anime companies) from the contract with the prime contractor (Yokota Masao Interview, 06/03/2014).

However, even if anime studios participate in the production committee, they have to share the revenues with each member of the production committee in proportion to each participant’s respective investment (Matthew Alt Interview, 29/01/2014). One anime producer confessed to this author that his studio receives less than 20 cent of the revenues (Anime Producer Interview, 30/04/2014). Members of the production committee try to compensate the loss of most TV anime by the sales of DVDs and spin-off products such as character goods (JETRO, 2005: 3).

In 2004, Gonzo, Japan Digital Contents, Rakuten Securities and JET securities created the first anime fund to address the issue of financing. The following year, Japan Digital Contents and the Organization for Small and Medium Enterprises and Regional Innovation, an independent government agency, endowed a fund with ¥500 million each to finance content production (JETRO, 2005: 2). Nevertheless, it still remains very difficult for the anime industry to find financing to produce animation because banks consider that this sector does not offer enough guarantee (METI Official 1 Interview, 25/02/2014; Yokota Masao Interview, 06/03/2014). The Japanese government decided to conduct the Cool Japan policy because the Japanese banks are extremely reluctant to fund the expansion of the Japanese cultural industries abroad (see Chapter 5, Section 5.2.4).

Before the 1990s, one big company used to invest in the production of anime in order to gain wide public interest (Former METI Official Interview, 30/04/2014). In the mid-1990s, the production committee system began to spread. It is now the most common way of funding anime because the members of the committee share financially the risk. The business of anime is a risky one. It is hard to predict which anime will be successful. Every three months, two or three new anime will be a success out of the forty new ones broadcasted on TV. If an anime becomes a hit, it can generate huge profits for the production committee (Former METI Official Interview, 30/04/2014).

The anime industry is characterized by a low budget for production, lack of animators and production outsourcing. An episode of thirty minutes for TV costs between ¥11 and ¥14 million (Masuda, 2007: 22). According to the JETRO, this cost is nearly ¥10 million. There are even cases where the anime companies received only ¥5 million (JETRO, 2005: 3). By contrast, the American animation studios have a much bigger budget. They spend hundreds of millions of yen per thirty minutes (Mōri, 2011: 34). Such a low budget can be traced back to the decision of Tezuka Osamu[[43]](#footnote-43) to accept the production of *Astro Boy*, the first popular animated Japanese TV series, for ¥555,000[[44]](#footnote-44) per thirty minute episode in 1963. For the same series, the American channel NBC paid ¥3.6 million for each episode (Fujishima, 1990: 238 and 244).

Tezuka’s anime studio, Mushi Production, reduced the amount of frames necessary to be drawn in order to respect TV deadlines and to produce *Astro Boy* with a very small budget (Jenkins, 2013). In addition, Tezuka created a “bank system” to recycle used pictures for new productions (Mōri, 2011: 34). Through this methods, the production of this anime (almost 200 episodes) required only four people, including Tezuka, for four years (Beldi, 2013: 116). He established the business model for the production of anime that Miyazaki reproached to Tezuka as it has caused the ongoing low budget for the Japanese animation (Mōri, 2011: 41; Beldi, 2013: 116-8).

Despite this business model, Tezuka sold *Astro Boy* at a loss. It is why he decided to license fees for character goods, in other words franchising, and international sales (Jenkins, 2013). For instance, *Astro Boy* was aired in the US (Shiraishi, 1997: 267). However, as detailed in Chapter 4, Section 4.4, the Japanese anime studios withdrew from the American market in 1982 after the failure of Tōei to attract attention from the American movie studios (Leonard, 2005: 287).

As part of a low-cost strategy, in the 1970s, the majority of anime studios, for example Tōei Animation and Mushi Production, began restructuring. The number of full-time animators was reduced and replaced by freelance animators. The anime production was also outsourced abroad (Mōri, 2011: 34-5). Anime companies have increasingly reinforced this phenomenon recently. The stages of planning, directing and those requiring high-level knowledge are still located in Japan, whilst easy tasks such as animating and coloring have moved to other countries such as China, South Korea and elsewhere. This means that young Japanese animators have fewer and fewer opportunities to learn basic skills. It is likely that anime only produce in Japan will be rare in the future. Tōei employs approximately 130 people at its Philippine branch. Ghibli outsourced a part of the production of the world-hit *Spirited Away* to Korean companies (JETRO, 2005: 3). In this way, animation “made in Japan” is produced in part by subcontractors in South Korea, China and other Asian countries (Mōri, 2011: 34).

This low-cost strategy has provoked the degradation of the working conditions of animators. In 2015, the Japan Animation Creators Association[[45]](#footnote-45) (JAniCA) issued a survey about the working conditions of animators. For 31.1 per cent of animators, their career lasts less than five years (JAniCA, 2015: 22). They are relatively young. Their average age is around thirty-four years old. The age bracket the most represented is the one between twenty-five years old and twenty-nine years old (24.5 per cent) (JAniCA, 2015: 12). Their average annual income (¥3,328,000) is lower than the average income of employees (¥4,140,000). Almost half of animators (49.8 per cent) earns annually less than ¥3 million, and 27.2 per cent less than ¥2 million (JAniCA, 2015: 44).

The salary of the Japanese animators is also extremely low so that they remain competitive against animators in other East Asian countries (South Korea, China, the Philippines, and so on) (Ishikawa Shinichiro Interview, 15/04/2014). Not surprisingly, these working conditions have resulted in a steady exodus to the video games industry and elsewhere. They have also caused a lack of animators (JETRO, 2005: 3). A part of animators compensates their low income by income from other activities, such as royalties from works they participated in, teaching their job of animators, *dōjinshi* and so on (JAniCA, 2015: 45).

Most of the animators are freelancers because studios cannot afford to have full-time animators. The only exception was Studio Ghibli. For a TV series production, animators usually only receive around ¥4843 to make one cut (from layout to key frames), whilst inbetweeners are paid only around ¥242 per drawing. To make a living out of it, animators have no other choice but to work fast. Most of them work for several studios at the same time as freelancers. Nowadays, anime studios lack skilled and experienced animators to supervise the production and train young animators (Romain, 2015). .

As this industry is now producing too much content at an incredibly fast pace, anime companies have to rely on poorly skilled animators, sometimes on amateurs who only do this job as a hobby. Animators, especially skilled workers, are very busy all the time. They do not work on the making of an anime until the very last moment. The production sometimes begins only two weeks before the broadcasting and episodes can be completed only few hours before the airing on TV. The quality can be poor but the most important thing is to broadcast something. Against this background, it is common to hear that an episode aired on time is a “miracle” (Romain, 2015).

Poor working conditions, outsourcing of the production abroad and low budget for the creation of anime, all combined together, are undermining the foundations of the Japanese anime industry (Matthew Alt Interview, 29/01/2014). Furthermore, new competitors are emerging in other parts of East Asia. For example, South Korea is implementing a national policy to promote its domestic anime industry to compete with Japan (JETRO, 2005: 3).

### **3.3.2 The structure of the video games industry**

The video games industry consists of some 18,500 employees for a total of 146 mainly small companies (Otmazgin and Ben-Ari, 2012: 19). The big companies are illustrated for example by Sony, Nintendo, Square Enix, Capcom, Namco and so on. The video games industry is divided into the hardware and the software manufacturers. Hardware refers to home consoles which are connected to a TV and portable consoles which can be easily carried. In Japan and around the world, three companies are hardware manufacturers: Microsoft, Nintendo and Sony. Whilst the two latter make both home and portable consoles, Microsoft has only focused on the home consoles market. Whilst being hardware makers, Sony, Nintendo and Microsoft are also software producers (JETRO, 2007: 13-4).

**Table 3.3 Video games hardware makers and top products**

|  |  |  |
| --- | --- | --- |
| **Manufacturers** | **Home consoles** | **Portable consoles** |
| Nintendo | GameCube (September 2001)  Wii (December 2006)  Wii U (December 2012) | Game Boy Advance (March 2001)  Nintendo DS (December 2004)  Nintendo 3DS (February 2011) |
| Sony | PlayStation 2 (March 2000)  PlayStation 3 (November 2006)  PlayStation 4 (February 2014) | PSP[[46]](#footnote-46) (December 2004)  PlayStation Vita (December 2011) |
| Microsoft | Xbox (February 2002)  Xbox 360 (December 2005)  Xbox One (September 2014) |  |

Source: Smith, 2012; CESA, 2013: 206; Phillips, 2013; Xbox, 2014.

Software producers have to develop video games which take into account the specificities of each console because the three hardware platforms are not compatible between them, regardless of being home or portable consoles. Software companies normally pay royalties to hardware makers. For instance, a company which develops a video game for the PS3 has to pay a fixed royalty to Sony. The amount of royalties depends on software developers, products and sales volumes (JETRO, 2007: 14). Software producers can be divided into those which commercialize video games on the market, and those specialized in the development of video games, called game developers. Yet, it does not mean that software publishers do not develop at all video games. Indeed, they also develop their own games (in-house development) and commercialize them (CESA, 2013: 71).

**Figure 3.2 Video games production model**



Source: JETRO, 2007: 14.

Some software companies choose to create video games for only one console (closed platform). Others prefer producing for multiple hardware makers’ consoles (open platform). Recently, the last option has gained the favour of more video games companies as this strategy maximizes gains and reduces risks. Facing the rise of the development costs of video games, many video games companies decided to merge in the 2000s (JETRO, 2007: 14). Development cost for a home console title amounted to ¥505.2 million for the PS3, ¥521.2 million for the Xbox 360 and only ¥280 million for the Wii. Development cost for a portable console is less significant. Indeed, it represents ¥199.7 million for the Nintendo 3DS and almost the same (¥199.5 million) for the PlayStation Vita (CESA, 2013: 101).

**Table 3.4 Examples of restructuring among software developers**



Source: JETRO, 2007: 14.

### **3.3.3 The structure of the manga industry**

About 4,000 *mangaka* and 28,000 assistants work in the manga sector (Otmazgin, 2013: 54). This industry is made up of 4,260 publishing companies. Nevertheless, the ten major manga editors such as Shōgakukan, Kōdansha, Shūeisha and Hakusensha publish the majority of manga. The sales of manga constitute around 20 per cent of the magazine sales and around 27 per cent of the book sales in Japan. The sales of *dōjinshi* are estimated at several tens billions of yen a year. They make up 10 per cent of the manga books and magazines sold (JETRO, 2008: 3). According to Ian Condry, manga represent 20 per cent of the value of the Japanese publishing industry overall (Quoted in Jenkins, 2013). In a nutshell, manga are an important segment of the Japanese publishing industry (JETRO, 2008: 3).

The manga industry is divided between *mangaka*, publishers and retailers. *Mangaka* are the artists who draw manga. In many cases, drawing a series by himself represents such an important workload for an artist that he must be helped by assistants. Publishers are in charge of editing, binding and printing manga magazines and manga books. In some cases, despite having their own internal editing department, they subcontract a part of the editing process to external editing companies. Retailers deal with the sales of manga to the consumers (JETRO, 2008: 3-4).

Manga artists are the copyright holders of their works. However, frequently, *mangaka* prefer signing a contract with publishers which become responsible for the management of the copyright of manga. Manga artists receive royalties when their works are published. A typical course for manga is first to appear in manga weekly magazines. Then, if the manga is well received, it is commercialized as a book. Lastly, manga are often adapted into anime. Indeed, many anime are inspired by manga. Manga characters can also turn into character goods. If manga become a spin-off product such as anime or character goods, the copyright holder has to receive a usage fee (JETRO, 2008: 3 and 5). The figure below illustrates the issue of manga-related rights for manga.

**Figure 3.3 Structure of transactions involving manga-related rights**



Source: JETRO, 2008: 5.

## **3.4 The Japanese cultural industries and the domestic market**

The size of the Japanese cultural industries is impressive. In 2011, the domestic market was worth $US192.8 billion (¥15.4 trillion), amounting to approximately 5.7 per cent of the world market. It was only preceded by the US with a market estimated at $US463.9 billion (¥37 trillion) (PwC[[47]](#footnote-47), 2012: 49). However, in Japan, the content industries represent only 2 per cent of the GDP (Gross Domestic Product). It differs from the US where they represent 5 per cent and the worldwide average of 3 per cent. Therefore, according to the DCAJ, the Japanese content industries have still some potential for further growth (2009: 36).

**Figure 3.4 Entertainment and media market by country in 2011[[48]](#footnote-48)**

Source: PwC, 2012: 49.

The DCAJ calculated that the domestic market of the Japanese content industries[[49]](#footnote-49) was worth ¥11.89 trillion in 2012. The peak of the content industries was in 2007, with a size of ¥12.99 trillion, almost the same amount as the previous year. From 2003 to 2007, the content industries expanded from ¥12.09 trillion to ¥12.99 trillion. However, from 2007 until 2009, their sales decreased significantly, from ¥12.99 trillion to ¥11.91 trillion. Since then, the Japanese domestic market has been stagnant. This fall is certainly the result of the economic crisis which started with the bankruptcy of the American bank Lehman Brothers in 2008. The contraction of the sales in 2011 must be related to the aftermath of the earthquake which struck the northeast of Japan in March 2011, and the following tsunami and Fukushima nuclear crisis (DCAJ, 2013: 36).

**Figure 3.5 Domestic market of the Japanese content industries**

Source: DCAJ, 2013: 36.

### **3.4.1 The Japanese anime market**

In 1917, the first anime, called *Imokawa Mukuzō Genkanban no Maki* (Mukuzō Imokawa, the Doorman) was screened in cinemas. The first anime feature movie, *Momotarō Umino Shimpei* (Momotarō’s Divine Sea Warriors) was released in 1945. With the rapid development of television after the end of the Second World War, anime began to be broadcasted as TV programme. In 1961, Tezuka founded Mushi Production which pioneered TV animation in Japan. This studio and another one, Tōei Animation, established anime as a massive mainstream industry (Hu, 2010: 83-103). In the 1960s, anime explored new genres and themes. In the 1970s, the cooperation with toy companies, record firms, publishers, investment sources and distribution deepened.

Nowadays, anime are consumed not only via television and cinemas, but also through the Internet, mobile phones and tablets. They are adapted into video games as well (Poitras, 2008: 49). *Pokémon* and *Digimon* were a hit among children of all ages. *Pokémon* was aired on TV in almost seventy countries around the world. Children aged between four and twelve years old represented 40 per cent of the audience (Sugiura, 2008: 133). *Neon Genesis Evangelion* and Miyazaki’s feature anime became famous among young and adult audiences.

The Japanese anime market based on the sales of anime studios increased significantly between 2002 and 2005. The peak of the anime market was reached in 2005 with ¥223.2 billion of sales. After that year, the sales dropped until 2009 (¥145.7 billion) (AJA, 2014: 3). In addition to the global financial crisis which started in 2008, a crisis of overproduction took place in 2005 (Roland Kelts Interview, 27/03/2014). Since 2009, the market has improved, but it is still below the peak of 2005 (AJA, 2014: 3). A structural challenge that the Japanese anime industry will face in the future is the rapid aging of the Japanese population. Indeed, the expected sharp decrease in the number of young people will highly likely reduce the consumers of anime and the number of animators. This casts doubt on the idea that the domestic market is sufficient for this sector (Roland Kelts Interview, 27/03/2014).

**Figure 3.6 The Japanese anime market (anime studios’ sales)**

Source: AJA, 2014: 3.

If we take into consideration the market based on the purchases by fans of anime and anime-related products, the scale of the anime market in Japan is impressive. Between 2002 and 2008, the market increased steadily, from ¥1.1 trillion to ¥1.41 trillion. Nevertheless, in 2009, the market reduced to ¥1.28 trillion. Since then, the Japanese anime market in a broad sense has steadily risen and reached a new peak in 2013 with ¥1.49 trillion (AJA, 2014: 3).

**Figure 3.7 The Japanese anime market (fans’ purchases)**

Source: AJA, 2014: 3.

### **3.4.2 The Japanese video games market**

The Japanese video games market is more important than the market for movies. Video games were first developed in the US at the same time as computers. At the beginning of the 1970s, Japan began to develop arcade games. Japanese developers created successful games and characters such as Pac-Man (Namco) and Donkey Kong (Nintendo). In 1983-4, the American video games market faced a devastating crash. Western developers, weakened by the crash, preferred focusing on the PC market. Japanese companies kept producing video games not only for consoles but also for arcades. They came to dominate the market in the 1980s and 1990s. In 1989, Nintendo, for the first time, commercialized a portable console, the Gameboy. This company still dominates the portable console market nowadays. In 1995, Sony entered the console market with the PlayStation. In 2001, it was the turn of Microsoft with the Xbox. The same year, Sega decided to stop the production of the Dreamcast (Otmazgin, 2013: 66-7).

The two figures below describe the evolution of the Japanese video games market between 1996 and 2012. The collapse of the software sales, in other words video games, is spectacular, from ¥583.3 billion in 1997 to ¥314.1 billion in 2005. Even if the sales of software increased between 2005 and 2006, 2007 and 2008 as well as between 2009 and 2010, they fell to ¥293.2 billion in 2012. Therefore, between 1997 and 2012, the sales of video games sharply dropped 50 per cent (CESA, 2013: 205).

The evolution of the sales of consoles follows the commercialization of new consoles. For example, in 2001, the sales amounted to ¥244.9 billion. The new consoles of Nintendo, the home one (Gamecube) and the portable one (Game Boy Advance) were released that year. The previous year, Sony had released the PlayStation 2. It is certainly not an accident that the peak of hardware sales in 2007 occurred just after the launch of the PlayStation 3 in November 2006 and the Wii one month after. In 2012, Sony and Nintendo accounted for 96.9 per cent of the sales of home consoles. The same year, Nintendo dominated the sales of consoles with a share of 66.9 per cent, the only sales of Nintendo 3DS representing 51.7 per cent. Sony dominated the market of home consoles with 16.3 per cent (PlayStation 3 16.1 per cent and PlayStation 2 0.2 per cent). However, its share of the sales of home consoles was more important in 2011 with 23.8 per cent. PlayStation 3 sales represented 23.2 per cent and PlayStation 2 0.6 per cent (CESA, 2013: 105).

If we aggregate the sales of hardware and software, they reached their peak in 1997. From 1997 to 2004, the market contracted sharply. The sales decreased from ¥758.2 billion to their lowest amount, ¥436.2 billion. Whilst it is true that the market grew to ¥711.4 billion in 2007, it decreased from 2007 to 2012, amounting to ¥485.7 billion (CESA, 2013: 205). Since the commercialization of the Wii U in December 2012 and the PlayStation 4 in February 2014, the former has been more successful than the latter, respectively selling 2.47 million units and 1.6 million units (D'Angelo, 2015). In September 2015, Sony announced a reduction of the price of the PlayStation 4, from ¥39,980 to ¥34,980[[50]](#footnote-50), in other words a reduction of ¥5,000. In this way, Sony hopes to boost the sales of its console in the domestic market (Famitsū, 2015b).

**Figure 3.8 The Japanese video games market (1)**

Source: CESA, 2013: 205.

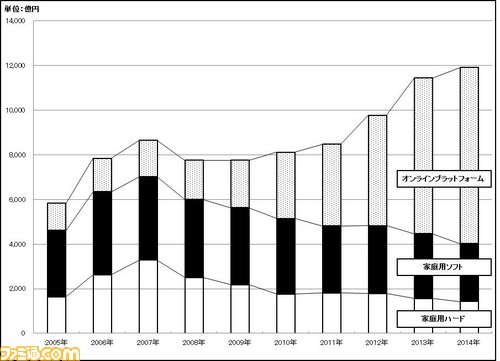
**Figure 3.9 The Japanese video games market (2)**

Source: DCAJ, 2013: 233; CESA, 2013: 205.

The arcade video games[[51]](#footnote-51) market steadily rose from ¥760 billion (¥605.5 billion for games sales and ¥154.5 billion for the sales of machines and instruments) in 2002 until its peak in 2006, amounting to ¥926.3 billion (¥702.9 for games sales and ¥223.4 billion for the sales of machines and instruments). Even if the market reduced from 2006 to 2011, the arcade video games market remained more important in 2011 than the video games market. The former was worth ¥672.3 billion versus ¥501.9 billion for the latter (DCAJ, 2013: 233).

The sector of video games that has experienced the fastest growth since the mid-2000s has unquestionably been online games[[52]](#footnote-52). The figure below testifies to this rapid development. Between 2013 and 2014, they rose 13 per cent, amounting to ¥788.6 billion. Home games software and hardware were estimated at ¥403.9 billion. In total, the Japanese video games market was worth around ¥1.2 trillion in 2014, online games representing 65.8 per cent of the total market (Famitsū, 2015a). The structure of the video games market has thus dramatically changed. It has diversified with the sector of online games being the dominant sector of the market. The share of home video games (hardware and software) is expected to continue to decrease in the future. Online games are the future of the video games industry (CESA Official Interview, 31/03/2014).

**Figure 3.10 The Japanese video games market (3)**

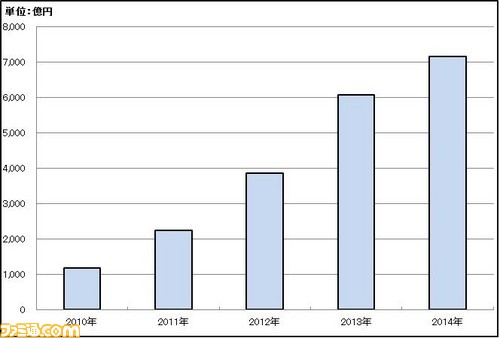


Legend: online games, home games software, home games hardware. Unit: ¥100 million

Source: Famitsū, 2015a.

The growth of mobile games[[53]](#footnote-53) has been spectacular since 2010 as demonstrated by the figure below. Between 2010 and 2014, sales in this sector multiplied by seven. In 2014, it increased 18 per cent compared to the previous year, amounting to ¥715.4 billion (Famitsū, 2015a). This rapid growth reflects the development of the Internet, new devices to play games (smartphones and tablets) as well as the popularity of Social Networking Service (SNS), for example Mobage, Mixi, GREE and so on (DCAJ, 2013: 120 and 125; CESA Official Interview, 31/03/2014).

**Figure 3.11 The Japanese mobile games market**



Unit: ¥100 million

Source: Famitsū, 2015a.

### **3.4.3 The Japanese manga market**

Manga are one of the most widespread mediums of popular culture in Japan. Manga appeared in the 1920s, but it was in the 1960s that such comic books began to emerge as a mainstream industry. Manga have diversified into various genres in order to target different age and social groups. They deal with a very large array of themes, ranging from fantasy, history, religion to horror and supernatural. They also include humour, politics, sports, science-fiction and war (Bryce and Davis, 2010). In contrast to Western countries, manga are read not only by children and teenagers, buts as well by adults. Numerous genres of manga exist: *shōnen[[54]](#footnote-54)* (young boys), *shōjo* (young girls), *seinen* (young male adults), *josei* (young female adults), *yaoi[[55]](#footnote-55)* (boy-love stories) and so on (Bryce and Davis, 2010). Tezuka contributed to the rise of the manga industry. He was a prolific author creating seven hundred manga series, for example *Astro Boy*, *Kimba the White Lion*, *Hi no Tori* (Phoenix) and *Black Jack*. His titanic production contributed to establish manga as a respectable reading for all age groups in Japan (Patten, 2004: 198). Nagai Gō’s works (more than fifty manga stories) also contributed to establishing manga as one of the most popular forms of Japanese popular culture (Otmazgin, 2013: 67).

The sales of manga can be divided into two categories: manga magazines and manga books. The peak of manga magazines sales was in 1995, amounting to ¥335.7 billion. Nevertheless, since 1995, their sales have fallen dramatically. They only accounted for ¥156.4 billion in 2012, so a collapse of approximately 53 per cent compared to the sales in 1995. The situation of the sales of manga books is different. Indeed, they increased from ¥219.1 billion in 1992 to ¥260.2 billion in 2005, the peak of manga books sales. It was also in 2005 that, for the first time, the sales of manga books exceeded the sales of manga magazines. This situation has continued until now. It is also since 2005 that the sales of manga books have steadily decreased. In 2012, they represented ¥220.2 billion, almost the same figure than in 1992. Putting together both sales, the best year of Japanese manga market sales was in 1995 for a total of ¥586.4 billion. Yet, since 1995, the combined sales have massively fallen. In 2012, they were worth ¥376.6 billion, that is to say a fall of nearly 36 per cent. Indisputably, since 1995, the sales of manga have been ailing (All Japan Magazine and Book Publishers’ and Editors’ Association, 2008: 218-9).

**Figure 3.12 The Japanese manga market (1)**

Source: All Japan Magazine and Book Publishers’ and Editors’ Association, 2008: 218-9.

**Figure 3.13 The Japanese manga market (2)**

Source: DCAJ, 2013: 76.

The massive decline in the sales of manga magazines results from a change of reader behaviour. They no longer purchase manga magazines that contain works that do not interest them much and prefer buying manga books presenting stories that attract their attention. Furthermore, manga have lost a part of their attraction. Lastly, the emergence of electronic manga have transformed the consumption of manga (Sasaki Toshiharu and Wakabayashi Hideki Interview, 30/04/2014). Whilst the sales of paper-based manga have significantly dropped, the consumption of electronic manga has risen in the last ten years. This trend is linked to the emergence of smartphones and tablets that constitute new platforms for the reading of manga. Facing this situation, publishers are editing more electronic manga than before. If the sales of paper-based and electronical manga are combined, the sales of manga are on the rise (Sasaki Toshiharu and Wakabayashi Hideki Interview, 30/04/2014).

In 2011, for the first time, the electronic manga market contracted. It amounted to ¥49.2 billion, a slight decrease of 0.8 per cent compared to 2010. Such decrease was mainly due to the fall of 12 per cent of the sales for mobile phones (All Japan Magazine and Book Publishers’ and Editors’ Association, 2013: 240-1). In 2011, the sales of electronic manga for mobile phones represented 82 per cent of overall sales of electronic manga. Publishers were taken by surprise by the sharp transition between feature phones and smartphones as a platform to read electronic manga (DCAJ, 2013: 78).

In 2012, the market of electronic manga grew from ¥49.2 billion to ¥57.4 billion, an increase of ¥8.2 billion. As proof that publishers adapted electronic manga for smartphones and tablets, the sales on both platforms skyrocketed by ¥20.3 billion. Yet, even if electronic manga expand in the future, it does not mean that these sales will compensate for the fall in the paper-based manga market. Indeed, they have to face the harsh competition of other leisure activities on smartphones and tablets such as mobile games or listening to music (DCAJ, 2013: 78).

## **3.5 Conclusion**

This chapter analyzed the structure and characteristics of the Japanese cultural industries. It also detailed the evolution of the domestic market, respectively since the beginning of the 1990s for the manga industry, since the mid-90s for the video games one, and since the beginning of the 2000s for the anime one. The Japanese cultural industries have become very high-skilled in manufacturing commodified popular culture on a massive scale. Whilst big companies are involved in the production of Japanese pop culture, at the same time thousands of small companies and venture start-ups are also engaged in the production of popular culture. Tokyo represents the hub of Japan’s cultural industries, especially the districts of Akihabara, Shibuya and Harajuku.

The production committee system began to spread in the mid-1990s to fund the production of anime. It is now the most common way of funding anime because the members of the committee share financially the risk. The structure of the video games sector consists of hardware manufacturers (home and portable consoles) and software makers (game publishers and developers). However, it does not mean that video games companies focus only on one activity. The structure of manga publishers is divided into *mangaka*, editors in charge of publishing, binding and printing manga magazines and manga books, and retailers that sell manga to consumers.

The Japanese cultural industries are characterized by close relationships with their consumers. They cultivate close relationships with amateurs as well. The case of *dōjinshi* and *otaku* illustrate both relationships. *Otaku* symbolize the close proximity between this sector and their customers. In the case of *dōjinshi*, each side gains an advantage in this reciprocal system. For example, on the one hand, amateur *mangaka* drawing *dōjinshi* can hope to be recruited by editors. On the other hand, manga publishers are aware that *dōjinshi* can train new talent.

The domestic market of the Japanese cultural industries is the second biggest of the world after the US. It represents approximately 5.7 per cent of the world market. According to the DCAJ, the domestic market was estimated at ¥11.89 trillion in 2012. It decreased significantly from 2007 until 2009, and since then has been stagnant. If we examine the Japanese anime market, we note that it increased significantly between 2002 and 2005. Yet, the sales dropped between 2005 and 2009. Sales have improved since 2009, but they are still below the peak of 2005. If we consider the anime market in a broad sense, it continuously rose between 2002 until 2008, from ¥1.1 trillion to ¥1.41 trillion. In 2009, it decreased to ¥1.28 trillion, and since then has regularly increased with a peak (¥1.49 trillion) reached in 2013.

Concerning the video games market, the collapse of the software sales is spectacular. Indeed, between 1997 and 2012, the sales of video games sharply dropped 50 per cent. If we aggregate the sales of hardware and software, their peak was reached in 1997. After a strong drop of the sales until 2004, they grew massively until 2007. Since then, the combined sales of hardware and software have fallen. Though the arcade video games market contracted between 2006 and 2011, it is still more important in 2011 than the video games market. In the sector of video games, the segment of online games, in particular mobile games, have skyrocketed since the mid-2000s to the point that mobile games nowadays are the most important segment of the video industry.

Lastly, the sales of manga magazines have drastically fallen since their peak in 1995: a collapse of around 53 per cent. The situation of the sales of manga books is different because their peak was in 2005. However, since 2005, the sales of manga books have steadily decreased. In 2012, they were almost equivalent to those in 1992. Both sales combined, the best year of the Japanese manga market sales was in 1995. Yet, since 1995, the combined sales have massively been reduced. In the last ten years, the consumption of electronic manga have developed. This has led publishers to edit more electronic manga than before.

Whether it be the industries of anime, manga or video games, they have to cope with a structural change: the massive development of the Internet. This has profoundly modified the way of consuming popular culture. The Internet will probably force the anime, manga and video games industries to deliver their products directly via downloading and/or streaming for smartphones, tablets and laptops. The current boom of electronic manga and online games proves that the structure of the cultural industries is evolving. The stagnation of the Japanese economy and the shrinking of the young population will give more incentive for them to consider the foreign markets. In order to set the scene for Chapters 5 and 6, it is necessary to analyze the exports of Japanese pop culture in the next chapter.

# Chapter 4: The global growth of Japanese popular culture

## **4.1 Introduction**

Teachers of Japanese and scholars in Japanese studies can testify that it is the current popularity of Japan’s pop culture that has led young people around the world to learn Japanese and to enroll in Japanese university-related courses. Previously, in the 1980s, it was the economic performance and business management that triggered an interest in Japan. According to the Japan Foundation, the dissemination of anime and manga has provoked a surge of students learning Japanese. Among the reasons, watching anime, reading manga and listening to J-pop are often cited (54 per cent). The number of foreigners studying Japanese abroad rose from 127,000 in 1979 to almost 4 million in 2012 (Japan Foundation, 2013a). Therefore, learning Japanese is one of the ripple effects of the dissemination of Japanese pop culture. Another ripple effect is to come to Japan as tourists. Sugiura Tsutomu, an economist, expressed his surprise that two young French, friends of his son, returned to their country without having visited either Kyoto or Kamakura. They rather visited the districts of Akihabara, Shibuya, Shinjuku and Ikebukuro with the specific purpose of purchasing manga (Sugiura, 2008: 132).

It is not the first time in history that Japanese culture has attracted attention worldwide. The first wave of Japanism took place at the end of the 19th century and the second emerged in the 1950s and 1960s. In both waves, the focus was on traditional culture such as pottery, lacquerware, tea ceremony, *ikebana* (flower arrangement), calligraphy, kimono and martial arts. The interest was limited to a narrow group of intellectuals and Japanophiles. In contrast to both these periods, the current attraction of Japan, the third wave of Japanism, rests on its contemporary pop culture. Moreover, rather than limited to the elites, Japanese pop culture has spread to the general public, especially among the young people (Sugiura, 2008: 133-4).

The aim of this chapter is to explain how Japanese pop culture (anime, manga and video games) has been massively disseminated around the world since the 1980s. The focus is on East Asia[[56]](#footnote-56), Europe and the US. These three regions represent the most important markets for Japanese pop culture, demonstrating that it has acquired a worldwide audience. To avoid any misunderstanding, this chapter does not explain why this pop culture has attracted fans around the world (Iwabuchi, 2002; Kelts, 2006; MacWilliams, 2008), but focuses on how it has been disseminated abroad. In the first section, data are presented as evidence of the global growth of Japan’s pop culture. In the second one, the dissemination by Japanese and foreign companies is detailed. The last section of this chapter analyses the importance of piracy and fans’ activities in the global spread of Japanese pop culture.

## **4.2 Japanese popular culture and the foreign markets**

In addition to its attractiveness from an artistic point of view, it is important to keep in mind that Japan’s popular culture represents also a big export industry (Otmazgin, 2013: 51). Based on a broad definition of popular culture, Sugiura tried to estimate the export value of Japanese media, copyrights, publishing, fashion, other entertainment, and fine art. According to his own calculation, cultural exports surged from ¥497 billion in 1992 to almost ¥1.5 trillion in 2002, representing a cumulated value of ¥10.5 trillion between 1992 and 2002. This increase is particularly impressive when compared to the only 20 per cent of growth of manufacturing sector’s exports during the same time frame (Sugiura, 2003).

**Figure 4.14 The Japanese global cultural exports value**

Source: Sugiura, 2003.

Based again on his own calculation which includes the exports sales of popular culture products (music, video games, movies and anime), books, magazines, paintings, art, handicrafts as well as the income from performances, events, patent royalties, franchises and copyright payment, the combined total of culture-related products and services amounted to ¥836 billion in 1996. Ten years later, it nearly represented ¥2.5 trillion, that is to say an increase of more than threefold. In contrast, during the same period, Japan’s total merchandise (non-cultural and cultural products) exportations rose as well, but not at the same pace, around 68 per cent, from ¥44.7 trillion to ¥75.2 trillion. As a result, Japan’s cultural-related export growth was much more important than the growth of total merchandise exports (Sugiura, 2008: 140-1).

After the end of the Second World War, the Japanese cultural industries focused their activities on the domestic market. Their growth was due to local demand. But, in the 1980s, Japan progressively became an important exporter of popular culture with anime, manga and video games. Since then, the volume and the range of products (dramas, music, spin-off items etc.) have significantly increased. In addition to the consumption of Japanese pop cultural products overseas, its formats and genres, such as trendy drama and idols, have been emulated in East Asia, for instance in South Korea. In general, the success of one product engenders a process of spill-over into the success of other products. Thus, the success of anime has stimulated the sales of character toys, video games and manga. Nowadays, Japanese entertainment products, in particular manga, video games and anime, are praised for their well-developed narratives (Otmazgin, 2013: 72).

### **4.2.1 The exports of anime**

Manga and anime were the two first products to be exported. In a report, the JETRO claims that around 60 per cent of animation broadcast around the world comes from Japan (JETRO, 2005: 7). In the past two decades, feature anime movies such as *Ghost in the Shell* (1995) and *Spirited Away* (2001), and anime series such as *Dragon Ball*, *Knight of the Zodiac* and *Sailor Moon* captured the public’s attention abroad and sparked off a massive interest in Japanese animation, especially among young people.

According to the AJA, the sales of anime abroad were at the peak in 2005 with ¥31.3 billion. Yet, in 2012, the sales represented only ¥14.4 billion, a sharp decrease of 54 per cent of the sales compared to the peak of 2005. In particular, it is between 2008 and 2009 that the drop was the most pronounced, from ¥24.8 billion to ¥15.3 billion. If we take into consideration the market based on the purchases of anime and anime-related products by fans, the peak of anime sales was again in 2005, totalling ¥521.5 billion. Nevertheless, in 2012, the sales amounted only to ¥240.8 billion, a collapse of approximately 54 per cent. It is especially between 2008 and 2009 that the decrease was the most pronounced, from ¥413.7 billion to ¥254.4 billion (AJA, 2013: 67). This pronounced decrease was certainly linked to the beginning of the American economy crisis.

**Figure 4.15 The anime market overseas (anime studios’ sales)**

Source: AJA, 2013: 67.

**Figure 4.16 The anime market overseas (fans’ purchases)**

Source: AJA, 2013: 67.

In 2013, 989 contracts with fifty-three countries[[57]](#footnote-57) were signed for the overseas distribution of Japanese animation, for a total of 388 works. The first client was South Korea, for a number of ninety contracts. Taiwan was ranked second with eighty-one and the US the third, totalling seventy-three contracts. Ranked from the fourth until the tenth were respectively Canada (sixty-two), Thailand (fifty-four), China (fifty), Hong Kong (forty-four), Italia (thirty-five), Australia (thirty-one) and, equally ranked, New Zealand and France (nineteen) (AJA, 2014: 5). In 2013, Asia[[58]](#footnote-58) represented 56.4 per cent of the contracts, North America (Canada and the US) 18.9 per cent, Europe[[59]](#footnote-59) 12.9 per cent, Oceania (Australia and New Zealand) 7 per cent, Latin America[[60]](#footnote-60) 3.1 per cent, Eastern Europe (Czech Republic, Poland and Russia) 1.7 per cent, Africa (South Africa) 0.1 per cent and Middle East 0 per cent (AJA, 2014: 5). South Korea, Taiwan and the US have been the first ranked nations in terms of contracts signed for the commercialization of Japanese anime in the previous years, while France and Hong Kong lost several places compared to 2012. The top ten countries represented 75.4 per cent of the contracts signed in 2013. This significantly differs with the previous where they accounted for 48.5 per cent (AJA, 2014: 5).

In 2002, the American anime market amounted to $US4.36 billion (¥547.1 billion) (JETRO, 2011a: 39). It accounted for 3.5 per cent of the total exports from Japan to the US. It was 3.2 times more than the exports of Japanese steel products to the US in the same year (Otmazgin, 2013: 72). The following year, the anime market in this country reached its peak with $US4.84 billion (¥560.5 billion). The sales of character goods, spin-offs of anime, constituted 92 per cent of the total sales, demonstrating the importance of products derived from anime. However, in 2009, the American anime market was only worth $US2.74 billion (¥256.5 billion). Even if it increased between 2008 and 2009, its amount was still far from the peak of 2003. It is in particular the collapse of character goods from $US4.45 billion (¥515.4 billion) in 2003 to $US2.42 billion (¥226.5 billion) in 2009 that caused the dramatic decrease of 43 per cent of the anime market in the US in the same period (JETRO, 2011a: 39).

**Figure 4.17 Anime market in the US[[61]](#footnote-61)**

Source: JETRO, 2011a: 39.

In China, the combined market of manga and anime was worth 17 billion yuan (¥231.9 billion) in 2009 and 20.8 billion yuan (¥269.7 billion) in 2010. It was expected to represent 32.1 billion yuan (¥406.3 billion) in 2012. Revenues generated by the broadcasting on TV of Japanese animation amounted to 4.1 billion yuan (¥55.9 billion) in 2009. They were expected to be worth 10.1 billion yuan (¥127.8 billion) in 2012 (JETRO, 2012a: 111).

In contrast to Japanese manga publishers that moved from the sales of translation rights to the setting-up of subsidiaries in the West, Japanese anime studios have not established their own subsidiaries abroad. Nowadays, the anime industry is in a paradoxical situation: despite the global success of anime around the world, this sector is struggling. As detailed in Chapter 3, Section 3.3.1, the production committee system implies that anime companies are deprived of the revenues if they are not part of the production committee. If they are one member, they have to share the revenues with the other investors in proportion to each participant’s respective investment. Therefore, anime companies do not have enough money to fund their own subsidiaries overseas, Tōei and Production I.G being exceptions.

Moreover, the Japanese anime industry suffers from a big shortage of staff with expertise in intellectual property rights. This has caused small profits for this industry abroad. Anime studios need staff members who know to negotiate with American distributors on equal terms, and also to analyze the performance of their product sales so that they can secure equitable and profitable contracts overseas. Until now, few Japanese studios have been able to negotiate with American studios on equal terms (JETRO, 2005: 7-8). The loss of royalties in the foreign markets of Bandai Visual is calculated at tens of millions of yen every year (JETRO, 2005: 8). Roland Kelts uses the expression “Japan’s IP[[62]](#footnote-62) problem” to call the difficulty of the anime companies to export their contents on their own (2006: 103-21). In general, Japanese companies are very high-skilled at marrying their intellectual property to physical products, but they do not have long experience as an exporter of IP in the digital age (Kelts, 2006: 106-8).

### **4.2.2 The exports of manga**

The exports of manga have been on the rise as well. The ten major Japanese manga publishers sell translated versions of manga. Their licensing income is estimated at approximately ¥12 billion, whilst the total-right associated income of the domestic market is believed to be about ¥50 billion (¥26 billion for manga books, ¥24 billion for manga magazines). Therefore, the overseas licensing income represents 24 per cent of the domestic right-associated income (JETRO, 2008: 9).

Since the 1990s, manga have been massively disseminated abroad. They are particularly popular in East Asia. In 2009, in South Korea, approximately 80 per cent of comic books were manga translated from Japanese (Yamanaka, 2010: 50). In Taiwan, even if manga sales have decreased sharply by 40 per cent since 1996, they still represent approximately 80 per cent of the comics market (Lent, 2010: 307). Japan’s bestselling weekly manga magazine, *Weekly Shōnen Jump*, after its launch in the US in November 2002, sold more than 500,000 copies per issue monthly (Sugiura, 2008: 133). In 2002, the American manga market was worth $US50 million (¥6.3 billion). It increased steadily until its peak in 2007, totalling $US210 million (¥24.7 billion). But, two years later, in 2009, it decreased to $US140 million (¥13.1 billion) JETRO, 2011a: 55).

Italy used to be the most important market for manga in Europe despite the absence of official sales’ statistics. However, in 2005, manga and *manhwa* (Korean manga) accounted for 58 per cent of the approximately 2,800 comic titles published (Zaccagnino and Contrari, 2007: 2). *Dragon Ball* deluxe edition represents the all-time bestselling manga, each issue totalling around 150,000 copies sold at the end of the 1990s. Later best-sellers, for example *InuYasha* and *One Piece*, were less popular, with no more than 75,000 copies per volume (Bouissou *et al.*, 2010: 254).

Until 2000, France published five times less new manga titles than Italy annually. Nevertheless, between 2000 and 2008, new manga titles in France skyrocketed by 567 per cent, from 227 to 1288 (plus 98 new *manhwa* titles). In 2008, manga represented a share of 35.8 per cent of the new comic titles published in France. Their sales accounted for 37 per cent of the French comics market, amounting to 12.3 million copies sold for a value of more than 160 million euro (¥24.4 billion). The bestseller *Naruto* sold 220,000 copies for each of its six new volumes. At this moment, France is perhaps the most important manga market in Europe (Bouissou *et al.*, 2010: 254).

Nowadays, Germany is the third largest European manga market (Dolle-Weinkauff, 2006). Manga represent the majority of comics sold, approximately 70 per cent. In contrast to other European markets where the readers are more equally gender-distributed, manga are mostly read in Germany by women. From 1997 to 2006, the German market skyrocketed from 3 to 70 million euro (¥364.1 million[[63]](#footnote-63) to ¥10.2 billion). Titles such as *Dragon Ball, Sailor Moon, InuYasha* and *Detective Conan* are the bestsellers. The sales of the latter two amounted to one million copies each in 2005. *Dragon Ball* sold six million copies between 1997 and 2006, and its current sales still do well (Bouissou *et al.*, 2010: 255).

### **4.2.3 The exports of video games**

In contrast to manga publishers and anime studios, the Japanese video games industry, since its beginning, has put emphasis on the global market (CESA Official Interview, 31/03/2014). The Nintendo’s Family Computer, also known as Famicom, was commercialized in Japan in 1983, and then was launched in the US in 1985 and Europe in 1986. In western countries, this console was released as the Nintendo Entertainment System (NES). The Japanese video games industry can be divided in two groups: first, small companies that only focus on the domestic market; and secondly, big companies that need to export their video games and consoles (Sony and Nintendo) because the Japanese domestic market is not large enough to secure a return on their investments. These companies calculate that the exports of their products can yield twice more than relying only on Japan’s domestic market. This is why they think about the exports of their products at the same time as the domestic sales since the development of such products (CESA Official Interview, 31/03/2014).

In 2010, the total overseas hardware shipments of the Japanese consoles manufacturers accounted for ¥960.2 billion. Yet, they decreased to ¥633.4 billion in 2012, Sony’s consoles representing 61.6 per cent of the shipments whilst Nintendo’s consoles 38.4 per cent. The overseas software shipments also fell between 2010 (¥411.5 billion) and 2012 (¥204.2 billion). In 2012, Nintendo’s consoles captured 59 per cent of the overseas software shipments, Sony’s hardware and Xbox 360 respectively 26 per cent and 15 per cent (CESA, 2013: 112-5).

**Figure 4.18 Overseas shipments of hardware and software**

Source: CESA, 2013: 112-5.

In 2007, Nintendo represented 61.7 per cent of the worldwide video games hardware market, whilst the sales of Sony’s PlayStation and Microsoft’s Xbox accounted for respectively 34.5 per cent and 2.3 per cent (Dentsū Communication Institute, 2009: 103-5). In September 2009, PlayStation 2 had sold 140 million units around the world, a record in the sales of hardware. In the first half of 2007, the sales of Wii exceeded the combined sales of Xbox 360 and PlayStation 3 in the American video games market.

Since its launch in November 2013, the PlayStation 4 has been the most sold home consoles of the current generation, with over 25 million units worldwide. The Wii U sold over 10 million and the Xbox One an estimated 14.32 million by the end of June 2015. If the estimate of the Xbox One sales is correct, the PlayStation 4 currently holds more than 50 per cent of the current generation home consoles market (Brunner, 2015). In the UK, this console became the fastest to reach the two million sales in the history of Sony. As Nintendo’s Wii accumulated 1.1 million units sold in the first nine months in the UK, and within 24 months 3.6 million, these figures would indicate that the Wii, the best-selling console of Nintendo, still remains the fastest to reach two million units (Crossley, 2015).

The Japanese video games industry has produced bestseller games as well, such as *Super Mario*, *Dragon Quest*, *Sonic* and *Final Fantasy*, totalling more than 35 million copies of these series overseas (Otmazgin, 2013: 76).

## **4.3 The dissemination of Japan’s pop culture by companies**

The acceptance and the popularity of Japanese cultural products did not take place in each country at the same time. The timing and the range of cultural products consumed vary according to countries (Toyoshima, 2011: 6). For example, Japanese dramas have been much more watched in East Asia than in Europe or the US. In East Asia, the popularity of Japan’s pop culture goods can be trace back to the late 1970s, in both legal and pirated versions (Ching, 1994; Ishii, 2001). *Doraemon*, a manga adapted as an anime, achieved an enormous success among young East Asian audiences in the 1980s. It is in the 1990s that Japan’s cultural industries managed to export their products on a massive scale and could reach new consumers (Otmazgin, 2013). In the Asian region, the massive consumption of Japanese pop culture has been concomitant with the emergence of a middle class, a result of economic growth (Shiraishi, 1997: 268).

### **4.3.1 East Asia**

In Taiwan and South Korea, respectively until 1993 and 1998, the Japanese cultural industries could not export their products because of a complete ban.[[64]](#footnote-64) In other words, until the lifting of the ban, Japanese companies could not disseminate their products. In South Korea, the ban was lifted in a process of four stages between 1998 and 2006. In the first stage of liberalization in 1998, the imports of manga were allowed. Only Japanese movies awarded at one of the three major films festivals (Cannes, Venice, Berlin) or having been granted an Academy award were permitted. Joint Japan-South Korea productions were included as well. Japanese movies imported could only be screened in theaters, not on television (Embassy of Japan in South Korea, 2003; Suzuki, 2004, King, 2012: 82).

In the second stage of liberalization, in 1999, all Japanese films awarded in any of the seventy film festivals could be screened. In the case of films not having been granted an award, they could be screened if they had no censorship rating. After this second stage, their broadcastings were still limited to cinemas. The interdiction of animated films continued. With the third stage of liberalization in 2000, screenings of all Japanese movies were authorized. Indeed, Japanese movies with no film festival award but with censorship rating could be screened in cinemas. Yet, adult movies were still prohibited. Japanese films on cable and satellite televisions were liberalized but limited to those allowed in the second step. Also part of the third stage, feature anime were finally liberalized. Yet, the lift on this ban was limited to those having received an award at an international film festivals. In addition, they could only be screened in cinemas. The commercialization of game software for computer, online and game centers was allowed. Nevertheless, the ban on game software for consoles persisted (Embassy of Japan in South Korea, 2003; Suzuki, 2004; King, 2012: 82).

After the fourth stage of liberalization in 2004, all restrictions on the screenings of films in cinemas were removed. It was also the case for feature animations in 2006. Japanese movies and feature anime screened in theaters were authorized to be broadcasted on cable and satellite television. In a similar way, the airing of Japanese films on terrestrial television was also allowed, but not for feature animations. Therefore, despite this process of liberalization, some restrictions remain. In addition to feature anime, programmes such as variety and talk shows are still prohibited on terrestrial television (Embassy of Japan in South Korea, 2003; Suzuki, 2004). The liberalization process is detailed in the table below.

South Korea did not lift the interdiction of animated films in the two first stages of liberalization because it wanted to protect its own nascent sector of animation from the concurrence of Japanese anime (Suzuki, 2014). Despite the complete ban on Japanese popular culture in Taiwan and South Korea, people of these countries had access to it by piracy before the lifting of the ban, as the next section of this chapter shows.

**Table 4.5 South Korea’s lifting of the ban on Japanese culture**

**First step (1998)**

|  |
| --- |
| **1. Films and videos** |
| Japan and Korean co-production films and award-winning (Cannes, Venice, Berlin and Award) Japanese films  were permitted in cinema. Video sales of these movies also allowed. |
| **2. Manga** |
| Manga books and magazines authorized. |

**Second step (1999)**

|  |
| --- |
| **1. Films and videos** |
| Films allowed to be screened in theater enlarged to those having won an award at any of the seventy international film festivals, and those with no age limit. |
| Videos of films screened in theater permitted. |
| Ban on feature anime continued. |
| **2. Musical performance** |
| Performers of Japanese music restricted to selling a maximum of 2,000 seats. Only indoor  performances allowed. |
| No broadcasting or recording (in any format including videos) of the performances allowed. |

**Third step (2000)**

|  |
| --- |
| **1. Films and videos** |
| Except adult movies, screening of movies in theaters liberalized. |
| International film festival awarded feature anime authorized in cinemas. |
| Videos of screened films allowed. |
| **2. Music performance** |
| End of the ban on the performance of Japanese music. |
| Recording: no Japanese lyrics, only songs with Korean translation lyrics allowed. |
| **3. Game Software** |
| Games software for computer, online and game centers authorized. Continuation of the ban on game software for consoles. |
| **4. Television** |
| Sport, documentary and news programmes became legal. |
| Films on cable and satellite televisions authorized but limited to those allowed in the second step. |

**Fourth step (2004)**

|  |
| --- |
| **1. Films and videos** |
| End of the restrictions on films in theaters and videos. Ban on feature animations in cinema stopped in 2006. |
| **2. Music and games** |
| All records (CDs, tapes etc.) permitted. End of the ban on game software for consoles. |
| **3. Television** |
| **Cable and satellite television:** Ban completely lifted on lifestyle information, educational and Japanese music programmes, Japanese films and feature anime screened in theaters. For TV dramas, joint Japan-Korean production, including those with 12+. |
| **Terrestrial television:** Ban lifted in a similar way as cable and satellite television. Yet, feature animations still prohibited. For Japanese music programme, only live screenings of Japanese singers in South Korea and Japanese singers broadcast in Korean programmes were liberalized. Ban lifted only on joint production TV dramas. |

Sources: Embassy of Japan in South Korea, 2003; Suzuki, 2004; King, 2012: 82.

In China, strict limitations on the imports of Japan’s pop culture are currently enforced. Such limitations represent an impediment to the diffusion of Japanese pop culture products by Japanese companies. For example, every year, only one or two new manga are permitted to be commercialized in China (Manga Publisher Official 1 Interview, 13/05/2014). Legal restrictions also exist in the case of the airing of foreign cartoons. *Astro Boy* marked the debut of Japanese anime in China. It began to be aired in 1980 on China Central Television (CCTV). *Doraemon* and *Kimba, the White Lion* followed the broadcasting of *Astro Boy*. In 1982, for the first time, an editor in Shanghai began to commercialize manga in China. Facing the huge popularity of foreign cartoons, especially Japanese anime, the Chinese authorities decided to restrict the airing of foreign cartoons (Cooper-Chen, 2010: 88-9).

Two reasons can explain this policy. First, the Chinese state wants to protect its own animation industry. In 2009, it created the China Animation Group Co. to boost its national animation industry. Nevertheless, the Chinese anime industry has a long way to go. It can only produce 80,000 minutes of animation whereas the annual demand amounts to 263,000 minutes (Cooper-Chen, 2010: 90). Secondly, in 1990, one year after the Tiananmen student protest, the Chinese president Jiang Zemin stressed that the Chinese cultural industries and TV channels have to deliver good “food for the minds” to children so that they love their country (Nakano, 2002: 232).

In 2000, China’s State Administration of Radio, Film and Television (SARFT) decided to demand local TV channels to obtain approval to broadcast imported TV cartoons. Furthermore, quotas of airing such cartoons were established. In 2004, the SARFT required TV channels to broadcast at least 60 per cent of domestic anime in prime time. And in September 2006, the SARFT prohibited the airing of foreign cartoons on TV from 5pm until 8pm. Furthermore, cartoon programs coproduced by Chinese and foreign producers are required to obtain approval to be aired during that time slot. In addition to broadcasting restrictions, official imports of foreign cartoons often have to undergo censorship. For instance, *Neon Genesis Evangelion* was released to the Chinese market with considerable cuts and revisions in comparison with the original version (Cooper-Chen, 2010: 88-9). In East Asia, censorship is not limited to China. Some manga, anime and video games have been censored in Indonesia, in the Philippines and in Malaysia because their content was too violent and/or too sexually explicit. Censorship also takes place outside of East Asia. In the US, anime are often categorized as cartoons for small children. Consequently, they undergo censorship under the broadcasting Code (Shiraishi, 1997: 267). In France as well, several anime have been censored due to their violence.

### **4.3.2 Europe**

In Europe and in the US, anime came first, followed by manga. The broadcasting of anime paved the way for the boom of manga because anime created an audience for manga (Malone, 2010: 315) and the entrepreneurs who fulfilled the demand (Bouissou, 2006: 5). The history of the imports of manga and anime in Europe can be summarized in two phases: the first being the phase of the dragon; the second the phase of the dazzle (Pellitteri, 2010). The first phase consisted of the unexpected encounter between Western TV industries seeking new and cheap programmes for young audience in the 1970s and Japanese studios producing anime that Western viewers were not very familiar with (Pellitteri, 2010).

A range of reasons can explain the success of anime in Europe when they were aired for the first time. First, the liberalization of European TV markets in the 1980s facilitated the airing of anime. Indeed, in a very competitive market, anime could be broadcasted at regular intervals (Beldi, 2013: 130). Secondly, although manga and anime have Japanese origin, *mangaka* and animators have always incorporated in their plots some elements of Western popular culture (Beldi, 2013: 126). Finally, Japanese anime companies benefited from the very low rate of yen and a cheap labour force. They could sell their products at a price that nobody could compete with (Pellitteri, 2010: 301-2), making easy the diffusion of anime. Nevertheless, at the beginning, American broadcasters wanted to hide the Japanese origin of anime by Americanizing names and dialogues, changing the scenario, and redrawing some scenes. They even sometimes redrew entire episodes. In France, the process of localization was not so pronounced, whereas in Italy it was light (Pellitteri, 2010: 394-5).

In Europe, Italy pioneered the airing of anime on public and private TV channels in 1976. Anime achieved such high levels of popularity that, in 1979, be it on private or public TV stations, seven hours of anime were daily broadcasted. France followed Italy and started to show anime on TV from the beginning of the 1980s. In Germany, at that time, only two public TV stations existed: ARD and ZDF[[65]](#footnote-65). Between 1971 and 1974, they aired some episodes of *Speed Racer*. However, facing the backlash of parents, they decided to stop the broadcasting of this anime soon afterwards. Even co-productions between Germany and Japan tailored for young children gave rise to controversies. ARD and ZDF aired a few anime aimed at children, such as *Kimba the White Lion* or *Heidi*. It was necessary to wait until the end of the 1980s for the broadcasting of a larger array of anime targeting teenagers by new German TV channels (Beldi, 2013: 130).

The European case demonstrates the importance of local importers (local publishers, TV broadcasters and distributors of anime) for the diffusion of Japan’s pop culture. They acted as gatekeepers (Hirsch, 1972; Peterson, 1994) by localizing (Levitt, 1983; Ryans *et al.*, 2003) the content of Japan’s pop culture. Localization means modifying “the contents of foreign cultural products, educate customers how to appreciate them, and deal with pre-existing stereotype, in order to fill the cultural gap” (Matsui, 2009: 25).

Most of the time, anime had to go through censorship of some scenes deemed as too violent for children. Characters and dialogues were localized as well (Beldi, 2013: 131). In France, for instance, names of characters and places were Frenchified. Moreover, some scenes judged as unsuitable for children were censored. The French TV broadcasting *Le Club Dorothée*, one of the most popular children’s programmes showing anime in the late 1980s and beginning 1990s, undertook a strong localization of dialogues (Faviez and Rui, 2003: 27-9).

The huge audience ratings of anime sparked the interest of other industries, in particular the publishers. Italy pioneered the dissemination of anime-related products in Europe, particularly manga. In 1983, two Italian editors of the monthly comic magazine *Eureka*, Alfredo Castelli and Gianni Bono, got in touch with Mori Koki and Andō Yuka, two employees of Kōdansha, one of the biggest Japanese publishers, to understand how to edit manga in Italy. The result of this collaboration was the *Kōdansha Comics Catalogue*, a manual released in 1985 describing the editing of manga. Even for titles not belonging to Kōdansha, it became a reference not only in Europe, but also in the US (Pellitteri, 2010: 73).

In France, again later than in Italy, the success of anime programmes was followed by the commercialization of spin-off products. For example, VHS (Video Home System) cassettes of anime were commercialized. Yet, they were relatively expensive. In addition, when they were launched into the market at the beginning of the 1980s, few French households were equipped with VCR (Videocassette Recorder) (Fallaix, 2003: 37). At that time, editing manga did not represent a promising opportunity. French people, and more generally Europeans, were not accustomed to reading comics in black and white. It was also necessary to flip the way of reading to suit the readers’ habits, as well as negotiate the rights for reproduction and dissemination. Therefore, French publishers decided to launch publications inspired by anime without any reference to the original manga. Despite some defects in these publications, they achieved a commercial success (Ferrand, 2003: 203-4).

The huge flow of anime and their related products sparked off a backlash by parent associations, teacher unions, or educationalists. Even some politicians sharply criticized the so-called hold of Japan on children. Critics stressed not only the ugly aesthetics of anime, but also the violence contained in some scenes. The bashing of anime was also nurtured by the fear of Japan and its economic power (Beldi, 2013: 133-4).

The 1990s, the phase of dazzle (Pellitteri, 2010), marked the rise in the popularity of manga. In 1990, *Akira* became the first manga to be a success. It was edited at the same time in France, Italy and Spain by the French publisher Glénat and its subsidiaries. One year later, it was commercialized in Germany by Carlsen. The right of publishing this manga was obtained from an American publisher, VIZ Communications. *Akira* was edited in a colorized version with the way of reading from left to right to suit European taste (Beldi, 2013: 136). In Italy, the success of *Akira* served to counter the declining interest in Japanese popular culture. Founded in 1989 by Luigi Bernardi, a former head of Glénat Italia, Granata Press launched the magazine *Zero*. In contrast to *Akira*, manga published in this magazine were in black and white. However, manga were still flipped left to right as they were acquired from the American versions of VIZ Communications (Malone, 2010: 321).

At the beginning, Granata Press did not face any competitor. In 1991, the situation changed with the arrival of Play Press. One year later, another young publisher, Star Comics, began the commercialization of *Kappa*, a magazine headed by former Granata Press employees and publishing some Kōdansha titles. In 1995, Star Comics bought the rights of *Dragon Ball*, a best-seller in Italy with record sales. This manga was printed from right to left, the way of reading in Japan. It was at the request of the Japanese rights holder, Shūeisha (Malone, 2010: 322). In a similar development that took place throughout Europe and in the US, Star Comics opted for publication similar to Japanese *tankōbon*.[[66]](#footnote-66) The same year, Marvel Italia, a branch of American Marvel, entered into the Italian manga market. The year after, in 1996, Granata Press went into bankruptcy. Its incomplete edited series were taking over by Star Comics and Panini/Planet Manga (Malone, 2010: 322).

Nowadays, in Italy, the manga market is divided between ten editors: Dinyt, D/Visual and Shin Vision (exclusively manga); Coconino Press, Panini, Kappa and Play Press (manga and other kinds of comics). Einaudi, Mondadori and Rizzoli sometimes edit some titles (Bouissou *et al.*, 2010: 254).

In France, against the background of a fierce debate on the violence of anime and manga, the major French comic publishers boycotted manga (Bouissou, 2006: 5). Whilst it is true that Glénat introduced manga in France with *Akira*, it waited until 1993 to publish *Dragon Ball*, followed by *Ranman* ½ in 1994 and *Sailor Moon* in 1995. In 1994, the first specialized manga publisher, Tonkam, was set up by four manga fans. Tonkam was the first to print manga unflipped (Malone, 2010: 323). In 1996, two long-established comics editors, J’ai lu and Dargaud, created their manga subsidiaries, respectively J’ai lu Manga and Kana. Both focused on shōnen titles popular after their airing on TV. At that time, 90 per cent of manga readers were boys. As another proof of the close relationship between anime and manga, J’ai lu Manga kept the French anime titles as subtitles for its manga. Nevertheless, the end of *Le Club Dorothée* in 1997 did not cause the decline of the sales of manga, showing that manga had become an independent market (Malone, 2010: 323-4).

The landscape of French manga publishers is unique. From 1988 until 2004, thirty-seven publishing houses entered into this business field.[[67]](#footnote-67) But 20 per cent either shut down or left the manga business. A majority of them was run by manga fans, some of them having business school diplomas, some experience in bookstores and/or fanzines. The first generation of manga houses was represented by Glénat, Tonkam, Delcourt and Soleil. When long-established comic houses such as Hachette, Dargaud, Casterman, Flammarion, Le Seuil and Philippe Picquier realized the commercial potential of manga, they could no longer ignore this market (Bouissou *et al.*, 2010: 254). Nowadays, France has the largest concentration of manga publishers in Europe. However, consolidation is taking place. For instance, in 2006, J’ai lu Manga closed down; Tonkam now belongs to Delcourt; and Pika was taken over by Hachette (Malone, 2010: 324).

### **4.3.3 The US**

After creating VIZ Communications in 1986 as a subsidiary of Shōgakukan, Horibuchi Seiji sought advice from Frederik L. Schodt, the author of the first book on manga for Western audience (Schodt, 1983). This American translator was sceptical about the business success of manga in the US after having seen too many failed attempts (Schodt, 1996: 309). He suggested Horibuchi to adapt manga to the comic layout (Horibuchi, 2006: 45).

When VIZ Communications began the commercialization of manga in the US in 1987, it had to face several issues concerning localization. The most important issue was flipping. To adapt to the American way of reading, this publisher decided to reverse pages horizontally. Shōgakukan suggested this idea to this company. Yet, some *mangaka* protested against the flipping of their works (Horibuchi, 2006: 66-7). It was the case of Hōjō Tsukasa, the *mangaka* of *City Hunter*. In Japan, *mangaka* have a part of the copyright of their creations. This differs from the comic industry in the US (Matsui, 2009: 13).

Another issue was the translation. Americans were not familiar with the abundance of sound effects in manga. Horibuchi and Fujii Satoru acknowledged that it was quite difficult to explain the importance of sound effects to their American partner, Eclipse, a comic publisher. This situation provoked cultural conflicts (Horibuchi, 2006: 67-9). VIZ Communications also had to tackle the issue of colorization. At first, some manga were colorized but this publisher quickly decided to sell manga in their original format, black and white (Schodt, 1996: 316-7). Moreover, the explicit violence and sexual contents found in some manga were problematic in the American context. For instance, this company had to delete a four-page rape scene in *The Legend of Kamui* (Matsui, 2009: 15).

VIZ Communications had to manage, on the one hand, the pressure of the feminist editor-in-chief of Eclipse, and on the other hand, the pressure of its parent company, Shōgakukan, who claimed that changing the content was an offence to *mangaka* and to their works even if the content was explicit (Horibuchi, 2006: 72-4). The censorship of the series can provoke backlash of fans as well, furious to realize that their favourite series have been modified. In 2005, fans expressed their anger after the release of the first volume of *Tenjho Tenge* because they found out that CMX, an American manga publisher, had covered nudity and panties, and censored a rape scene. CMX had carried out such modifications to target younger teens, the majority of American manga readers (Harris, 2005).

In a similar vein, when American publisher Del Rey was preparing the release of its first manga titles in 2004, the censorship of *Negima* (the removal of some casual nudity) was leaked out. Facing the outrage of fans, Del Rey had to release the first volume of *Negima* uncensored (Harris, 2005). Furthermore, in 2007, Seven Seas Entertainment, another American manga publisher, decided not to commercialize its edition of *Nymphet* because of a controversy over its story, a depiction of a student’s attraction to her teacher (ICv2, 2007).

Matsui argues that the growth of the American manga market can be explained by two factors. First, it is through *stigma management* that American publishers could develop the manga market in the US. They wanted to avoid the stigma attached to comics in this country by establishing manga as an acceptable form of entertainment. It is why early manga publishing houses had to choose titles carefully and sometimes modified their content. Nevertheless, the practice of censorship complicated the acquisition of the license of popular titles from Japanese publishers because for them it was inconceivable to modify the content of manga. To avoid censorship, American manga publishers were forced to create some age rating systems (Matsui, 2009: 4).

Secondly, the competition between the two main American manga publishers, VIZ Communications and Tokyopop[[68]](#footnote-68), sparked off the growth of the market, an example of *path dependency*. In other words, if VIZ Communications in the 1980s had not been the first to localize manga, the strategy of standardization of Tokyopop would have not led to the growth of the sales in the 2000s. And if Tokyopop had not conducted its strategy of standardization, the efforts of VIZ Communications to localize manga would not have boosted the sales (Matsui, 2009: 4). Tokyopop was founded in 1997 by Stuart Levy, an American lawyer, a former student and businessman in Japan. The strategy of standardization of this American manga publisher consisted in commercializing manga in the original way of reading, not translating sound effects and releasing the same format than the Japanese one. Therefore, Tokyopop, the leader in *shōjo* market (*Sailor Moon* for example), could publish titles at a cheap price (Matsui, 2009: 17-8). To remain competitive, VIZ Communications had no other choice but to release manga in their original way of reading and to discount them. The price of most titles was reduced to $US9.95 (¥1204.5) and *shōnen* manga of Shūeisha were sold at $US7.75 (¥938.2[[69]](#footnote-69)) (Horibuchi, 2006: 189-92).

Despite being one of the most important manga publishers in the American market, Tokyopop shut down its American branch in May 2011, its German branch pursuing its business operations separately. The bankruptcy of the American branch of Tokyopop was the result of the decision of Kōdansha to end its collaboration in 2009 (Anime News Network, 2011b). Previously, in 2008, Kōdansha had set up its own subsidiary, Kodansha Comics, to publish directly in the American market. And, in October 2010, it announced that it would gradually take over the publication of manga of the American editor Del Rey (Anime News Network, 2010). If Kōdansha is present in the American market via its subsidiary Kodansha Comics, Shūeisha and Shōgakukan have also their common subsidiary VIZ Media.[[70]](#footnote-70) Shūeisha and Shōgakukan are also present in the European market via VIZ Media Europe, the sister company of VIZ Media. In 2009, VIZ Media Europe acquired German distributor Anime Virtual and French distributor Kazé to reinforce its position in the European market of anime and manga (Rice, 2009).

## **4.4 The dissemination of Japan’s pop culture by piracy and fans’ activities**

If we only focus on the corporate-led flow of Japanese pop culture around the world, we miss the point that a large part of Japanese pop culture has been disseminated by piracy. As observed by Katsumata Hiro, “a focus on the black market reveals the real driving force behind the spread of [Japanese] popular culture” (2012: 143). Fans’ activities have also been critical in this dissemination.

### **4.4.1 Illegal flows in East Asia**

Piracy was critically important for the emergence of East Asian markets. Firstly, it developed new markets for Japan’s cultural industries by selling illegal versions of their products to new customers at cheap prices. In this way, it popularized Japanese pop culture in East Asia. It complemented the efforts made by Japanese companies and their local representatives to create markets. In many cases, East Asian buyers could not purchase the legal version of Japanese pop culture products because they were not commercialized, too expensive for them, or not available due to the ban on Japanese cultural products. The only option they had was to buy pirated copies. In Singapore, Thailand, Hong Kong, Taiwan, Malaysia and Indonesia, anime such as *Doraemon*, *Tiger Mask* and *Detective Conan* were sometimes available in the pirated market even before their official broadcasting on public television and cable channels (Otmazgin, 2013: 116).

In the 1990s and the beginning of the 2000s, Hong Kong’s Sino Center was a place famous for selling pirated popular culture products, the Mecca for fans of Japanese popular culture. During his fieldwork in April 2004 in Hong Kong, Otmazgin found out that the Sino Center, a place of five floors and ninety-four shops, was full of pirated copies of Japanese music, anime, TV dramas, manga, magazines, adult movies, video games and spin-offs of anime (Otmazgin, 2013: 116). In other main East Asian cities, Japanese pirated products were also available in places such as Bangkok’s Pantip night market, Jakarta’s Senyan district, Taipei’s Shihlin night market and Seoul’s Nandeamon market (Otmazgin, 2013: 113-4).

Secondly, piracy of Japan’s pop culture products preceded the legal imports of Japanese pop culture in Taiwan and South Korea when their imports were officially prohibited. It paved the way for their legal commercialization after the end of their ban. Purchasing illegal Japanese content was not a big deal for consumers in South Korea and Taiwan even during the time of the official ban (Otmazgin, 2013: 116-7).

Other governments have implemented restrictions on the imports of Japanese pop culture. In the Philippines, the Ferdinand Marcos regime sometimes decided to ban manga and anime because of their violent contents. Another reason was the fear that anime could diffuse revolutionary ideas against the regime. This is why the broadcasting of *Voltes V*, the story of five heroes fighting against oppressive monsters, was stopped. Moreover, Filipino shows in the same time slot (one was produced by a friend of Marcos) were completely overshadowed by the popularity of this anime. In Malaysia, the Home Ministry must still give its consent to the imports of comic books (most of them are Japanese) by taking into account their political and educational risks. In Thailand, the Ministry of Culture has conducted campaigns targeting violent or vulgar pornographic cultural goods (Otmazgin, 2013: 117-8). In China, the state, concerned over the “spiritual pollution” caused by imported cultures, still censor cultural products and drastically control the imports of foreign cultures. It considers media as a tool for maintaining social control and for propaganda aims (Keane, 2002: 121-2).

Despite all these restrictions imposed on the flow of Japanese pop culture, East Asian states have not been successful in preventing their citizens from having easy access to it. In Indonesia, soon after the beginning of the airing of *Doraemon* in 1991, it was possible to buy pirated manga of this famous character at very cheap prices. Japanese publishers did not take legal actions against the pirated copies of manga. Japanese publishers explained to Shiraishi Saya S. that the domestic Japanese market was so important and the pirates’ business abroad so small that they could wait and see the future development of piracy. They added that it was in a similar way that manga spread in Japan after the end of the Second World War (Shiraishi, 1997: 265). In Indonesia, it was the pirates’ activities which disseminated *Doraemon*. They acted as advertisers of this manga and created a market for its legal commercialization. After its release, the Indonesian publishing house and the Japanese publisher were more willing to enforce copyright against street sellers of pirated copies (Shiraishi, 1997: 265).

In China, the paradise of piracy (CESA Official Interview, 31/03/2014), the broadcasting of *Saint Seiya* on many local TV stations was a national hit. The six millions sales of *Saint Seiya* in the 1990-1991 period were accompanied by the rapid increase of pirated copies of manga. Pirates were attracted by the huge money-making opportunity in the release of illegal manga copies. The success of anime and manga triggered the birth of publications. Even if most of the contents were illegal, they increased the popularity of anime in China. Pirating was not limited to manga and expanded to include anime, video games, J-Pop and TV dramas (Cooper-Chen, 2010: 89).

In East Asia, the lucrative business of pirates lies in cheap manufacturing and their ability to sell their products to a wide range of customers. In comparison to cars and electronics, it is much easier to duplicate and sell illegal copies of music, anime and movies on CDs, VCDs (Video Compact Disc) or DVDs. To fulfil the demand in East Asia, the pirates set up small and medium-sized organizations. They hire workers for making translation, packaging, smuggling and releasing pirated products (Otmazgin, 2013: 114-5). In this sense, they act as illegal entrepreneurs (Otmazgin, 2011b: 266). In Hong Kong, in the 1990s, they could disseminate illegal VCDs of Japanese TV dramas one or two weeks after their broadcasting in Japan (Davis and Yeh, 2004: 211; Hu, 2004: 211-5). In Taiwan, in the 1980s, although the imports of Japanese culture were forbidden, NHK[[71]](#footnote-71) dramas had a large number of fans. Taiwanese students present in Japan recorded these dramas and quickly subtitled them. Then, the tapes arrived in Taiwan in passengers’ suitcases. After being duplicated, they were available the evening of the same day of the broadcasting in Japan in video-rental shops in Taipei (Ishii, 2001: 26-7).

It is difficult to measure exactly the extent of piracy because it is by essence an illegal activity. Yet, according to the report on piracy issued by the International Federation of the Phonographic Industry (IFPI), 85 per cent of CDs in China and 88 per cent in Indonesia are pirated copies (2006: 11). It is very likely that a large part of these pirated products are Japanese music (Katsumata, 2012: 144). The surge of piracy in East Asia has been concomitant with the emergence of a middle class which has time and money for leisure activities (Shiraishi, 1997: 265).

In East Asia, piracy has forced local and regional organizations to cooperate to crack down on illegal copies. For instance, multinational and regional music companies as well as television broadcasters have set up local and regional associations to promote the respect of copyright. They have lobbied governments to enforce laws against piracy. Big companies have also conducted educational campaigns in schools and in the mass media to denounce the danger of piracy (Otmazgin, 2013: 120 and 122). The Japanese government has embraced this issue and has raised it in its Free Trade Agreements (FTAs) with its Asian neighbours. JETRO branches in East Asia host officials in charge of intellectual property rights. These branches organize seminars about anti-piracy enforcement tailored for local judges and customs officers. Furthermore, similar seminars are organized in Tokyo for delegations of judges and prosecutors from Southeast Asian countries invited by the JETRO (Otmazgin, 2013: 120).

The Content Overseas Distribution Association (CODA) was set up in 2002 to fight piracy abroad. It is supported by the METI and the Agency for Cultural Affairs. In Hong Kong, Taiwan and China, the CODA conducted some actions against pirates’ activities with the support of local police between January 2005 and February 2008. In total, 5,281 cases of illegal activities were identified, 1,757 arrests made, and more than four million DVDs/VCDs were confiscated. Yet, a CODA official acknowledged that piracy is still widespread in these countries (Quoted in Katsumata, 2012: 144). In September 1998, in Hong Kong, customs officers carried out an operation against illegal copies of J-dramas. They seized 200,000 VCDs totalling over $US250,000 (¥32.8 million) at the Mongkok arcade. A representative of a Japanese TV channel confessed that he was ignoring the fact that so many illegal VCDs of Japanese trendy dramas were sold (Nakano, 2002: 243).

Facing the issue of piracy in East Asia, the Japanese cultural industries, especially the big companies, have sought new ways to fight it. In addition to lobbying the Japanese government and conducting various campaigns in the media, big companies have invested in the development of new technologies to eliminate piracy. According to the president of Sony Computer Entertainment Asia, Yasuda Tetsuhiko, his company has decided to crack down on illegal copies completely (Otmazgin, 2013: 122). The strategy of Sony against piracy revolves around the making of products that are difficult to duplicate (PlayStation 3 or Blue-ray discs). It also includes the development of a special chip which can block illegal software (Otmazgin, 2013: 122).

However, despite the efforts of East Asian states, in particular Japan, and big companies, piracy is still flourishing in East Asia. Whilst physical piracy disseminated Japanese pop culture in the 1990s, the main driver since the 2000s has been online piracy, making it much more problematic for states to fight it. Many of the servers and websites where people download illegally are located in other countries (Otmazgin, 2013: 115). As a result of the development of the Internet, downloading has served as a powerful propeller of the dissemination of Japanese pop culture, not only in East Asia, but also around the world. An anime can be downloaded with Chinese subtitles a few hours after being aired in Japan (Cooper-Chen, 2010: 90).

The passivity of some East Asian states to enforce intellectual property copyright has considerably eased the business of pirates. It is particularly salient regarding mainland China, the Philippines, Indonesia, Thailand, Malaysia and Vietnam. According to an IFPI official based in Bangkok commenting on the Vietnamese situation, “the local policy is either corrupt, or simply does not understand what is wrong with people making a living from selling pirated versions of foreign music […] Many times, it has other things to do, and is not always eager to invest in intellectual property-related cases” (Quoted in Otmazgin, 2013: 115). Without doubt, such description can be extended to the law-enforcement agencies of other East Asian states.

### **4.4.2 The role of fans**

Fans have also contributed to the dissemination of Japanese pop culture. Compared with traditional for-profit pirated products, their translations of anime and manga posted on the Internet free of charge are the result of their love of Japan’s pop culture. Nevertheless, such activities are illegal because the Japanese copyright holders are not remunerated. In other words, it is still piracy. The Internet has monumentally facilitated their activities (Cooper-Chen, 2010: 90). Fans are also engaged in legal activities such as cosplay[[72]](#footnote-72), organization of shows, online discussion groups, and clubs to share their passion for Japan’s pop culture.

In the US, fans’ constant violations of copyright between 1976 and 1993 caused the boom of the anime (Leonard, 2005: 281). The anime movement began as part of the science-fiction movement. In 1977, a small group of fans took the decision to set up a separate club from science-fictions fans in order to share their passion for anime. In May of the same year, a group of sixteen fans established the first club of anime in the US, the Cartoon/Fantasy Organization (C/FO) (Ledoux and Ranney, 1997: 176). In November 1977, members of the C/FO in Los Angeles began to build a network by contacting other anime clubs and fans. They began to exchange video tapes as they realized that anime were different from city to city. The trading of tapes took place between fans in the US and also included the exchange of tapes between American and Japanese fans who wanted to watch *Battlestar Galactica* and *Star Trek* (Leonard, 2005: 286).

It was at this time that the C/FO and some anime companies (Tōei, Tokyo Movie Shinsha (TMS) and Tatsunoko Pro) began to establish contacts in order to promote anime in the US. For anime studios, C/FO and its members represented a gateway to enter into the American market. The opening of Tōei’s first branch in Hollywood in 1978 was part of a strategy to commercialize its products in the West after almost ten years of inactivity. Tōei’s officials recruited C/FO members for the Comic-Con organized in 1980. In the same year, Fred Patten, one of the founder of the C/FO, screened *Lupin III: Castle of Cagliostro* at Noreascon II[[73]](#footnote-73) to measure fan reactions. He had previously received a copy from TMS (Leonard, 2005: 283). During this period, Patten received videotapes from a Tatsunoko executive, Narushima Kōki. The goal was to unofficially show the content of the tapes to any Hollywood company executives. Describing the relation with C/FO members, Hirabayashi Jun of TMS explained that “it was highly unusual for a company representative to be dealing so informally with fans on a business level, and that in Japan, company representatives would never associate with fans except for planned publicity events at which the fans would simply be an audience” (Quoted in Leonard, 2005: 286).

Japanese anime companies did not want to license fan screenings and tape reproductions. They invoked the protection of copyright and the impossibility for studios to give a written consent to a club of American fans to screen their products. Moreover, they were concerned by the difficulty to strike a deal with American TV stations if too many licensed fans’ tape copies were in circulation (Leonard, 2005: 286-7).

After the failure of Tōei to make a deal with some American distributors using C/FO for a test screening, Japanese anime studios decided to pull back from the American market in 1982. Thus, the fans decided to copy and to distribute pirated copies of anime among themselves. The quality of the pirated tapes deteriorated as the number of copies increased. At its zenith between 1985 and 1989, C/FO was made up of over three dozen chapters in the US. To exchange tapes between its different chapters, it set up a distribution network. Some fans had access to anime for the C/FO at video stores. This fandom[[74]](#footnote-74) organization even had a branch in a military base in Japan, the C/FO Rising Sun. This branch copied over forty tapes of anime a week which were dispatched by military carriers. These tapes were the only original anime available in the US. Fans wanted to enjoy watching the unadulterated anime. They were also motivated by expanding anime to more segments of the American population (Leonard, 2005: 288-90). The issue of disseminating anime to a larger public was one of the conflict that emerged between fans as the fandom grew. Some members of the C/FO in the early 1980s wanted to keep anime for themselves, whereas others argued for disseminating anime to a broader audience. The second option prevailed as it was the stance of the overwhelming majority of fans (Leonard, 2005: 288).

The activities of the members of this fandom were not limited to the copy and distribution of anime. They tried to convince some American distributors to commercialize anime but, in the majority of cases, their requests were rejected. Some minor distributors decided to release anime after strong localization. This was the case of the *Warriors of the Wind* (1986), the American version of Miyazaki’s *Nausicaä of* *the Valley of the Wind* (1984). This anime underwent substantial changes as the distributor New World Pictures cut half an hour, modified the majority of character names as well as the plot of the anime (Leonard, 2005: 289). Both Miyazaki and Takahata Isao were horrified (McCarthy, 1999: 78–9). This fandom organization completed the first fansub (fan-subtitled video). For the first time, fans could understand the content of anime. Yet, the *Lupin III* fansub remained an exception. In 1986, the cost of fansub (over $US4,000[[75]](#footnote-75)) and the total of hours required (over 100 hours) were prohibitive (Leonard, 2005: 290-1).

For Anime Expo 93, six episodes of *Tenchi Muyo!*, three episodes of *Ah! My Goddess*, two *Gundam* movies, *Koko wa Greenwood* and *All-purpose Cultural Cat Girl Nuku Nuku* as well as the movie *Ranma 1/2 Movie* 2 subtitled by fans were screened. American companies licensed most of them after Anime Expo 93. This leads to the following question: did these fansubs convince American distributors to license these titles? It seems that it is the case. Leonard points out that, at that time, American distributors commercialized anime which were previously subtitled by fans more often than non-fansubbed titles (2005: 293-4). Therefore, fans paved the way for the current success of anime in the US. Without their repeated violations of copyright, the popularity of anime could have never existed (Leonard, 2005: 298). This was acknowledged by the famous animator Ishiguro Noboru: “Years before *Maison Ikkoku* was on TV in Italy, however, it was being avidly watched and promoted by English-speaking anime fans in [the] US. For that reason alone, I must acknowledge a sense of gratitude, and renew my respect for everyone who helped pave the way for the popularity anime enjoys today in America” (Quoted in Ledoux and Ranney, 1997: vi-vii).

With the development of the Internet since the end of the 1990s and the cheap price of technology (PCs, scanners and so on), fansubs and scanlations (the equivalent of fansub for manga) have skyrocketed, thereby contributing to the acceleration of the spread of Japan’s pop culture. It can be argued that scanlations encourage local publishers to commercialize manga. According to Jason Thompson, a professional freelance editor, scanlations are extremely important for American manga publishers because it is a way of evaluating a title’s popularity (Quoted in Macias, 2006).

Patrick Macias holds that it is likely that a tacit agreement exists between scanlators (fans translating manga) and manga publishers. When a manga will be commercialized, scanlators are expected to stop their translations and to withdraw their scanlations from the Internet (Macias, 2006). Nevertheless, some fans refuse to stop scanlating because they complain about the time gap between the original Japanese release and the American one (Brienza, 2009: 108).

In 2003, a conflict about the removal of fansubs after the official distribution of titles opposed two groups of anime fans. On the one side, an editorial writer of Anime News Network, Christopher MacDonald, criticized the unethical behaviour of Anime Junkies, a fansub group: “For the most part, ethical fansubbers have long adhered to the rule that you do not distribute a title that has a North American licensor. But *most* isn't *all*. There are some fansubbers that give the activity a very bad name. One of those groups is Anime Junkies” (MacDonald, 2003, emphasis in the original). The next day, the webmaster (BrundelFly) of this fansub group posted the following response: “We are an open group and stand by our actions [...] We leave it to the general populace to decide what they feel is right and wrong. Remember, the law is not our moral guide. The day people begin to stop living by their ethics is the day our society loses its humanity” (BrundelFly, 2003).

Interestingly, these two groups of fans do not view the law as the measure of ethics, referring to a community of fans as the appropriate individuals for making judgements (Condry, 2013: 162). Fansubbing is an interesting practice because, on the one hand, fans feel little compunction about copyright infringement; on the other hand, they tend to subscribe to the idea of promoting the anime industry. Yet, fansubbers do not want to wait the slow pace of broadcasts and DVD releases from Japan (Condry, 2013: 162).

Official commercialization takes time. It has to go through different stages such as the negotiations to obtain a legal authorization and the translation before the legal sales of the products. In the case of anime, it is difficult to secure the consent of all the members of the production committee (Anime Producer Interview, 30/04/2014). As fans are impatient, they prefer completing unauthorized translations of anime and manga.

In August 2009, Bandai issued a statement saying that the creation of unauthorized translated versions of the coming *Ghost in the Shell: Stand Alone Complex - Solid State Society* would be considered as a copyright infringement. The statement added that Bandai was ready to take legal action against fansubbers and distribution sites if this warning was ignored (Macias, 2006). In June 2010, Japanese and American manga publishers decided to create a group in order to combat the practice of scanlations. This coalition of publishers which included major Japanese houses (Kōdansha, Shōgakukan and Shūeisha) and American ones (VIZ Media and Tokyopop), was threatening to prosecute thirty scanlation sites (Reid, 2010).

A spokesperson of the coalition justified its threat to take legal actions by explaining that the early practice of scanlations when manga was not widely available abroad has turned into scanlation aggregators, for-profit websites giving access to thousands of pirated manga free of charge. He added that these sites are visited by millions of people monthly and that they earn advertising revenues. They even ask for donations and sometimes charge people for becoming members. This spokesperson also accused these sites of beginning to deliver their pirate translations by applications on smartphones and other wireless devices (Reid, 2010).

The willingness of Japanese and manga publishers to crack down on giant for-profit scanlation sites has to be linked to the declining sales of manga in the US. Whereas in 2007 the market represented $US210 million (¥24.7 billion), it decreased to $US140 million (¥13.1 billion) in 2009, a decline of more than 30 per cent. Whereas many manga publishers used to assume that unauthorized translations attracted new readers, Japanese and American houses nowadays consider scanlation aggregators responsible for the negative trend of the sales (Reid, 2010).

In addition to threatening to take legal actions, Japanese publishers have also decided to offer legal translations online. In October 2013, Kōdansha, in collaboration with Crunchyroll, a popular American website offering access to anime, manga and drama, as well as Korean drama, began to make available digitalized official translations of new installments of manga on the same day that they are released in Japan. This project includes twelve popular Kōdansha series, such as *Attack on Titan, Fairy Tail* and *Space Brothers*. For a monthly subscription of $US4.99 (¥487), readers of 170 countries (US, UK, Australia, Canada, as well as most countries in the Middle East, Eastern Europe and Africa) can enjoy reading an official translation of their series. Kōdansha senior manager Morimoto Tatsuya evaluated the loss of manga-related revenues worldwide due to scanlations at between 40 to 50 per cent (Quoted in Osaki, 2013). In the same vein, in March 2013, Kadokawa launched its own site, Comic Walker, where digitalized installments of thirty-five series in English and thirty-six in Chinese are available (Kadokawa Official Interview, 27/05/2014).

Anime also are now available online legally. Crunchyroll started as an illegal website in 2006 but turned into a legal one after removing all copyright infringing materials from its site in 2009. If the user pays a monthly membership, he or she can watch online subtitled anime just after its airing in Japan, or wait one week to watch it free of charge with advertisings. Vincent Shortino, the representative of Crunchyroll in Tokyo, explains that the revenues are split 50/50 between its company and the copyright holders after the payment of the costs (Quoted in Cooper-Chen, 2010: 38). The legal access to anime includes also websites such as Funimation (American website) and Wakanim (for French-speaking countries).

## **4.5 Conclusion**

The aim of this chapter was to explain how Japanese pop culture has been disseminated worldwide. This chapter provided evidence of the global spread of Japanese popular culture. It is first in East Asia in the end of the 1970s that the diffusion of this culture started. Whilst it is true that anime began to be aired in Europe at that time, it is really during the 1990s that Japanese pop culture became massively consumed in Europe. In the US, its massive consumption started in the 1990s as well.

The agents of the spread of Japanese pop culture are Japan’s cultural industries, local distributors, pirates and fans. Of course, fans have used piracy (scanlations, fansubs, unauthorized reproductions of tapes etc.) to disseminate Japanese pop culture. Nevertheless, they are driven by their love for this culture in contrast to for-profit pirates. Japanese companies have commercialized their products abroad but they have been confronted with legal restrictions and/or censorships. In Taiwan and South Korea, there was even a complete ban on the imports of their products. Since its beginning, Japan’s video games industry, in contrast to anime studios and manga publishers, has embraced the exports of their merchandises. The European and American manga markets demonstrate the significant role played by local distributors in the global growth of Japanese popular culture.

Piracy was of paramount importance for the emergence of East Asian markets. It popularized Japanese pop culture in this region by selling illegal versions of Japanese products to new customers at cheap prices. It complemented the efforts made by Japanese companies and their local representatives to create markets. Moreover, piracy paved the way for the legal commercialization of Japan’s pop culture products in South Korea and Taiwan when the ban was lifted. The massive consumption of Japan’s pop culture in East Asia demonstrates the failure of East Asian states to control the cultural consumption of the local population. Whereas in the 1990s physical piracy disseminated Japanese pop culture mainly in this region, the main driver since the 2000s has been online piracy, making it much more problematic for states to fight it. In East Asia, some states such as mainland China, the Philippines, Indonesia, Thailand, Malaysia and Vietnam have been lax with the implementation of copyright.

In Europe and the US, anime was the first Japanese pop culture product to be commercialized. The broadcasting of anime paved the way for the boom of manga because anime created an audience for manga. The localization of such products has been more or less pronounced. In some cases, it has involved censorship of some scenes. In the US, the continual anime’s copyright infringement by fans created a community which provoked the boom of anime in the 1990s.

Based on this chapter, it is clear that it is not the Japanese state which initiated the global spread of Japan’s pop culture. It is more accurate to argue that it reacted to it. Keeping in mind this important point, the next chapter will deal with the Cool Japan policy led by the Japanese state.

# Chapter 5: The Cool Japan policy

## **5.1 Introduction**

The Cool Japan policy has two aims: firstly, to boost the exports of the Japanese cultural industries; secondly, to present a friendly image of Japan abroad. State actors involved in this policy range from the METI and the MOFA to the Intellectual Property Strategy Headquarters (IPSH) established by the Cabinet Office and the MIC. There is also a minister of the Cool Japan strategy in the current Abe government, Tsuruho Yōsuke. Agencies include the Agency for Cultural Affairs which is under the auspices of the MEXT, the Japan Foundation, the JETRO, and the Japan Tourism Agency (JTA) which is under the supervision of the Ministry of Land, Infrastructure, Transport and Tourism (MLIT). In addition, the J-LOP, the J-LOP+, and the Cool Japan Fund were created as part of the Cool Japan policy.

The analysis of the Cool Japan policy in this chapter demonstrates its complexity because many state actors are involved in its implementation. Furthermore, the “Cool Japan craze” (Matsui, 2014) among ministries is another instance of jurisdictional competition, that is to say sectionalism, in the Japanese developmental state. Cooperation and coordination are a tricky issue because the bureaucrats of each ministry want to protect their own domains and tend to apprehend Cool Japan according to their own jurisdictional competences. Even if the ministries and agencies try to coordinate their actions, this policy is not always well coordinated as a result of the sectionalism of the bureaucracy.

Evidence is provided in this chapter that the Cool Japan policy can be regarded as an industrial policy because the state wants to improve the business environment of the cultural industries, and more generally of the creative industries, to boost their exports on the assumption that they will stimulate economic growth and create jobs. This echoes the definition of an industrial policy offered in the Introduction. In addition, two characteristics of the developmental state (see Chapter 2, Section 2.3.1) are confirmed below: the institutional links between the METI and the CESA, the AJA, and the two informal associations representing the manga publishers; as well as the willingness of state actors dissatisfied by the current situation of the cultural industries to promote their overseas development.

This chapter has two sections. The first one deals with the state actors that promote the expansion of the Japanese cultural industries into the foreign markets. It details the role of the Cabinet Office which initiated Cool Japan by setting up the IPSH in March 2003. Then, the policy conducted by the METI, and the activities of the J-LOP, the J-LOP+, and the Cool Japan Fund are examined. This section also considers the role of the JETRO, the MIC, the JTA, and the Agency for Cultural Affairs. The second section analyzes how the MOFA and the Japan Foundation, through the cultural industries, hope to diffuse a friendly image of Japan overseas in order to promote Japan’s soft power.

As explained earlier (see Chapter 1, Section 1.3.3), the terms “cultural industries” and “content industries” are used interchangeably in this thesis. The creative industries comprise the cultural industries and also include the sectors of food, fashion, design, craftwork, tourism and so on (METI, 2014a: 11). Therefore, Cool Japan has a very broad meaning.

## **5.2 State actors and the development of the cultural industries overseas**

### **5.2.1 The Cabinet Office**

In February 2002, in his annual speech to the Diet, then Prime Minister Koizumi Junichirō (2002) announced that the government would conduct a national policy of intellectual property to boost the international competitiveness of Japanese industries and that his intention was to set up the Strategic Council on Intellectual Property to advance the necessary policies. One month later, this body, led by the Prime Minister, related ministers and experts in the private sector was created. Coincidentally, in May 2002, that is to say three months after the speech by Koizumi, McGray (2002) published his influential article “Japan’s Gross National Cool”.

In July 2002, *The* *Intellectual Property Policy Outline* was published (Strategic Council on Intellectual Property, 2002). According to this document, the goal of the government is to make Japan a “nation built on intellectual property” in order to restore the competitiveness of the Japanese economy which is suffering from the competition of East and Southeast Asian countries due to their cheap labour costs. Broadly speaking, a “nation built on intellectual property” means connecting the results of creativity in several fields such as technology and culture with the development of industries (Strategic Council on Intellectual Property, 2002: 1). Among the different action plans was listed the support for the creation of outstanding media contents, i.e. motion pictures, animation and computer graphics (Strategic Council on Intellectual Property, 2002: 23).

In November 2002, the Diet passed *The Basic Law on Intellectual Property*, and it became effective at the same time (March 2003) as the establishment of the IPSH (*Basic Law on Intellectual Property*, 2002). Previously, in January 2003, in his annual speech to the Diet, Koizumi (2003) had welcomed the international success of Miyazaki’s animated film *Spirited Away* symbolized by the Golden Bear for Best Film of the 2002 Berlin International Film Festival and the 2002 New York Film Critics Circle Award for Best Animated Film. For the first time, a prime minister referred to a work of popular culture in his annual address to the Diet. One year later, again in his annual speech to the Diet, he reiterated his willingness to establish Japan as a “nation founded on intellectual property” (Koizumi, 2004). He stated that the government would support Japanese films, animation and game software abroad (Koizumi, 2004). The successive addresses to the Diet provide evidence of the firm commitment of the authorities to promote the cultural industries.

Interestingly, in the initial stages, the IPSH did not consider its function to be related to the cultural industries (Choo, 2009: 140). Yet, in April 2004, the release by the IPSH of *The Policy Proposals for the Promotion of Content Business: National Strategy in the Age of Soft Power* meant that it soon changed its stance (IPSH, 2004b). Indeed, the IPSH claimed that the content industries should be considered as the cornerstone of the national strategy due to their market size, their economic ripple effects and the projection of Japan’s soft power abroad (2004b: 2). The report stressed that despite amounting to ¥11 trillion, Japanese content industries represent only 2 per cent of Japan’s GDP compared to 5 per cent in the US and an international average of 3 per cent (IPSH, 2004b: 2). The IPSH urged that Japan’s diplomatic missions, the JETRO and the Japan Foundation should assist in the dissemination of Japanese pop culture overseas (2004b: 6). The focus on the content industries was confirmed by *The Intellectual Property Promotion Plan 2004* in which the term “intellectual property” encompassed technology, design, brands and content products such as animation, music, films and game software (IPSH, 2004a: 2-4).

In June 2004, the Japanese government expressed again its support for the content industries by promulgating *The Content Industries Promotion Law* (2004). In this law, the term “content” refers to anime, music, video games, manga, drama and movies. After its enactment, the MOFA, the Ministry of Agriculture*,* Forestry and Fisheries (MAFF), the MLIT, the Ministry of Health, Labour and Welfare, the JETRO and the Japan Foundation joined the initial actors of the Cool Japan policy, namely the Cabinet Office, the METI, the Agency for Cultural Affairs and the MIC (Choo, 2012: 89).

The law clearly states that the IPSH is in charge of supervising the entire policy to support the cultural industries (*Content Industries Promotion Law*, 2004). Reflecting the successive Diet annual speeches of Koizumi, IPSH’s budget steadily increased between 2004 and 2008, from ¥115.7 billion to ¥122.8 billion. However, after the DPJ became the ruling party in 2009, IPSH’s budget decreased sharply (Choo, 2012: 90).

**Figure 5.19 Annual budget of the IPSH (2004-2010)**

Source: Choo, 2012: 90.

A few days after the devastating earthquake of March 2011, the IPSH issued *The Action Plan to Promote Cool Japan* (2011), a document revised in May of the same year. Like many governmental documents, this plan formulates two goals for the policy Cool Japan: on the one hand, the reinvigoration of the Japanese economy through ripple effects as a result of the dissemination of Cool Japan products; on the other hand, the increase of Japan’s soft power abroad (IPSH, 2011: 1). Through such efforts, the Japanese state aims to raise the market size of the industries related to Cool Japan (video games, manga, anime, fashion, Japanese food, craft, design, robots and high-tech products) from ¥4.5 trillion in 2009 to ¥17 trillion in 2020 (IPSH, 2011: 2). This demonstrates that the government considers this policy as an industrial one. In this official document, the definition of Cool Japan like the current one is encompassing (IPSH, 2011).

Even if the IPSH does not get involved in directly assisting any content industries, it is responsible for directing, coordinating and regulating the policies implemented by the concerned ministries to promote the content industries. In particular, it is in charge of channeling the funds to each ministry or agency. The IPSH acts as a mediator when conflicts arise between ministries in their policies to promote the Japanese cultural industries. Most of the tension arises out of the struggle of each ministry to obtain more budget from the Cabinet Office (Choo, 2012: 89-90).

The Cabinet Office tries to regulate the competition among ministries to secure more funding. Its position makes it possible for it to analyze the involved ministries’ and agencies’ reports and policies, and thus to recommend some ministries and agencies to change their policies. Yet, such recommendations by the Cabinet Office are often in vain. As an official of the IPSH, Ōji Masahiro, confirmed: “Theoretically it is the case where each ministry accepts our requests or asks us for help when needed. But, we are often told that things cannot be done when we ask them to do things” (Quoted in Choo, 2009: 145). Furthermore, there is a lack of communication between the ministries and agencies involved in the Cool Japan initiative (Choo, 2009: 145).

In Japan, when one ministry starts carrying out one policy such as Cool Japan, other ministries will often copy it to protect their jurisdictional competences, their budget and the number of their bureaucrats. The different bureaucracies are locked into a system of competition due to sectionalism. They want to maximize their budget, their administrative domains and their number of civil servants (Matsui Takeshi Interview, 03/09/2014). For Cool Japan “as in other fields when different governmental ministries and agencies are involved, there is routine competition over resources, overlapping responsibilities, lack of coordination, and struggle over prestige” (Otmazgin, 2012: 52). With so many state actors involved in Cool Japan, it is not a surprise that Cool Japan is a complex policy, even for METI’s bureaucrats (METI Official 1 Interview, 02/09/2014).[[76]](#footnote-76)

From December 2012 until September 2014, Inada Tomomi was the minister, among other tasks in her portfolio[[77]](#footnote-77), of the Cool Japan strategy in the Abe government. In September 2014, Yamaguchi Shunichi[[78]](#footnote-78) became his successor. He was then replaced by Shimajiri Aiko[[79]](#footnote-79) in October 2015. Since August 2016, Tsuruho Yōsuke[[80]](#footnote-80) has been minister of state for the Cool Japan strategy. Without a ministry, that is to say without a specific bureaucracy, it is questionable whether these ministers have been able to coordinate all the state actors involved in Cool Japan. As detailed in Chapter 1, Section 1.3.1, sectionalism is strong in Japan (Boyd, 2006; Yoshimatsu, 2007). Ministries and agencies tend to be conservative. They are reluctant to collaborate with other governmental bodies because they want to remain masters in their own jurisdictions. They have different cultures, different mentalities. It is why the coordination between ministries has been poor (Kondō Seiichi Interview, 12/12/2013; Agency for Cultural Affairs Official Interview, 21/05/2014).

Apart from sectionalism, the collaboration between the ministries and agencies involved in Cool Japan is made difficult because the bureaucrats in charge of promoting the cultural industries occupy their position for a limited length of time. In the METI, the appointment term lasts two years. Yet, it varies according to the ministries. Most of the time, when bureaucrats become knowledgeable about Cool Japan, they are transferred to a different division within their respective ministry. The reappointment takes place by the time bureaucrats become acquainted with their counterparts of other ministries. Collaboration and communication between governmental bodies are thus rendered complicated because new officials need time to learn about Cool Japan (Choo, 2009: 172-3).

### **5.2.2 The Ministry of Economy, Trade and Industry**

This ministry is the leader in the implementation of the Cool Japan policy because it has contacts with the industries related to Cool Japan. Since the beginning, it has been involved in the policy to promote Japanese cultural industries. Moreover, it supervises the Cool Japan Fund and the J-LOP, two bodies whose aim is to assist in the global growth of Cool Japan products. For this ministry, Cool Japan means the promotion of a promising industrial sector in terms of future growth and jobs (2012b: 4). This is consistent with the definition of an industrial policy offered in the Introduction. It is hardly surprising as advancing Japanese economy is the *raison d’être* of this ministry.

The current focus by the METI on the content industries contrasts with its disinterest in them until the end of the 1990s. Until that time, the Japanese government did not consider that anime and manga were part of Japanese culture. The former head of the Media and Content Industry Division of the METI, Hirozane Ikuro, revealed what the dominant mindset was: “It was often said: “Why should the nation bother with such a thing?” That is what people said for a long time” (Quoted in Hatayama, 2005: 86). In spite of the start of Cool Japan, this prevalent view among bureaucrats was confirmed by a former bureaucrat of the METI Media and Content Industry Division, Sakai Masayoshi: “The media industry is not directly connected to the rise and fall of a nation or to the life and death of its people, and it has a distance with authorities such as traditional art and imported art. Therefore, even if it increases GDP or even if it contributes to the development of the telecommunication industry, [bureaucrats] are not willing to tackle such policies seriously” (Sakai, 2008: 38).

This negative view on the cultural industries led the Japanese state to ignore them for many years. Yet, realizing the growing popularity of anime and manga in the West, the MOE in 2000 acknowledged them as part of Japanese “traditional” culture. Since the first publication of this ministry’s White Paper in 1988, it was the first time that anime and manga were officially acknowledged as “valid” arts (MOE, 2000). One year later, the METI (2001) published a report on the anime industry to show its official support.

The huge popularity of television series such as *Pokemon* and *Yu-Gi-Oh!*, and the worldwide success of anime movies such as *Princess Mononoke* and *Spirited Away* in the late 1990s and early 2000s changed the perception of the bureaucrats. They understood that the promotion of the cultural industries could revitalize the Japanese economy, and propagate a positive image of Japan through soft power (Matsui, 2014: 92). However, even if bureaucrats have a better view of the cultural industries than in the past, it does not mean that they no longer harbour negative feeling towards them. According to an interviewee, young bureaucrats and young politicians understand better the appeal of anime than the older generation (Roland Kelts Interview, 27/03/2014). The number of governmental reports on the industries of anime, manga and video games, and more generally on the content industries skyrocketed in the 2000s. This is demonstrated in Table 5.6.

**Table 5.6 Reports on the content industries**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Content-related reports** | **Video games content reports** | **Anime content reports** | **Manga content reports** |
| 1980s | 0 | 0 | 0 | 0 |
| 1990s | 97 | 17 | 5 | 1 |
| 2000s | 516 | 43 | 82 | 37 |

Source: Choo, 2012: 88.

Illustrating the current interest of the METI in the Japanese cultural industries, this ministry supports the Japan International Contents Festival (CoFesta). The goal of CoFesta is to showcase Japanese pop culture, fashion, design and so on. Interestingly, an official of almost all ministries and agencies involved in Cool Japan (the METI, the MOFA, the MIC, the Agency for Cultural Affairs, the JETRO, the JTA, the JNTO[[81]](#footnote-81) and the IPSH) figure in the executive committee of this festival (CoFesta, 2015: 4). In 2014, eighteen events were officially affiliated such as the Tokyo Game Show, AnimeJapan, the Tokyo International Anime Festival, the Manga Festival in Indonesia and the International Drama Festival in Tokyo (CoFesta, 2015: 5). The same year, fifteen events were partners of CoFesta, for example the Hiroshima International Animation Festival, the Kyoto International Manga Anime Fair, and the Anime/Manga Festival in Saitama (CoFesta, 2015: 5). Furthermore, the METI with *Keidanren* supported the establishment by TV stations, music companies, films distributors and right holders in Japan of the Japan Content Showcase (Japacon). It is a website that provides the latest information on Japanese contents and entertainment in order to promote their official distribution abroad and prevent piracy (Japacon, 2014).

In June 2010, the METI released *The Industrial Structure Vision 2010* which suggests to focus on five strategic industries, notably the creative industries (METI, 2010b: 34-5). This report is linked to the publication by the DPJ Cabinet Office of *The New Growth Strategy* in December 2009, four months after the victory of this political party to the House of Representatives election in August 2009. In this document, the Cabinet Office identifies six strategic areas to stimulate the Japanese economy: environment and energy, health, tourism and local revitalization, Asian markets, science and technology, as well as employment and human resources (Cabinet Office, 2009: 5). Tourism is seen as contributing to the local revitalization against the background of a rapid aging population and a low birthrate (Cabinet Office, 2009: 14). *The New Growth Strategy* was released in the context of the two lost decades and a recession of 5.5 per cent (OECD, 2016) caused by the 2008 financial crisis.

In *The Industrial Structure Vision 2010*, the METI paints a gloomy picture of the Japanese economy. Between 2000 and 2008, the GDP per capita collapsed from the 3rd to the 23rd global ranking. In 2008, Japan’s GDP represented 8.9 per cent of the world GDP. Yet, it accounted for 14.3 per cent in 1990. At the IMD[[82]](#footnote-82) world competitiveness ranking in 1990, Japan occupied the number one position. However, its ranking slumped to the 27th position in 2010 (METI, 2010b: 5). Furthermore, the population is rapidly aging and is going to shrink sharply in the future (METI, 2012b: 1). Nowadays, the Japanese economy has been trapped in a vicious cycle of sluggish domestic demand (METI, 2012b: 3).

This report points out the high dependence of Japan on the manufacturing industries, especially the automotive industries. Between 2001 and 2007, the profits of all industries grew by ¥25.2 trillion. The transport machinery, the electronics, the steel and the general machinery sectors made up 36 per cent (¥9.1 trillion) of these profits. From 2000 until 2007, the car industry accounted for almost half (¥6 trillion) of the increase of the nominal GDP (¥13 trillion) (METI, 2010b: 12).

The export dependency of Japan (17.4 per cent) is low compared to countries such as South Korea (54.8 per cent), Germany (47.5 per cent), China (36.6 per cent), the UK (28.1 per cent) and France (26.6 per cent). It is thus necessary for the Japanese industries to export more, in particular to the developing and emerging countries because their markets are expected to grow considerably (METI, 2010b: 6 and 13-4). The METI is concerned by the extreme low profitability of the Japanese corporations. In the heavy electric, semiconductor, chemical and cement, their profitability is below half of their foreign rivals. In many sectors (nuclear energy, railways etc.), more Japanese companies compete against each other compared to other countries. This “war of attrition” in the domestic market constitutes a hindrance to their global development (METI, 2010b: 15-6). This situation differs from the one of South Korean companies. They face less competition in the internal market. So, they can more promptly invest for their expansion abroad (METI, 2010b: 16-7).

The METI suggests to reduce the strong dependence of the Japanese economy on the car manufacturers by prioritizing the growth of five strategic industries: infrastructure-related and system export (nuclear energy, railways, and so on), environment and energy industries (next-generation vehicles, smart community etc.), the creative industries (contents, food, fashion, tourism and so on), child rearing, medical, health and nursing services, and advanced areas (robots, space and so on) (METI, 2010b: 34-5). This ministry assumes that through the popularity of Japanese contents, food, design, fashion etc., foreigners are not only induced to buy Japanese consumer goods (electronics, cars, cosmetics, daily necessities and so on), but also to visit Japan. This will develop the tourism industry and stimulate the internal market (METI, 2010b: 118-9).

As the METI is aware of the extreme low export ratio of the Japanese content industries (1.9 per cent) compared to the American ones (17.8 per cent), it recommended the creation of the “Contents Overseas Development Fund” to fully exploit the potential of sales of the content industries abroad (METI, 2010b: 128; METI, 2010c: 5). This recommendation was also formulated in a report published in May 2010 (METI, 2010a: 17-8). The “Contents Overseas Development Fund” was set up as the Cool Japan Fund in November 2013. In contrast to the former, the latter is not limited to the content industries, but also include the creative industries (fashion, food, traditional craftwork etc.) (see Chapter 5, Section 5.2.4).

A bit more than two weeks after the release of *The Industrial Structure Vision 2010*, the Cabinet Office published an updated version of *The New Growth Strategy*. Cool Japan is listed among twenty-one strategic projects for the revival of Japan. The claim that Cool Japan, in other words the creative industries (music, tourism, contents, fashion, traditional culture, food, design and so on) has not completely exploited their growth potential is reiterated (Cabinet Office, 2010: 43).

In 2004, Japan’s creative industries represented 7 per cent of all industrial sales (approximately ¥45.24 trillion) and 5 per cent of employees in the industrial sector (2,154,886 employees). In terms of sales, the automobile industry was a little bigger (8 per cent of sales amounting to about ¥47.19 trillion), but the consumer electronics industry accounted for a little smaller percentage (6 per cent representing about ¥40.14 trillion). The number of people working in the creative industries outweighed those employed in the automotive industry (947,704 people) and also those working in the consumer electronics industry (1,173,237 people) in 2004 (METI, 2012b: 7).

The METI calculates that, in 2020, the size of the world market for creative industries will amount to ¥932.4 trillion (respectively media and content ¥42.3, food and beverage ¥682.8, and fashion ¥207.3), approximately double the 2009 total (¥463.9 trillion[[83]](#footnote-83)). This ministry wants Japan’s creative industries to capture between ¥8 and ¥11 trillion of the world market in 2020 (2012b: 6). It estimated that the Japanese creative industries’ share of the world market was worth ¥2.3 trillion in 2012 (2012a: 4). Its goal is not only to establish a community of fans overseas as a result of the promotion of Japanese content, but also to turn them into tourists visiting Japan (METI Official 1 Interview, 25/02/2014). Its outlook on Cool Japan is clearly an industrial one.

The METI has one division in charge of the content industries: the Media and Content Industry Division. It was created in 2001 in the aftermath of the transformation of the MITI into the METI. The aim of this division is to develop and strengthen the content industries in Japan. This ministry considers that this industrial sector has a strong impact on the Japanese economy in terms of multiple ripple effects. For example, foreign consumers may want to buy a Japanese car or foodstuffs after watching a Japanese TV program. Although it is hard to estimate precisely all the economic benefits of the content industries, the METI assumes that they are important (Munakata Saho and Sakamoto Yūko Interview, 08/04/2014).

This section of the METI has institutional relationships with various business federations representing a different sector of the Japanese cultural industries, for example the AJA and the CESA. It has also links with companies which lead business associations. For each sector, an official of this section is in contact with the business federation representing this segment of the Japanese cultural industries. These officials meet representatives of each business association in order to build a more direct contact. Meetings do not take place on a regular basis but occasionally. However, if the METI organizes jointly a show with one business federation, contacts are very frequent before such shows. For example, this section of the METI and the AJA carry out frequent exchanges prior to the organization of anime shows, such as AnimeJapan. It is also the case with the CESA before video games shows take place, for example the famous Tokyo Game Show (Munakata Saho and Sakamoto Yūko Interview, 08/04/2014). These facts provide evidence of the institutional links between these two business associations and the METI, a characteristic of the developmental state (see Chapter 2, Section 2.3.1).

The case of the manga industry is more complicate because there are two business associations representing the manga sector vis-à-vis the Japanese government: the AMP and the DCA. Neither AMP nor DCA have corporate status. Both purely conduct industry-led activities. The AMP is more informal than the DCA. Yet, the absence of corporate status does not mean that the METI has no relationship with them. A METI official sometimes attends seminars of the DCA depending on the topic. Furthermore, the Media and Content Industry Division is also in close contact with the main publishers which are members of these two informal associations (Munakata Saho, 2015). Concerning the formal associations of publishers, Japan has three major ones: Japan Book Publishers Association (JBPA) and Japan Magazine Publishers Association (JMPA). But they are not focused on manga (Munakata Saho, 2014). And the third main association (All Japan Magazine and Book Publishers’ and Editors’ Association) issues reports on the book industry, including manga, but it does not have close links with the Media and Content Industry Division (Sasaki Toshiharu and Wakabayashi Hideki Interview, 30/04/2014).

Interestingly, in addition to the Media and Content Industry Division, the Creative Industries Division deals with the content industries too. Whereas the former focuses on movies, video games, TV shows, music, anime and manga (Munakata Saho and Sakamoto Yukō Interview, 08/04/2014) and is more domestic-oriented (METI Official 1 Interview, 25/02/2014), the latter has a broader outlook for Cool Japan that it promotes abroad. Indeed, for the Creative Industries Division, Cool Japan includes not only content industries, but also food, fashion, design, regional products, craft industries and so on. Therefore, Cool Japan is an all-encompassing term. It is not limited to only the content industries (METI Official 1 Interview, 25/02/2014).

The differences between the Media and Content Industry Division and the Creative Industries Division are not so pronounced. Despite being more domestic-oriented, the Media and Content Industry Division supervises the J-LOP whilst the Creative Industries Division controls the Cool Japan Fund. The lack of clear differences can easily provoke an overlap of domains between these two sections. As explained in Chapter 1, Section 1.3.1, sectionalism does not only occur between ministries, but also within them (Boyd, 2006: 53; Hook *et al.*, 2012: 41).

In June 2010, a team of seven people called Cool Japan Office was created in order to reorganize the METI. As a result of the work of this team, the Creative Industries Division was launched on the 1st July 2011. The reorganization of METI’s divisions lasted one year. This process was not smooth as it faced opposition from some METI officials. An outside consultant, that is to say a private one, was hired by the Cool Japan Office team to circumvent the opposition. After completing research on the past policies of the METI, this private consultant suggested some changes in the structure of the ministry in a presentation attended by all directors and deputy-directors of all divisions. A discussion followed this presentation with all the officials. That was the first step. In other words, as pointed out by one of the members of the Cool Japan Office team, it is sometimes better to recruit a private consultant in order to be able to carry out reforms (METI Official 2 Interview, 19/03/2014).

Next, this team began to talk with politicians. They became interested in the slogan Cool Japan, a catchy and sticky term. Even if this team was aware of Cool Britannia, they did not think of it when they decided on the name (METI Official 2 Interview, 19/03/2014). At that time, the DPJ was the governing party and the LDP was the main opposition party. Politicians from both parties gave their approval to the project Cool Japan.

One member of the team who reorganized the organigram of the METI explained to this author that she was deeply influenced by her business studies in an American university, especially the emphasis on interdisciplinary thinking. She wanted to create more interdisciplinary divisions, for example, combining the design policy division with either the craft or content industry division. She was not satisfied by the structure of the METI at that time: very hierarchic and sectional. It is why she argued for the establishment of an interdisciplinary-oriented cultural industries division (METI Official 2 Interview, 19/03/2014). As seen above, the Creative Industries Division has a broad view of what is promoted under the slogan “Cool Japan”.

In addition to supervising the Cool Japan Fund and the J-LOP, since the establishment of the Creative Industries Division in July 2011, the METI has allocated grants to numerous projects for the industries related to Cool Japan as a test marketing. The Creative Industries Division wants to collect data on the foreign markets for the future expansion of Japanese companies, especially the small- and medium- sized ones. The METI is trying to find a successful business model for the exports of Cool Japan products. This point confirms that Cool Japan is an industrial policy. Up to now, more than thirty projects have been funded by this division of the METI. Reports on each project are available on the ministry’s website so that companies benefit from the knowledge accumulated by the projects. The METI considers that the next stage for the successful projects funded is to apply for financial assistance from the Cool Japan Fund (METI Official 1 Interview, 02/09/2014).

The METI wants to boost the exports of the cultural industries because, in its opinion, they are too domestic-oriented (METI Official 2 Interview, 19/03/2014; METI Official 1 Interview, 02/09/2014). This shows that the METI is dissatisfied with the current situation of these industries. The table below confirms that only the video game industry is a net exporter.

**Table 5.7 Creative industries’ trade balance in 2011[[84]](#footnote-84)**

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Games** | **Make-up** | **Fashion (Textile)** | **Films** | **Music** | **Books** | **Magazines** | **Copyright** | **Tourism** |
| **Exports** | 2,930 | 1,292 | 376 | 46 | 22 | 73 | 43 | 1,317 | 8,752 |
| **Imports** | 21 | 1,674 | 18,516 | 408 | 240 | 217 | 72 | 7,007 | 21,716 |
| **Trade balance** | 2,909 | -382 | -18,140 | -362 | -218 | -144 | -29 | -5,690 | -12,963 |

Unit: hundred million ¥. Source: METI, 2014a: 8.

The large domestic market is one of the main reasons that explains why the Japanese cultural industries have been mainly domestic-orientated. This situation contrasts with the priority of South Korea to export its popular culture because the Korean domestic market is smaller than its Japanese rival. The METI has studied several policies of the Korean government to disseminate Korean pop culture. Thus, this ministry considers South Korea as a model for the promotion of cultural industries (METI Official 1 Interview, 25/02/2014). Nevertheless, the main difference between the Korean and the Japanese policy to promote the cultural industries lies in the fact that the Korean policy-making process is much more centralized (Matsui Takeshi Interview, 03/09/2014).

The METI tries to collaborate with other ministries and agencies involved in Cool Japan. In spring 2013, for instance, the METI, the JETRO, the MOFA and the JTA set up a committee to exchange information. They organize regular meetings to better coordinate their different initiatives (METI Official 1 Interview, 25/02/2014). When the METI wants to take part in an event, it informs other ministries and collaborates as much as it can. For example, it collaborated with the JTA and the MAFF to run an exhibition booth at the Paris Japan Expo (METI Official 2 Interview, 19/03/2014). The final report of the Cool Japan Advisory Council which pondered on the links between Japan’s soft power and Cool Japan called on the METI, the JTA and other relevant ministries and agencies to work together in a unified manner and in collaboration with the business sector (2011: 24).

In the autumn of 2010, a committee was created in order to establish the Cool Japan’s plan. Officials of different ministries in charge of cultural industries gathered together to discuss the plan. Rather than having a true exchange of points of view, the outcome of the meetings was a document listing the policies of each ministry (METI Official 2 Interview, 19/03/2014). This example highlights that ministries and agencies are inclined to consider Cool Japan through their distinctive domains. In the past, depending on the nature of the policies implemented, ministries did not even exchange data and information between them (METI Official 1 Interview, 02/09/2014). This again illustrates the sectionalism of the Japanese bureaucracy.

### **5.2.3 The J-LOP and the J-LOP+**

In March 2013, the J-LOP was established jointly by the METI and the MIC. It was replaced by the J-LOP+ in March 2015. The J-LOP+ stopped its activities in December 2015 (VIPO, 2016a). The J-LOP was reactivated in February 2016. The Visual Industry Promotion Organization[[85]](#footnote-85) (VIPO) manage the J-LOP and was in charge of the J-LOP+. A competition was organized to choose which organization would run the J-LOP. Several applications were submitted. Two reason can explain why, in the end, the VIPO was selected among the various candidates. To begin with, the members of this business federation are from the sector of cultural industries. Furthermore, the VIPO has completed a lot of governmental projects and it has good relations with the government (J-LOP Official Interview, 18/04/2014). The METI cannot manage the J-LOP as it is too much time and resources consuming for this ministry (METI Official 1 Interview, 25/02/2014).

The METI, in particular the Media and Content Industry Division, is in close contact with the J-LOP. Meetings are held once a week. The J-LOP has to report its activities, for example, how many applications it received and the projects to which it decided to allocate funding (J-LOP Official Interview, 18/04/2014). This shows how this ministry supervises this organization.

The first J-LOP was endowed with a budget of ¥15.5 billion. The METI provided the majority of the budget (¥12.3 billion), the MIC the remainder (¥3.2 billion) (METI, 2014a: 14). The current J-LOP has a budget of ¥6.7 billion (METI, 2016a: 8). In the same vein as the former J-LOP, the present one allocates two kinds of subsidies: for localization and for promotion overseas, both in all the world. The projects submitted have to be related to cultural industries. They range from movies, TV programs and anime to music, digital comics, video games and characters. Similarly to the former one, the current J-LOP covers up to 50 per cent of the expenses for the localization and the promotion of the Japanese contents (VIPO, 2016b: 4). A more important share of budget of the previous J-LOP was devoted to localization (¥9.5 billion) than to promotion (¥6 billion) (METI, 2014a: 14), thereby demonstrating that the emphasis was on the localization.

The METI endowed the J-LOP+ with ¥6 billion (J-LOP+, 2015). The J-LOP+ allocated up to 50 per cent of the costs of promotion and localization. If applications contributed to the revitalization of the Japanese regional economy, they could receive up to two thirds of the costs. This is the case of the current J-LOP as well (VIPO, 2016b: 4). The aim of the J-LOP+ was to assist in the global spread of Japanese contents that would stimulate the Japanese regional economy by increasing the number of foreign tourists (METI, 2015).

Through the allocation of subsidies for the localization and promotion to boost the presence of Japanese popular culture in the foreign markets, the METI hopes that it will benefit other industries such as food and fashion, and ultimately, will stimulate the increase of tourists coming to Japan (METI, 2014a: 10). Therefore, Cool Japan is considered with an industrial perspective, that is to say the strengthening of some sectors of the Japanese industries (content, tourism, food etc.) in terms of future growth and jobs creation.

Promotion involves the public relations’ activities carried out by the cultural industries to advertise their products such as participation in fairs, shows, exhibitions or the organization of a concert (J-LOP, 2014b). Localization of Japanese content means completing the necessary changes in order to disseminate such content overseas. It relates to the broadcasting, the distribution, the screening or the performance. The J-LOP also allocates localization subsidies so that the recipient can conduct negotiations for the overseas distribution of content. A company that plans to promote in a show or a fair a product which needs to be localized is also eligible. Localization can take several aspects. It means not only the dubbing and adding some subtitles, but also, in some cases, the removal of the parts of the content deemed as inappropriate depending on the law and culture of the recipient country. In some cases, the J-LOP finances the censorship of some contents before being commercialized abroad. Localization as well means the translation of the documents to conduct negotiations for the commercialization of content abroad. Finally, localization can imply to change the format of the contents (J-LOP, 2014c).

Applicants have to meet several requirements. Individuals can apply if they are Japanese citizens or permanent residents. Of course, Japanese companies are eligible, but it is also the case for local subsidiaries of foreign companies if they satisfy specific conditions. Under no circumstances, subsidies can be granted for a project which includes adult-oriented contents (pornography) and the contents whose access is restricted. The J-LOP follows the rating systems established by each sector’s business federations. In the case of a very violent content, the regulatory body of the sector has normally already restricted its access. Even if its access has not been limited, if the review committee deems that the content is violent, the application is probably rejected. In the end, this is judged case by case (J-LOP Official Interview, 18/04/2014).

Contents for political or religious propaganda, or contents which slander political or religious standpoints are ineligible. Some political parties and some religious organizations make their own movies or manga for their propaganda to showcase their positions. The previous J-LOP never received this kind of projects (J-LOP Official Interview, 18/04/2014). These three automatic rejection points demonstrate that the Japanese government is concerned about the image of Japan it will project by helping the diffusion of Japan’s pop culture abroad. It wants to avoid being assimilated to the most controversial contents.

There are a lot of conditions that companies have to satisfy when submitting an application, making the process complicate for candidates (J-LOP Official Interview, 18/04/2014). The crucial criterion for the allocation of subsidies is how big the impact will be, how important the ripple effects the projects will trigger abroad. For the promotion, the number of visits to the show is considered as indicating the scale of the ripple effects (METI Official 1 Interview, 25/02/2014). Assessing the potential impact of the localization is a thornier issue. The committee reviewing the applications pays also attention to the amount of subsidies requested. If it judges that the incurred costs of promotion or localization are too high compared to the average price, the application risks to be rejected. To take the example of an anime studio applying for a localization subsidy, it has to indicate in which country the anime will be aired, if the localization means dubbing or adding subtitles, how many episodes will be broadcasted on which TV station and how much the localization will cost (J-LOP Official Interview, 18/04/2014).

Promotion has to take place abroad, but the review committee can decide to include local events if it deems that they have a considerable impact. For example, companies planning to participate in the Tokyo Games Show, the biggest show on video games in Japan, are eligible for promotion subsidies (J-LOP Official Interview, 18/04/2014). Promotion subsidies cannot be distributed to support just one single company. The project also has to contribute to the promotion of other companies in the sector, a point that may be difficult for companies (J-LOP Official Interview, 18/04/2014). Let us assume that a manga publisher receives a grant for a booth in a fair abroad. Its booth has to contribute to the promotion of other publishers as well. Clearly, the government wants to maximize the ripple effects of the promotion of Japanese cultural industries overseas.

The website of the first J-LOP had one page in English explaining its subsidies program. When it came to the criteria for eligibility, interestingly, it was written that “the projects must portray Japanese cultural values” (J-LOP, 2014a) without specifying the Japanese cultural values. This condition was absent in the Japanese pages of the former J-LOP website. When this author asked a J-LOP’s official to explain the meaning of Japanese cultural values and to give a concrete example, this official stated that, as local subsidiaries of foreign companies could apply for subsidies, these words implied that content had to be related to Japan (J-LOP Official Interview, 18/04/2014).

The committee of the J-LOP screening the applications meets once a week to decide which projects will be funded. Its composition is secret. The METI and the J-LOP refused categorically to disclose the name of the members. METI’s officials can attend the meetings because this ministry funds J-LOP’s program. Nevertheless, in the end, the members of this committee decide which projects will receive a subsidy. In other words, it is an independent review committee. It does not receive any instruction from the METI to distribute grants to specific projects (J-LOP Official Interview, 18/04/2014).

In total, until the end of the previous J-LOP in March 2015, 5,513 applications were sent in. It allocated grants to 3,815 projects and rejected 473. For 1,225 projects, applicants refused to receive subsidies (J-LOP, 2015). The J-LOP+ funded 855 projects. As of October 2016, the present J-LOP has allocated grants to 873 projects (J-LOP, 2016). The deadline for applications is in the end of January 2017 (VIPO, 2016b: 4).

### **5.2.4 The Cool Japan Fund**

In summer 2012, a joint task force of the Media and Content Industry Division and the Creative Industries Division was created to set up the Cool Japan Fund. The MOF was also involved. The process of drafting the bill lasted tenth months. During this process, the Media and Content Industry Division contacted the business federations of Japan’s cultural industries. It wanted to know more about potential projects that could be funded by the Cool Japan Fund and asked for their collaboration. This division also contacted many Japanese companies, between 200 and 300, including probably all of the leading corporations. The METI was raising funds for the Cool Japan Fund. The name of all the companies contacted is kept secret (METI Official 3 Interview, 30/04/2014).

The process of drafting this law began under the DPJ Cabinet. After the victory of the LDP at the December 2012 House of Representatives general elections, METI’s bureaucrats were concerned about the position of the new governing majority concerning Cool Japan. As the LDP approved this policy, these bureaucrats could continue the drafting of the law. The bill setting up the Cool Japan fund was enacted in June 2013. The process of hiring the staff and gathering the private sector investments required five months. Finally, the Cool Japan Fund was set up in November 2013 (METI Official 3 Interview, 30/04/2014).

At the time of its establishment, the Cool Japan Fund was endowed with a capital of ¥37.5 billion. It is planned to last twenty years at the maximum, showing the commitment of the Japanese state for a long period, as is often the case with industrial policies such as space policy (Pekkanen and Kallender-Umezu, 2010), electric vehicles (Åhman, 2006) and nuclear energy (Shadrina, 2012). Nevertheless, in reality, the government would like the Cool Japan Fund to last as short as possible, around ten years, and plans then to withdraw its funding. During this time frame, it hopes that private investors will be convinced to invest in business activities of the SMEs abroad (METI Official 3 Interview, 30/04/2014). This reminds us that the Japanese developmental state acts as a catalytic agent which creates incentives and disincentives for managers (Lind, 1992). According to an interviewee, Cool Japan is one of the major policies of the Abe government (METI Official 3 Interview, 30/04/2014).

As of October 2016, the capital of the Cool Japan Fund amounts to ¥52.3 billion (Cool Japan Fund, 2016b). The Japanese government is the main contributor to this fund with ¥41.6 billion (Cool Japan Fund, 2014b: 1; Cool Japan Fund, 2016a: 3). Private companies have contributed to the remainder, that is to say ¥10.7 billion (Cool Japan Fund, 2014b: 1; Cool Japan Fund, 2015: 3; Cool Japan Fund, 2016a: 3). Although the main shareholder of the Cool Japan Fund is the state, this fund is different from public risk absorption because it is a minority investor in the projects (see Chapter 2, Section 2.3.1).

The METI has identified three bottlenecks that are hampering the foreign development of Cool Japan-related businesses, in particular the SMEs. First, Japanese banks and investors are reluctant to provide money for the overseas expansion of the SMEs. They assume that these projects are too risky. Consequently, most of the time, Japanese SMEs have no access to necessary financing to do business outside of Japan. Secondly, they are hesitant to invest overseas because they have limited knowledge and information about the global market. They lack the experience and the know-how to grow abroad. Lastly, it is difficult for them to secure business hubs to facilitate international development, such as business space in foreign commercial centers. It is why many Japanese SMEs are missing the business opportunity to develop outside of Japan (Cool Japan Fund, 2014a: 2). The Cool Japan Fund was set up to resolve these bottlenecks (METI Official 1 Interview, 25/02/2014), thereby illustrating that Cool Japan is an industrial policy implemented by the Japanese developmental state.

The Cool Japan Fund has three missions. First, it aims at the expansion of Japanese goods and services into the overseas market, and the creation of successful business models. Secondly, rather than simply investing in new ventures, it wants to provide support for corporate activities at a hands-on level, and through this, to develop the human resources to do business overseas. Thirdly, the goal of this fund is to enhance the image of Japan’s abroad by creating and boosting business ventures. Enhancement means not only the improvement in quality, but also the increase in quantity (METI, 2014a: 26).

The METI wants to encourage the creation of a platform or consortium between different companies so that they expand outside of Japan. It is also necessary for them to find local partners abroad, for example retail and distribution partners, so that the business of Japanese companies can generate profits overseas. As the result of the increase diffusion of Cool Japan products overseas, the METI hopes that foreign consumers of these products will visit Japan, thereby contributing to the development of the tourism industry (2014a: 11). Indeed, this ministry wants to promote “inbound tourism” (2014a: 11), for example contents tourism which focuses on the narratives, characters and locations of contents (Seaton and Yamamura, 2015: 2). Japanese pop culture has been enthusiastically embraced by fans abroad, in particular young ones (see Chapter 4). As aptly stressed by Philip Seaton and Yamamura Takayoshi, “this is driving many people’s desire to visit Japan, and, as all academics working in Japanese studies departments know, it drives many students’ desires to study about and study in Japan, too” (2015: 5).

The METI assumes that the overseas dissemination of Japan’s charms expressed in Japanese products will contribute to the increase of national wealth (2014a: 11). This offers concrete evidence of how the Japanese state still considers its responsibility to secure national growth, a characteristic of the developmental state (see Chapter 2, Sections 2.3.1-2.3.2). It predicts that the combined effects of the rapid aging of the population and the diminution of young people will lead to the shrinking of Japanese domestic demand, making it paramount for the Japanese cultural industries to expand their business abroad. Up to now, they have had few incentives to expand overseas because of the large size of Japan’s domestic market. This situation differs from the situation of Korean cultural industries (Cool Japan Fund Official Interview, 12/06/2014).

In contrast to the J-LOP and the J-LOP+, the Cool Japan Fund has a broader approach. It plans to invest not only in media and content industries, but also in the fashion and lifestyle sector including craft, as well as the food and tourism sectors. It does not have any priority sector despite considering that media content is the most efficient to attract foreign consumers. Even if Japanese anime have a worldwide success, the Cool Japan Fund thinks that their audience is limited compared to Disney’s productions (Cool Japan Fund Official Interview, 12/06/2014). This again demonstrates that the Japanese developmental state is dissatisfied by the current situation of the anime industry.

Cool Japan is a very encompassing term. Basically, everything can be promoted as Cool Japan (METI Official 1 Interview, 25/02/2014). Another difference between, on the one hand, the Cool Japan Fund, and on the other hand the J-LOP and the J-LOP+, is that the former invests through the buying of shares whilst the later allocates (allocated for the J-LOP+) subsidies. The Cool Japan Fund is a minority investor in the selected projects. In the end, it wants its investments to be paid off. This money is used to fund other projects (Cool Japan Fund Official Interview, 12/06/2014). The length of the investments is decided case by case, but the average is around five or seven years (METI Official 3 Interview, 30/04/2014).

The Japanese government established several criteria for the investments. First, the projects must contribute to the Cool Japan policy by boosting overseas demand for Japanese products and services. In particular, they must stimulate domestic economic growth. The second set of criteria are about the profitability of the projects. Applicants must demonstrate that the management structure of their project is appropriate. Joint investment by the private sector is required because the Cool Japan Fund cannot fund the projects in their entirety. A clear exit strategy is also necessary. In other words, applicants must indicate how the redemption of the Cool Japan Fund’s investments will take place. Lastly, the projects are expected to generate economic knock-on effects by satisfying at least one of the following conditions: consortium of companies among various industries, pioneer in the foreign markets, representing platform for regional SMEs to expand outside of Japan, or a “broadcasting effect to consumers worldwide” (Cool Japan Fund, 2014a: 5).

Industrial sectors are assumed to be reciprocal in the sense that the consumption of one product can lead to the consumption of another product. For instance, foreigners watching a drama can give them incentives to eat Japanese food. Yet, evaluating the economic ripple effects of the projects remains a thorny issue (Cool Japan Fund Official Interview, 12/06/2014). Rather than big companies, regional firms and the SMEs are the priority of the Cool Japan Fund. However, big companies are also eligible for investment. In particular, they can represent the platform for the SMEs (METI Official 1 Interview, 25/02/2014). Around one hundred projects have been submitted (METI Official 3 Interview, 30/04/2014). Approximately half is related to media content (Cool Japan Fund Official Interview, 12/06/2014).

As of October 2016, the Cool Japan Fund (2016c) has decided to invest in eighteen projects for a total investment of ¥38.3 billion. Among the funded projects figure six in the category of media content, seven in the field of food services, three concerning lifestyle and fashion, and two related to tourism in Japan (2016c). This shows that until now, the Cool Japan Fund has mainly focused on the expansion of food and media content abroad. Six projects take place in East and Southeast Asia, in countries where there is an important potential of growth for Japanese companies (Vietnam, China, Malaysia, Indonesia and so on). Five investments occur in the whole world, reflecting that the Cool Japan Fund has a worldwide outlook. Only three projects are specifically related to Europe and the US, and two to the Middle East. Two investments deal with the development of the tourism industry in Japan (2016c).

Based on the investment guidelines issued by the government, a committee consisting of seven members including the chairman, the Chief Executive Officer (CEO) and the five outside board members decide which projects will be funded (METI, 2014a: 27). Even if the government is largely its main shareholder, the Cool Japan Fund is an independent private company. In particular, the METI has no decision-making influence on the applications. The role of the Creative Industries Division is to control the overall activities of this fund which has to report to this division which projects will receive investments (METI Official 1 Interview, 25/02/2014; METI Official 3 Interview, 30/04/2014).

Since its establishment, the Cool Japan Fund has announced two agreements of cooperation with state actors involved in the Cool Japan policy: the first one with the JETRO in March 2014, the second one with the JNTO in September 2014. The activities of the JETRO and the Cool Japan Fund are complementary as the former, with a dense network of domestic and overseas offices, has deep knowledge on the support of Japanese companies operating abroad, and the latter provides them with venture financing to enable them to find new foreign markets. However, their activities can easily overlap because both organizations are engaged in supporting and investing in businesses. In addition to cooperation in surveys and information gathering on several issues, it is certainly why they pledge to inform each other of the details of their operational activities (Cool Japan Fund, 2014c: 1-2). The agreement between the Cool Japan Fund and the JNTO is consistent with the stance of the Japanese government that the expansion of Cool Japan related industries is closely related to the increase of foreign visitors in Japan. This partnership has received full support from both the JTA and the METI (JNTO, 2014: 1).

### **5.2.5 The Japan External Trade Organization**

One the main goals of the JETRO is to promote the foreign trade of Japan. The JETRO is under the supervision of the Trade Policy Division of the METI (JETRO, 2013c: 2). In 2013, its annual budget amounted to ¥32.2 billion (JETRO, 2013c: 7). The JETRO has seventy-three offices in fifty-four countries employing 709 people. Moreover, it has forty-two domestic offices plus the main headquarter in Tokyo, a smaller one in Osaka, and an Economic Research Center of Asia for a total of 909 people. What is more, it has a very strong network inside and outside of Japan to support the exports of Japanese companies (JETRO, 2015). It has a section specifically dedicated to boost the exports of the content industries, the Creative Industries Promotion Department.

The existence of this department illustrates that, for the Japanese state, the cultural industries are among the priority industries to foster in order to revitalize the Japanese economy (JETRO, 2010b: 9; 2012c: 73; 2013b: 97). Since 2009, the JETRO has steadily built up its assistance to the overseas development of Japanese companies as shown in the table below. It has assisted mainly small and medium-sized companies.

**Table 5.8 Annual number of export negotiations**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **2009** | **2010** | **2011** | **2012** | **2013** |
| 54,197 | 62,791 | 90,739 | 116,391 | 130,142 |

Source: JETRO, 2010a: 58; 2011b: 52; 2012b: 7; 2013a: 12; 2014: 10.

Similarly to the rise in the number of annual export negotiations, the number of export contracts increased between 2011 and 2013, from 20,936 to 28,180 in 2013 (JETRO, 2012b: 8; 2014: 10). When we look into the number of annual export negotiations in the field of the content industries, they jumped from 2,741 to 4,134 between 2011 and 2012. And when we consider the figures of the export contracts in the same sector, they increased slightly more than 75 per cent, from 429 to 752 in the same time frame[[86]](#footnote-86) (JETRO, 2012b: 9; 2013a: 13). Nevertheless, such figures are low when compared to other economic sectors. In 2012, the JETRO assisted 4,134 export negotiations in the field of content industries, thereby representing only 3.6 per cent of the annual total (116,391) of export negotiations (JETRO, 2013a: 12).

**Table 5.9 Export negotiations number according to industrial sectors in 2012**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Sectors** | **First quarter** | **Second quarter** | **Third quarter** | **Fourth quarter** | **Total** |
| Machinery and components | 376 | 2,313 | 10,064 | 1,867 | 14,620 |
| Life science | 2,478 | 446 | 2,609 | 2,007 | 7,540 |
| Environment and energy | 1,234 | 2,132 | 4,301 | 1,116 | 8,783 |
| Infrastructure | 3 | 0 | 0 | 84 | 87 |
| Agriculture, forestry and food | 10,206 | 6,346 | 8,619 | 20,142 | 45,313 |
| Design | 4,122 | 5,531 | 2,975 | 8,095 | 20,723 |
| Fashion | 122 | 981 | 6,627 | 1,915 | 9,645 |
| Content | 747 | 94 | 455 | 2,838 | 4,134 |
| Base of the Economic Pyramid | 0 | 67 | 0 | 0 | 67 |
| Others | 79 | 929 | 3,586 | 885 | 5,479 |

Source: JETRO, 2013a: 12.

**Table 5.10 Export contracts number according to industrial sectors in 2012**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Sectors** | **First quarter** | **Second quarter** | **Third quarter** | **Fourth quarter** | **Total** |
| Machinery and components | 69 | 214 | 1,271 | 186 | 1,740 |
| Life science | 179 | 42 | 219 | 246 | 686 |
| Environment and energy | 198 | 236 | 306 | 109 | 849 |
| Infrastructure | 0 | 0 | 0 | 0 | 0 |
| Agriculture, forestry and food | 1,571 | 1,180 | 1,772 | 8,557 | 13,080 |
| Design | 860 | 1,525 | 815 | 2,724 | 5,924 |
| Fashion | 19 | 271 | 919 | 917 | 2,126 |
| Content | 103 | 4 | 72 | 573 | 752 |
| Base of the Economic Pyramid | \_ | 11 | \_ | \_ | 11 |
| Others | 7 | 130 | 355 | 179 | 671 |

Source: JETRO, 2013a: 13.

In 2012, the number of export contracts assisted by the JETRO in the sector of content industries amounted to 752, representing only 2.9 per cent of the annual total (25,839) (JETRO, 2013a: 13).

How to account for such low figures, respectively 3.6 per cent of the total of export negotiations and 2.9 per cent of the total of export contracts for the sector of the content industries in 2012? It is likely that the main players in the content industries do not really need the support of the JETRO to export their products. That is, it is doubtful that the big companies in the sector of video games and the main manga publishers depend on the JETRO for their exports. Such companies have already established their distribution channels without the assistance of the Japanese government. Anime companies, because they are mostly small and medium-sized companies, certainly need the assistance of the JETRO for their exports.

Do the figures above mean that the JETRO is little involved in Cool Japan? As explained earlier, it is important to bear in mind that Cool Japan has a very encompassing meaning for the Japanese government. Cool Japan includes content industries, but also fashion, design, food, craft industries and tourism. And, in 2012, the JETRO gave its support for 45,313 (agriculture, forestry and food), 20,723 (design) and 9,645 (fashion) export negotiations (2013a: 12). Putting these figures together, these sectors accounted for 65 per cent (75,681) of the total export negotiations. When we look at export contracts assisted by the JETRO in the same year, moreover, we can observe that 13,080 were related to agriculture, forestry and food, 5,924 to design and 2,126 to fashion (2013a: 13). They represented together 82 per cent (21,130) of export contracts in 2012. Therefore, the JETRO is deeply involved in Cool Japan, especially in the field of agriculture, forestry and food, as well as fashion.

The JETRO has carried out various activities to help in the dissemination of Japan’s cultural industries. For instance, in 2013, it invited to “AnimeJapan”, the most important show in Japan devoted to animation, eleven buyers from countries such as Brazil, Mexico, Turkey and Indonesia to hold business negotiations with the Japanese anime industry. Business meetings organized by the JETRO amounted to forty, for a total of 255 business discussions that resulted in twenty-eight firm contracts (JETRO, 2014: 32). The same year, this organization ran a booth at the Game Connection America (GCA), a business convention of the video games industry which takes place in San Francisco annually. Before this event, it sponsored a workshop on the development of Japanese video games in North America and provided individual support to companies. At the GCA, thirteen companies were involved in 384 business negotiations organized by the JETRO. These business negotiations turned into twenty firm contracts. In this way, we can see that this organization helped Japanese video games company to find foreign partners to expand their business overseas (JETRO, 2014: 34).

Another way to help in the expansion of Japan’s cultural industries has been through coordinators. They are based abroad or in Japan and provide individual support to Japanese companies by informing them about local market trends and helping them to find foreign business partners. In 2013, coordinators assisted companies in the content industries sector in 220 cases, essentially follow-up and matching support (123 times) (JETRO, 2014: 64). This figure significantly dropped between 2011 and 2012, from 558 to 149 (JETRO, 2012b: 51; 2013a: 48). Coordinators have offered much more assistance, on the one hand, to the sector of forest, fishery and food; and, on the other hand, to the sector of design, manufactured goods and traditional products. In 2013, coordinators helped the former in 2,591 cases, the latter in 1,826 cases. Therefore, they represented 69.1 per cent of the support given by coordinators in 2013 (JETRO, 2014: 64).

In addition to coordinators, the JETRO has run a plan for several years whose aim is to strengthen the collaboration between Japanese and foreign companies. The name of this project is the Regional Industry Tie-Up Program. In 2013, this plan involved Nerima, the Mecca of anime, and some anime companies in Canada (Quebec). Various business negotiations (forty-seven) took place under the auspice of the JETRO, and two firm contracts were secured (JETRO, 2014: 69).

### **5.2.6 The Ministry of Internal Affairs and Communications**

The MIC is the main ministry responsible for the promotion and the development of the ICT. In 2012, Japan’s ICT industry represented ¥81.8 trillion, accounting for 8.9 per cent of all industries (MIC, 2014: 324). This sector employs 3.968 million people, 7.1 per cent of all industries. It has the largest economic spillover effects: an added value of ¥87.4 trillion and job creation totaling 7.657 million (MIC, 2014: 327-8). According to Kazunaga Nobunori[[87]](#footnote-87), the growth of Japanese TV exports can stimulate economic ripple effects calculated at around $US5 billion (¥529.3 billion[[88]](#footnote-88)) (Kazunaga, 2014c: 215).

In the context of the Cool Japan policy, the MIC points out that, previously, Japanese exports were symbolized by cars and electronic goods. Nowadays, Japanese pop culture has a lot of fans outside of Japan (Kazunaga, 2014c: 202). A key for the success of this policy is Japanese television content exports (Kazunaga, 2014a, 2014b, 2014c). Indeed, the domestic market of Japanese television contents is estimated at ¥3.7 trillion, representing 32.4 per cent of the content industries’ domestic market. Moreover, Japanese television content exports include not only the sales of rights to broadcast programs, but also the revenues generated from merchandising, videos distribution, format, remake and online distribution (Kazunaga, 2014b: 4-7). The latter reinforces the potential of revenues and the possibility to introduce the “coolness” of Japan overseas. In 2012, Japanese television content exports totalled ¥10.43 billion. The sales of the rights to rebroadcast programs represented 60 per cent, amounting to ¥6.22 billion. And merchandising, videos distribution, format, remake and online distribution accounted for 40 per cent, totalling ¥4.21 billion (Kazunaga, 2014a: 5).

Interesting is the comparison that the MIC makes between Japanese and Korean television content exports. In 2012, Korean TV content exports were worth ¥18.68 billion, thereby higher than those of Japan. Yet, compared to their Japanese rival, Korean TV content exports are much more dependent on the sales of the rights to rebroadcast programs. In 2012, they accounted for 84 per cent, representing a total of ¥15.7 billion (Kazunaga, 2014b: 12). It is above all the spectacular increase of Korean TV content exports, in other words the “Korean Wave” (*hallyu[[89]](#footnote-89)*) that captures the attention of the ministry. This implies that South Korea is considered as a model, but also as a rival. From 2004 until 2012, Korean TV content exports rose more than three times, totalling $US234 million (¥18.7 billion) in 2012 compared to $US70 million in 2004 (¥7.6 billion) (Kazunaga, 2014b: 13-4). The Korean cultural boom in Japan is spectacular. Between 2003 and 2004, the share of Japan as an importer of Korean TV contents almost tripled, from 21.2 per cent to 62.5 per cent (Kazunaga, 2014b: 16).

In its competition with South Korea, Japanese TV exports have two main assets. First, in contrast to the extreme dependency of South Korea on the exports of dramas (89.9 per cent in 2012), Japan exports a wide range of television content genres, not only animation (41.7 per cent in 2012) but also dramas (23.9 per cent) and entertainment (18 per cent) (Kazunaga, 2014a: 9). Secondly, whereas Japan is the main recipient of Korean TV contents (62.4 per cent in 2012) and the rest of Asia represents 29.1 per cent, its Japanese counterpart has a wide range of export destinations. In 2012, for instance, Asia accounted for 57.1 per cent (South Korea 17.5 per cent), North America 22.1 per cent and Europe 16.2 per cent (Kazunaga, 2014a: 7). Therefore, Japanese TV contents can introduce the “coolness” of Japan from different angles (anime and drama) to the world. It is why the MIC asserts that the exports of Japanese TV contents are a key to the success of the Cool Japan policy. In other words, not only Japanese TV industry will benefit from exporting its contents, but also the attractiveness of Japan’s modern culture and way of life will be conveyed to foreign audiences (Kazunaga, 2014c: 208-9).

However, Japanese TV content exports (¥10.43 billion) amount to only 0.4 per cent of its terrestrial domestic market (¥2.76 trillion). The Japanese TV industry is more inward-oriented than its Korean counterpart. Whereas the terrestrial Korean market (¥280.5 billion) represents around one-tenth of the Japanese one, Korean TV exports are worth ¥18.68 billion (Kazunaga, 2014a: 11). One explanation that can be formulated is that Korean TV domestic market is smaller compared to its Japanese rival, thereby giving more incentives for Korean TV industry to export its contents.

In March 2013, the MIC, jointly with the METI, set up the J-LOP in order to increase the exports of Japanese TV content (METI, 2014a: 14). In 2012, the MIC created a fund endowed with $US19 million (¥1.5 billion) to support international co-productions of television programs between Japanese and foreign TV companies and then broadcast such programs abroad. Four types of co-productions were supported in 2012: co-productions in the Asian region, co-productions for emerging markets in Europe and North America, co-productions with global media corporations and co-productions favouring the vitalization of Japanese local areas (Kazunaga, 2014c: 210).

This ministry is aware that the governmental measures for localizing and promoting Japanese television programs and for international production are short-term policies. What is also required to boost exports of Japanese TV contents is mid-term and long-term policies. It is why the MIC pays attention to Cool Britannia as an example of the successful growth of television content exports (Kazunaga, 2014c: 211). Not only South Korea, but also Britain serves as a model for the Japanese government in its Cool Japan policy.

In 2012, British television content exports amounted to $US2.73 billion (¥218 billion), more than twice compared to 2004 ($US1.22 billion[[90]](#footnote-90)) and more than twenty times higher than those of Japan (Kazunaga, 2014a: 16). Of course, the UK benefits from its language as the number one world language. Yet, this advantage cannot explain by itself the growth of British television content exports between 2004 and 2012 (Kazunaga, 2014c: 212). Indeed, financial assistance combined with regulatory reform (the Communications Act 2003)[[91]](#footnote-91) facilitated the rise of British TV exports (Kazunaga, 2014c: 213-4). It is why, in addition to short-term policies (tax cuts and subsidies), it is also important to consider mid-term and long-term policies such as the reform of regulatory frameworks (for instance the ownership of television content rights) (Kazunaga, 2014c: 215). Nevertheless, the implementation of financial assistance is much easier than reforming the regulatory frameworks.

As part of a mid-term and long-term Cool Japan policy, the MIC advocates the introduction of Ultra-high-definition (UHD) TV (4K and 8K).[[92]](#footnote-92) This ministry has its own schedule for this project. During the 2014 football World Cup, 4K test broadcasting was launched. Then, the MIC planned to start 8K test broadcasting two years later for the summer Olympics Games in Rio de Janeiro. Finally, 8K commercial broadcasting will begin when Japan hosts the 2020 summer Olympic Games in Tokyo (Kazunaga, 2014b: 29-30). According to the MIC, such project will reinforce the competitiveness of Japanese industries in the broadcasting-related sectors, boost Japanese technology and product exports, as well as increase interest in Japanese modern culture and way of life overseas. Consequently, the UHD TV project is one of the keys for the success of Cool Japan (Kazunaga, 2014b: 27-30). Such a claim is a typical case of how ministries view Cool Japan from their own point of view, in other words, depending on their jurisdictional domains. It demonstrates as well that the MIC views Cool Japan as an industrial policy.

### **5.2.7 The Agency for Cultural Affairs**

In contrast to the METI which focuses on the economic benefits of Cool Japan, the Agency for Cultural Affairs hopes that this policy will represent for foreigners a gateway to Japanese traditional culture, the focus of this agency (Agency for Cultural Affairs Official Interview, 21/05/2014). A close examination of its annual budget for the fiscal year 2014 (¥103.6 billion) confirms that it mainly deals with Japanese traditional culture. Indeed, 31.7 per cent (¥32.9 billion) of its 2014 annual budget was devoted to the maintenance and improvement of national cultural facilities, for example national museums. Another significant share (43.5 per cent amounting to ¥45.1 billion) was spent on the preservation and enhancement of cultural properties (Agency for Cultural Affairs, 2014: 8).

If we include the support for the performance of traditional arts, it is patent that the huge majority of the budget is spent on traditional Japanese culture. The Agency for Cultural Affairs has thus a conservative stance on Japan’s culture. It deems that cultural industries do not need its support because cultural products such as anime, manga and video games are commercially viable. Its conservative mentality on Japanese culture implies that not many bureaucrats of the Agency of Cultural Affairs have tried to implement Cool Japan (Kondō Seiichi Interview, 12/12/2013).

However, it does not mean that the Agency for Cultural Affairs completely overlooks Japanese popular culture. Indeed, since 1997, this agency has organized the annual Japan Media Arts Festival which is divided into four sections: art, entertainment, animation and manga. One Grand Prize, four Excellence Prizes and three New Face Awards are awarded for each section. In addition, a Special Achievement Award is given to artists who have significantly contributed to media arts. In 2014, this festival received 4,347 applications, including 2,347 from eighty-three countries (Agency for Cultural Affairs, 2014: 20).

Whereas the METI mainly focuses on the products (an industrial outlook), the approach of the Agency for Cultural Affairs is different. It aims to support artists and their creative activities in order to cultivate the human resources that will create Japanese culture. It is why it is in relation with some artists associations, such as the JAniCA and anime companies receiving subsidies for young animators (Agency for Cultural Affairs Official Interview, 21/05/2014). In 2010 and 2011, the JAniCA received from the Agency for Cultural Affairs ¥214.5 million. One of the reasons that motivated this governmental body to give this grant is its concern about the outsourcing of Japanese animation, leading thus to a decrease in the opportunities to teach animation techniques in Japan. This association mainly allocated this grant for studios which trained young animators on-the-job. For example, in 2010 and 2011, four anime studios received each ¥38 million for the “Young Animator Training Project” (Anime News Network, 2011a).

The Agency of Cultural Affairs has also a program to help creators to screen their works at media arts festivals and facilities abroad, and another one to support the production of animated films by partially subsidizing production costs. It runs a program as well to train young animators by incorporating them into the production stages of an anime (Agency for Cultural Affairs, 2014: 21).

The collaboration between the METI and the Agency for Cultural Affairs has been poor. When the latter launched the program of Japan’s Cultural Envoys[[93]](#footnote-93) (*bunka kōryūshi*) in 2003, it did not inform the former of its initiative (Kondō Seiichi Interview, 12/12/2013), illustrating a certain lack of coordination. Their domain, basically the industries for the METI and the culture for the Agency for Cultural Affairs, has been kept separate (Cool Japan Advisory Council Former Member Interview, 09/03/2014). They do not have regular contacts, rather ad hoc contacts when necessary (Agency for Cultural Affairs Official Interview, 21/05/2014). Both examples highlight that ministries and agencies have difficulties to coordinate their respective policies. Yet, recently, the Agency for Cultural Affairs has got in close contact with the JTA because the promotion of tourism has become an important industry to foster in Japan (Kondō Seiichi Interview, 12/12/2013).

### **5.2.8 The Japan Tourism Agency**

The JTA was launched on the 1st October 2008 and is under the supervision of the MLIT. This agency has under its jurisdiction the JNTO that is in charge of carrying out activities abroad to attract visitors to Japan. The creation of the JTA is part of the strategy of the government to boost the tourism sector so that Japan becomes a tourism nation (*kankō rikkoku*). Several reasons lie behind this policy. First, tourism will help in the recovery of the areas affected by the Great East Japan Earthquake (11th March 2011) and the Fukushima nuclear power plant accident (MLIT, 2012: 1-2). Secondly, against the background of a decrease of Japan’s population, a rapid aging society and a declining birthrate, tourism is considered as a promising sector to foster in order to create new consumption, employment and investment, thereby stimulating the Japanese economy. The government expects tourism as well to revitalize local communities. It aims to attract more foreign tourists to Japan, but also to increase foreign and domestic travels by Japanese people (MLIT, 2012: 2-3).

Thirdly, the government assumes that the boost of tourism will enhance mutual international understanding. In particular, foreigners and businesses can be attracted by Japan’s soft power that is rooted “in the country's outstanding history, industry, and culture” (MLIT, 2012: 3). Lastly, tourism can contribute to making Japanese people’s life pleasant and rich due to the satisfaction and excitement that travel gives (MLIT, 2012: 3).

Since 2003, the number of tourists visiting Japan has more than doubled, from 5.2 million in 2003 to more than 13.4 million in 2014 (JTA, 2015a: 12). In the global ranking of the numbers of tourists, Japan was ranked the 27th in 2013, the 8th most visited Asian places behind China (55.7 million), Thailand (26.6 million), Malaysia (25.72 million), Hong Kong (25.66 million), Macao (14.3 million), South Korea (12.2 million) and Singapore (11.9 million). In 2013, France was the most visited country (83 million), ahead of the US (69.8 million) and Spain (60.7 million) (JTA, 2015a: 7).

**Figure 5.20 Number of foreigners visiting Japan**

Source: JTA, 2015a: 12.

The Japanese state wants to continue to increase the number of foreign visitors to Japan. It aims at 18 million tourists by 2016, 25 million by the beginning of 2020 and 30 million in the long-term (MLIT, 2012: 6 and 9). South Korea, China, Taiwan, the US and Hong Kong are five priority markets (MLIT, 2012: 19). In 2014, Taiwanese represented the largest share of tourists (2.83 million, 21.1 per cent), followed by Koreans (2.76 million, 20.5 per cent), Chinese (2.41 million, 18 per cent), Hong Kong people (930,000; 6.9 per cent) and Americans (890,000; 6.6 per cent) and (JTA, 2015a: 13). To reach the target of 18 million visitors in 2016, in addition to the five priority markets, the governmental strategy consists in attracting the middle class travellers of Southeast Asia and other emerging countries, as well as Europeans, Australians and the affluent (MLIT, 2012: 19).

Consistent with the willingness of the government to make tourism one of the drivers of the Japanese economy, the budget of the JTA significantly rose between 2009 and 2010, from ¥6.3 billion to ¥12.7 billion, that is to say an increase of more than 50 per cent. It was in particular the budget allocated to the promotion campaigns “Visit Japan” that benefited the most from the increase of JTA’s budget, demonstrating the aim of the government to foster this industry. Nevertheless, its budget decreased a year later to ¥10.2 billion, and in 2014 and 2015 amounted to ¥10.4 billion. Apart from 2015, the majority of the budget was spent on the promotion campaigns “Visit Japan” (JTA, 2015a: 210).

The Japanese government has made a list of measures so that Japan becomes a tourism nation. For example, it plans to create appealing tourist areas, to maintain and improve tourism-related facilities, development of human resources in the tourism industry etc. The government explains that it relies on the dissemination of Cool Japan, that is to say Japan’s popular culture, fashion, food, traditional craftwork, as well as products and services having a high reputation overseas to attract more tourists (MLIT, 2012: 40). This confirms that, in the mind of the state, Cool Japan is intimately linked to the development of the tourism industry. The government asks the JTA to play a central role in securing close cooperation with related ministries and agencies (MLIT, 2012: 27).

**Figure 5.21 Budget of the JTA**

Source: JTA, 2015a: 210.

The JTA was the first agency to be set up after the 2001 central government’s reorganization (*chūō shōchō saihen*). Its ambition is to be an “open Tourism Agency” not trapped in traditional governmental structures. Its mindset is embodied in a Code of Conduct where it swears to “work with the private sector, local governments as well as ministries and agencies” and to “avoid sectionalism” (JTA, 2010). The latter is a confirmation that the Japanese bureaucracy is rife with jurisdictional competition. To smooth the collaboration between ministries and agencies in the field of tourism, a committee in 2013 was created gathering the related vice-ministers of relevant ministers and representatives of relevant agencies. It is chaired by the vice-minister of the MLIT. It involves the MOFA, the METI, the MEXT, the MAFF, the JTA and the Cabinet Office. Since its establishment, it has met eleven times (JTA, 2015b). Nevertheless, the effectiveness of such a committee may be questioned. Rather than fostering collaboration, it may be a place where the different state actors expose their policies without trying to find synergies between their respective policies.

There are several examples demonstrating that the JTA has collaborated with other ministries and agencies as part of the Cool Japan policy. At the Japan Expo[[94]](#footnote-94) 2011 in Paris, for instance, the JTA ran a booth in collaboration with the MOFA (in reality the Japan Foundation), the MAFF and the METI. As the Japan Expo 2011 took place shortly after the big earthquake and the tsunami (11th March), and in the midst of the Fukushima nuclear crisis, the main aim of this booth was to reassure tourists planning a travel to Japan (JTA, 2011). The JTA, the METI, the MAFF and the Japan Foundation collaborated to restore the tarnished image of Japan after the 11th March 2011.

Another instance of collaboration can be found in *The Joint Action Plan to Increase the Number of Visitors to Japan* (JTA, 2013) that involves the JTA, the METI, the JETRO and the JNTO. This plan establishes a clear link between making Japan a tourism nation and the policy of Cool Japan (JTA, 2013: 2). It urges the METI, the JNTO, the JTA and the JETRO, in cooperation with Japanese embassies and consulates, to strengthen their collaboration for overseas events (JTA, 2013: 3). For example, from the 20th June till the 23rd June 2013, the JTA, the JNTO and the JETRO jointly organized an event in an Isetan department store to showcase Japan in Shanghai. The JTA and the JNTO ran a tourist information booth. Meanwhile, the JETRO offered free of charge samples of *sake* and distributed bags prepared by the METI containing flyers about Japanese animation (JNTO, 2013).

The JTA, the JNTO and the JETRO also collaborated for a “Japan Weekend” which took place in Bangkok between the 14th November and the 16th November 2014. The JTA and the JNTO organized an event entitled “Visit Japan FIT Travel Fair”, whilst the JETRO, in collaboration with the Foundation for Promotion of Music Industry and Culture (PROMIC)[[95]](#footnote-95), showcased J-pop with an event called “J POP Signature in Bangkok 2014”. And the International Drama Festival in Tokyo[[96]](#footnote-96), as part of its “J Series Festival” targeting specifically Asian countries, promoted Japanese drama (JTA, 2014). Be it the event in Shanghai or in Bangkok, they show the strong link between the dissemination of Japan’s pop culture overseas and the governmental project to turn Japan into a tourism nation.

## **5.3 State actors and the improvement of Japan’s soft power**

Nye defines the concept of soft power as “the ability to affect others to obtain preferred outcomes by the co-optive means of framing the agenda, persuasion, and positive attraction” (Nye, 2011a: 19). Thus, soft power is linked to the second face of power[[97]](#footnote-97) (agenda-setting) introduced by Bachrach and Baratz (1962) and the third one (shaping the preferences of others) developed by Lukes (1974, 2005). It is mainly based on three resources: culture, political values and foreign policies (Nye, 2011b: 84). Whereas the previous state actors, with varying emphases, promote the expansion of the Japanese cultural industries into other countries, the MOFA and the Japan Foundation regard Cool Japan as a way of presenting a friendly image of Japan abroad. The exports of the cultural industries contribute to the restauration of the attractiveness of Japan which has been seriously tarnished in the aftermath of Fukushima nuclear power plant accident (Cool Japan Advisory Council, 2011: 1).

### **5.3.1 The Ministry of Foreign Affairs**

In the early years of Cool Japan, the MOFA was not deeply involved. However, with the appointment of Asō Tarō as minister of Foreign Affairs in October 2005, the support for anime and manga became more conspicuous. It is well-known that Asō is an avid manga fan. He was even given the nickname “Rōzen Asō” after he was seen reading the manga *Rōzen Meiden* (Choo, 2012: 95). He wrote a book *Totetsumonai Nihon* (*Incredible Japan*) on Japan’s great potential of soft power (Asō, 2007b). The same year, on his personal blog, he published an article on the global popularity of manga. Similar to other Japanese words such as sushi, tsunami and karaoke, the term “manga” has spread around the world (Asō, 2007a).

In his speech *A New Look at Cultural Diplomacy: A Call to Japan's Cultural Practitioners* delivered at the Digital Hollywood University, Asō argued in favour of the use of pop culture in the pursuit of Japanese cultural diplomacy: “I think we can safely say that any kind of cultural diplomacy that fails to take advantage of pop culture is not really worthy of being called cultural diplomacy” (Asō, 2006). Urging the Japanese cultural practitioners to assist the government in improving Japan’s soft power, he explained that the more foreigners have a positive image of Japan, “the easier it becomes for Japan to get its views across over the long term. In other words, Japanese diplomacy is able to keep edging forward, bit by bit, and bring about better and better outcomes as a result” (Asō, 2006). In this sense, the Japanese government hopes to tap into Japanese pop culture to advance its national interests. Given its global popularity, Japanese officials as expressed by Asō deem that pop culture is a powerful tool for Japanese diplomacy.

The personal interest of this politician was the catalyst for the MOFA to start its “pop culture diplomacy”. Under his leadership, the MOFA began to rely on pop culture in addition to Japanese traditional culture and arts as a tool to conduct cultural diplomacy based on the logic of soft power. In 2007, the International Manga Award was created in order to recognize foreign *mangaka* contributing to the diffusion of manga abroad (MOFA, 2013). For the 8th International Manga Award in 2014, 317 candidates from forty-six countries sent in applications. The majority of applicants came from Brazil (ninety-five), Thailand (thirty-six) and Taiwan (thirty-one) (MOFA, 2015). Since 2007, the MOFA (2013) has awarded the prize for the best cosplay at the World Cosplay Summit.[[98]](#footnote-98)

In March 2008, the minister of Foreign Affairs Kōmura Masahiko appointed Doraemon as Japan’s anime ambassador. As this anime character is much more popular in East Asia than in Europe and the US, the choice made by the MOFA underscores an orientation towards East Asia (Condry, 2013: 18). At the ceremony, a person wearing the costume of this anime character claimed that “I hope through my cartoons I will be able to convey to people overseas what ordinary Japanese people are thinking, what sort of life we are leading and what sort of future we are trying to create!” (MOFA, 2008).

Finally, in February 2009, the ministry named three girls as Trend Communicators of Japanese pop culture, or *kawaii* ambassadors. Each of these girls was wearing a different style of cute fashion: Lolita, Harajuku and schoolgirl uniform (MOFA 2009b). This raises the issue about how Cool Japan relies on highly gender-specific strategies (Choo, 2012: 95). The MOFA assigned them “to transmit the new trends of Japanese pop culture in the field of fashion to the rest of the world and to promote understanding of Japan by their attending cultural projects carried out by the Japanese Embassies and the Japan Foundation” (MOFA, 2009a). The first event that these ambassadors attended was a lecture on Japanese fashion at the Japan Festa in Bangkok in March 2009. Then, in July 2009, they participated in the Japan Expo in Paris (MOFA, 2009a).

One of the difficulties that this ministry faces when it comes to disseminating Japanese pop culture abroad lies in the fact that a part of this culture contains some anti-establishment elements. In particular, some manga, anime and video games can be violent and/or include sexual contents. Even if the government respects the freedom of art, it does not imply that it is willing to promote such kind of cultural products (MOFA Official Interview, 04/12/2013). The government is evidently concerned by the image of Japan it projects abroad and fears foreign negative reactions if it disseminates controversial contents.

The MOFA tries to collaborate with other state actors. For instance, when the Agency for Cultural Affairs sent to Cairo some of Japan’s Cultural Envoys, in this case craftsmen specialized in traditional Japanese paper making (*washi*), the MOFA via its Egyptian embassy helped them to organize an exhibition. It also acted as the go-between by arranging interviews of these Cultural Envoys with Egyptian newspapers and TV stations (MOFA Official Interview, 04/12/2013).

The MOFA hopes to raise the affinity of foreigners with Japan by using Japanese pop culture. MOFA’s approach to soft power is political. The ultimate objective of Japan’s public diplomacy consists of enhancing Japan’s presence in the international community and advancing its diplomatic agenda (MOFA Official Interview, 04/12/2013). Yet, despite the reliance of this ministry on pop culture as a tool of soft power, it has not necessarily meant political support for Japan. Although Japan’s pop culture has been massively embraced in China and South Korea, Japan is still considered very negatively in both countries. According to a poll, respectively 79 per cent of Koreans and 90 per cent of Chinese hold a negative view of Japan (BBC World Service, 2014: 21). This no doubt results from the ongoing struggle over the memory of the Second World War as well as more recent incidents such as the salience of territorial conflicts between Japan and its neighbours. Chinese and South Korean student fans of Japanese pop culture harbour conflicting attitudes towards Japan. On the one hand, they really appreciate dramas, anime, manga etc. for their artistic value. On the other hand, most of them are very critical of how the Japanese state deals with its colonialist and militarist past. Rather than erasing negative opinions, the consumption of Japanese popular culture has made more complex their view of Japan with the juxtaposition of both negative and positive stances (Nakano, 2008: 113 and 120; Otmazgin, 2008: 94-6).

Whilst Japan was the leader of the BBC World Service ranking in 2012, it dropped to fourth place in 2013, and to fifth place in 2014. Yet, on average, 49 per cent of people see Japan positively. Out of the twenty-three countries surveyed in 2014, nineteen consider Japan’s influence as positive versus three negatively (China, South Korea and Germany), and one (India) is divided (BBC World Service, 2014: 21).

Converting the global success of Japanese pop culture into political support for Japan’s diplomatic agenda is a thorny issue. The MOFA has not found a solution to this challenge yet. As aptly stressed by Jing Sun, “commercial successes do not necessarily smooth over diplomatic hostilities” (2012: 9). The specific context of the relations between Japan and the target country certainly matters (MOFA Official Interview, 04/12/2013). Nye highlights the paramount importance of context for the success of soft power (2011a: 19). In others words, to take an example, the relations between Japan and China differ from the ones between Japan and Britain. Thus, the ways of translating affinity into political support are not the same.

### **5.3.2 The Japan Foundation**

The Japan Foundation was created in 1972 in the context of the two “Nixon shocks”: first, Henry Kissinger's visit to Beijing to start the normalization process of US-China relations; secondly, Richard Nixon’s decision to unlink the value of the dollar from the price of gold. The Japanese government had not been previously informed of these two initiatives of its closest ally (Vyas, 2012: 15). There was a real “feeling of crisis that Japan would become isolated in international society” (Okamoto, 2000: 12). Thus, it appears that the initial motivation for the establishment of the Japan Foundation was to deepen Japan-US relations in order to avoid future communication gaps and cultural misunderstandings (Zemans, 1999; Katzenstein, 2002). The purpose of the Japan Foundation is to promote better understanding of Japan among other nations by the implementation of a series of activities which revolve around three major fields: arts and cultural exchange, Japanese-language education overseas, as well as Japanese studies and intellectual exchange (Japan Foundation, 2013b: 6). It strives to show the diversity of Japanese society, views, and cultural activities to foreign audiences. For instance, it organized the screening of Japanese pornographic movies in South Korea (Former Senior Official of the Japan Foundation Interview, 27/11/2013).

Since its establishment, its relation with the MOFA has been an issue. At the beginning, MOFA’s officials were worried about the Japan Foundation because they believed that it would become a competitor in the field of foreign policy (Umesao *et al.*, 2002). Nevertheless, their concern was dispelled after they realized that cultural exchange could be an additional tool of foreign policy (Vyas, 2006: 138). In fact, the Japan Foundation has always worked in close cooperation with the MOFA. Originally set up as a “special agency” (*tokushu hōjin*), its legal status changed in 2003 to an “independent administrative agency” (*dokuritsu gyōsei hōjin*). Rather than enhancing the independence of the Japan Foundation, the evolution of its legal status was carried out to increase its administrative efficiency, to increase the alignment of its activities with MOFA’s policies and to attract more funding from private actors. Therefore, the Japan Foundation continues its close coordination of its activities with MOFA’s policies (Vyas, 2012: 17).

As the Japan Foundation is under the supervision of the MOFA, the minister of Foreign Affairs appoints the president of the Japan Foundation. Nevertheless, the MOFA does not intervene in the recruitment of the Japan Foundation’s staff (Former Senior Official of the Japan Foundation Interview, 27/11/2013). On the finance side, the Japan Foundation is still heavily dependent on government subsidies. Reflecting the Japanese state’s budgetary difficulties, its subsidies to the Japan Foundation have decreased between 2003 and 2012 from ¥14.3 billon to ¥12.8 billon (Japan Foundation, 2004: 90; Japan Foundation, 2013b: 57). It is why the Japan Foundation has tried to secure more funding from the private sector (individual or corporate donations) in recent years. To ensure some independence from the government, it has also its own fund (Former Senior Official of the Japan Foundation Interview, 27/11/2013). Despite its heavy dependence on public subsidies, it has proven that it is not totally pledged to the MOFA. It has not let the government interfere in the choice of scholars or artists invited to its events despite, in some cases, the opposition of the MOFA to some participants (Former Senior Official of the Japan Foundation Interview, 27/11/2013).

In 2003, the Research Committee on International Exchange set up by the Japan Foundation was one of the first in official documents to cite McGray’s article (Research Committee on International Exchange, 2003: 9). Until the second half of the 1990s, the national image of Japan was based on a dynamic economy and a social system. Yet, at the beginning of the 2000s, Japan’s national image became negative. To restore Japan’s image, the report recommended to stimulate the Japanese economy and to use the attractiveness of Japanese pop culture such as manga, animation and video games (Research Committee on International Exchange, 2003: 17-8).

In 2008, the Japan Foundation indicated under the section “New Development of Activities” that it “is proactively disseminating contemporary Japanese culture in response to requests from many people overseas who wish to know more about Japanese manga, anime, food, etc.” (2008: 2). Under the presidency of Ogoura Kazuo, a special section dedicated to pop culture was set up (Former Senior Official of the Japan Foundation Interview, 27/11/2013). Nevertheless, it does not mean that the Japan Foundation disregarded previously Japanese pop culture. For instance, in 2003, the Japan Foundation organized a Japanese Animation Film Festival in Malaysia and in Mexico. In North America, it held lectures on animation films (2004: 18, 24 and 30). The 2004 annual report noted that Japanese *otaku* culture (manga, anime and video games) captures global attention abroad (2005: 12). In 2005, it gave Miyazaki, the world-famous Japanese anime feature movies director, the Japan Foundation Award for “conveying the universal appeal of Japanese culture and capturing the hearts of young people around the world” (2007a: 8). And the president of the Japan Foundation, Ogoura Kazuo, in his annual message, observed the global appeal of Japanese pop culture (2007b: i).

The MOFA, Japanese embassies and the Japan Foundation have collaborated to promote Japanese pop culture outside of Japan. In fact, 90 per cent of the discussions between the Japan Foundation and the MOFA deal with the projects submitted by Japanese embassies to promote Japanese culture. Coordination is the issue at stake. Indeed, the Japan Foundation has its own local offices and tries to conduct its projects on its own, whilst Japanese embassies every year submit to the MOFA a list of events that they wish to carry out. Then, the MOFA decides which projects have priority, and starts discussions with the Japan Foundation to coordinate overseas events (Former Senior Official of the Japan Foundation Interview, 27/11/2013).

There are several instances of collaboration between the Japan Foundation and the MOFA as part of the Cool Japan policy. After the creation of the International Manga Award in May 2007, the Japan Foundation invited the winners to Japan from the 1st July to the 10th July 2007 to receive their prize and to visit manga- and anime-related museums, as well as manga publishers and artists (2008: 11). Since then, it has invited to Japan the winners of this prize (2009: 13; 2010-2012: 43; 2013: 50). Following the appointment of Doraemon as Japan’s anime ambassador in March 2008 by the MOFA, the Japan Foundation organized overseas screenings of Japanese DVDs subtitled in local languages from 2008 until 2011 (2009: 13; 2010-2012: 43).

The ultimate aim of introducing Japanese culture is not the same for the Japan Foundation and the MOFA. The former tends to disseminate Japanese culture, including pop culture, not only as an asset of Japan but also as an asset of mankind (Former Senior Official of the Japan Foundation Interview, 27/11/2013). The latter sees Japanese culture in an instrumental way to advance its diplomatic agenda. Its goal is not to introduce *ikebana*, tea ceremony or pop culture per se, but to convert affinity with Japan into political support (MOFA Official Interview, 04/12/2013).

In other words, the Japan Foundation has to conciliate between politician’s short-term interests and its long-term interests. The Japanese government puts pressure on the Japan Foundation to explain its activities in terms of accountability. Yet, it is a complicate issue to demonstrate the impacts of cultural activities. Tensions were particularly important during the DPJ government because this political party tried to change the structure of the administration, including the Japan Foundation (Former Senior Official of the Japan Foundation Interview, 27/11/2013). This point has been covered in Chapter 2, Section 2.3.2.

## **5.4 Conclusion**

This chapter highlighted that the Cool Japan policy is a complex policy. Indeed, a very large number of ministries and agencies are involved in the state’s support to the expansion of the Japanese cultural industries abroad. The complexity is also the result of the tendency of state actors to consider Cool Japan through their jurisdictional domains. The large array of ministries and agencies raises the issue of the coordination of the Cool Japan policy. Even if Tsuruho Yōsuke is in charge of such issue in the current Abe government, the coordination between the various state actors is hampered by the strong sectionalism still present in the Japanese developmental state. Cool Japan represents thus another case of jurisdictional competition between the ministries to expand their budget, their domains and the number of their bureaucrats.

Nevertheless, the state actors implicated in the Cool Japan policy can be classified into two categories: those who support the development of the international sales of the Japanese cultural industries; and those who want to improve Japan’s soft power. In the first group, we find the Cabinet Office which initiated this policy by the creation of the IPSH in March 2003. The METI has the leadership in the implementation of Cool Japan given its institutional links

with the AJA, the CESA and two informal associations representing the manga publishers (AMP and DCA). In order to enhance the competitiveness of the Japanese cultural industries judged as too inward-oriented, it has decided to assist in the exports of these sectors. Both points are characteristics of the developmental state (see Chapter 2, Section 2.3.1).

Cool Japan represents an industrial policy as defined in the Introduction because the Japanese developmental state wants to improve the business conditions of the cultural industries so that they increase their earnings in the foreign markets. Indeed, be it the J-LOP, the J-LOP+ or the Cool Japan Fund, they were set up to boost the dissemination of the Japanese pop culture. Yet, the J-LOP grants subsidies to the cultural industries (anime, manga, video games etc.) whereas the Cool Japan Fund invests through the buying of shares, that is to say equity investments, to become a minority shareholder not only in projects involving the cultural industries, but also the creative industries (food, lifestyle, fashion and tourism). The priority of the Cool Japan Fund is to invest in the SMEs. In the same vein as the METI, the JETRO and the MIC regard Cool Japan as an industrial policy. The participation of the JTA offers evidence that Cool Japan is intimately linked to the development of the tourism industry in Japan. Though not being really interested in enhancing the profits of the Japanese cultural industries overseas, the Agency for Cultural Affairs still promotes them through the annual Japan Media Arts Festival and provides financial assistance to animators, notably the young ones.

The MOFA and the Japan Foundation are present in the second group because they consider Cool Japan as a way of improving Japan’s soft power. As a result of its global success, the MOFA regards Japanese pop culture as a powerful tool to advance Japan’s diplomatic goals. Nevertheless, it has not been able to convert this popularity into political support yet. In spite of the important success of Japanese anime, manga and video games in China and South Korea, Chinese and South Korean people still have a negative attitude towards Japan certainly because of the salience of territorial conflicts between Japan and its two neighbours and of a divided memory of the Second World War. Whereas the MOFA has an instrumental view of Japanese culture, the Agency for Cultural Affairs prefers introducing it not only as an asset of Japan, but also as an asset of mankind.

For Cool Japan, the Japanese development state has funneled a massive amount of money into the policy, a total of ¥69.8 billion, respectively ¥41.6 billion in the Cool Japan Fund, ¥15.5 billion in the previous J-LOP, ¥6 billion in the J-LOP+ and ¥6.7 billion in the present J-LOP. This sum does not include the money spent by all the ministries and agencies involved in this policy. The commitment of the state is in the long-term. In theory, the Cool Japan Fund will last twenty years. Yet, in reality, the state wants this fund to last as short of possible, around a decade. During this time frame, it hopes to find the successful business model for the exports of Japanese content, food, fashion and lifestyle. The Japanese developmental state has decided to provide financial support to the cultural industries because it considers that their expansion abroad will have important ripple effects for the national economy, notably the development of the tourism industry.

The present priority given by the government to the cultural industries represents a complete change from its disinterest in them until the end of the 1990s. Bureaucrats assumed that this economic sector was not important enough to be the subject of governmental policies. However, the worldwide success of Japan’s pop culture made them change their mind. They realized the strong potential of the cultural industries in terms of job creation and economic growth for Japan. They also understood that the dissemination of pop culture can help to propagate a positive image of Japan through soft power. The publication of McGray’s article in 2002 helped the Japanese elite to embrace the concept of soft power and to understand the significance of the Japanese cultural industries. After the analysis of the Cool Japan policy, the next chapter will examine how the manga, anime and video games sectors react to it.

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# Chapter 6: The Cool Japan policy and the anime, manga and video games sectors

## **6.1 Introduction**

For a long time, the Japanese developmental state did not pay attention to the cultural industries because it considered them unimportant. Bureaucrats judged that manga, video games and anime were trivial, thereby unworthy of being the focus of their attention. Yet, their attitude changed given the enthusiastic reception of these cultural products around the world since the 1990s. They realized the potential of Japanese pop culture, not only to spread a positive image of Japan, but also to stimulate the Japanese economy with job creation and growth. At present, with Cool Japan, the government is actively supporting the dissemination of Japanese popular culture around the world.

This chapter is organized into three sections. Each one deals respectively with a sector of the cultural industries studied in this doctoral dissertation and covers four points. Firstly, the reactions to the Cool Japan policy are examined. They show that the Cool Japan policy is a late policy because the industries of anime, manga and video games diffused their products before its implementation (see Chapter 4, Sections 4.2-4.3). Moreover, the Japanese cultural industries reject state’s interference in their works if they receive subsidies. This mistrust is particularly present among artists and creators who want to safeguard their independence from the authorities.

Secondly, evidence is provided that the state has institutional links with these industries, mainly through their business associations, and a relative degree of autonomy, two characteristics of the developmental state (see Chapter 2, Section 2.3.1). This subsection also points out that the relationships between the Japanese developmental state and these industries emerged quite recently. Indeed, the CESA was created in 1996 and the AJA in 2002. The case of the manga industry is specific because it has two informal associations: the AMP and the DCA. Despite the lack of corporate status, they have contact with the METI (Munakata Saho, 2015).

Thirdly, the issue of the piracy is addressed. The Japanese cultural industries expect from the government to more actively tackle the issue of piracy which is particularly widespread in East and Southeast Asia (China, South Korea, Vietnam, Indonesia and so on) (see Chapter 4, Section 4.4.1). Even the biggest companies cannot eradicate piracy by themselves, especially nowadays with the Internet (see Chapter 4, Section 4.4.2). The start of the MAG Project to combat online piracy in July 2014 demonstrates that the state tries to eradicate copyright infringements. Nevertheless, the MAG Project focuses on the anime and manga, not on video games. As far as the author of this thesis knows, the Japanese government has not implemented the equivalent of the MAG Project for the industry of video games. This does not mean that the CODA does not combat illegal copies of video games.

Lastly, the heterogeneity within these sectors, especially between the big players, and the small and middle ones, is studied. Before the start of Cool Japan, big companies had already established their networks abroad to commercialize their products. This contrasts with the situation of the SMEs which lack staff speaking English and the networks to export their products.

## **6.2 The anime industry**

### **6.2.1 The reactions to the Cool Japan policy**

A large part of the anime sector is critical of this state policy. One founder of the anime studio Madhouse, Maruyama Masao, expressed complete mistrust towards this policy because “it is carried out by a group of people who do not know anything and they can do whatever they want. But their support will ‘not benefit’ (*uruowanai*) the entire industry” (Quoted in Choo, 2009: 210). Such mistrust is widespread among the anime industry. Indeed, several elder animators, around the age of sixty years old, took part in the student movements against the government when they were young. These people are rather leftist and still keep an anti-governmental stance (Production I.G Official Interview, 21/04/2014). For example, Miyazaki once declared his Marxist roots, a topic often addressed in many of his featured anime. Yet, Studio Ghibli has never participated in government meetings or planning committees that have tried to find how to improve the working conditions of the animators, an attitude that has sparked criticisms in this sector (Choo, 2009: 208).

Given its anti-governmental position, the generation of elder animators usually rejects any kind of support from the government. It thinks that culture mainly supported by the state is already dead as culture and that culture should not be supported by the authorities (Production I.G Official Interview, 21/04/2014). Many animators want to keep their independence and fear that if they accept state money, then the government will tell them what to do (Roland Kelts Interview, 27/03/2014). Given the development of the anime industry outside of the framework of the developmental state, it has been left with a free hand in terms of the content of its narratives (AJA Official Interview, 22/04/2014).

The Japanese state tends to believe that the control of industries and/or the society is necessary, an assumption that can provoke mistrust among creators and artists (METI Official 2 Interview, 19/03/2014). In September 2011, the IPSH released the official logo for Cool Japan and invited related companies and business federations to use it (*Yomiuri Shimbun*, 2011). Yet, each company continues to display its own trademark. It is highly unlikely that they will replace it with the governmental logo. A METI bureaucrat correctly noted that “if we force them to use the same logo, it is not cool” (METI Official 2 Interview, 19/03/2014).

Anime studios reject state intervention in their works: “There is a common opinion between all the companies. It is convenient to receive money. However, it is not convenient that the government intervenes in the content. We need subsidies, but we do not want the government to influence the content of products in exchange for money” (AJA Official Interview, 22/04/2014). The Japanese government tries to reassure them about its position: “Culture should be independent from the government. We categorically respect the freedom of art” (MOFA Official Interview, 04/12/2013). Still, the anime industry fears the state intervention in the content of its products if it receives grants from the government. This demonstrates a mistrust of this sector towards the Japanese authorities, a mistrust that seems not present in other sectors such as the nuclear industry (Vivoda and Graetz, 2015) and the space industry (Pekkanen and Kallender-Umezu, 2010).

The mistrust towards the state is particularly high among the *otaku*. Anime studios fear the reaction of the *otaku* if they accept government aid (Former METI Official Interview, 30/04/2014). Symptomatic of this attitude is a producer who confessed that he prefers not to be vocal about receiving subsidies from the government (Anime Producer Interview, 30/04/2014). Bureaucrats are perceived by the *otaku* as arrogant and not very knowledgeable about the world of anime. It is why these fans do not like very much government officials and do not want them to speak about the problems of the Japanese animation industry (Former METI Official Interview, 30/04/2014).

Apart from mistrust, some interviewees complained about the complexity of the Cool Japan policy. For example, one anime producer explained to the author of this dissertation that he does not understand the Cool Japan policy. Even after inquiring about the policy, he is still confused about Cool Japan because he does not know what he can expect from it (Gainax Official Interview, 09/07/2014). He added that “if the government really wants to introduce and to commercialize Japanese culture abroad, the government is right to spend [money] on the animation industry” (Gainax Official Interview, 09/07/2014). It is exactly the goal of the authorities, thereby illustrating a clear communication gap. Many anime companies do not have the time and the human resources to decode this policy. Moreover, many have simply no contact at all with the developmental state.

In the same vein, an official of a business association also complained about the complexity of Cool Japan and the lack of coordination between the ministries and agencies involved in its implementation. This business association has suggested twice the organization of a meeting in which every ministry and agency explain their respective actions. If such a meeting occurs, these state actors will be more familiar with other ministries’ and agencies’ policy, and companies with this governmental policy (Business Association Official Interview, 16/07/2014). The previous chapter demonstrated the complexity of the Cool Japan policy because many ministries and agencies are involved in its implementation and view it according to their own jurisdictional domains. The Japanese space policy represents another instance of complexity in industrial policy as it is conducted by numerous public players such as the Cabinet Office, the MEXT, the METI, the MLIT, the MIC and so on (Pekkanen and Kallender-Umezu, 2010: 55-71). Long-standing divisions across ministries and agencies, that is to say sectionalism, characterize the governance[[99]](#footnote-99) of space activities in Japan (Pekkanen and Kallender-Umezu, 2010: 55).

The Cool Japan policy is late because the anime industry began the exports of animation in the end of the 1970s, first to East Asia, and then to Europe and the US (see Chapter 4, Section 4.3). The Japanese developmental state did not initiate the global diffusion of Japan’s pop culture. It began to pay attention to it at the beginning of the 2000s against the background of an enthusiastic reception for anime and manga abroad. It then realized the potential of the cultural industries to revitalize the Japanese economy and to spread a positive image of Japan (see Chapter 5). Before this realization, it did not provide any support to the anime industry (AJA Official Interview, 22/04/2014). Bureaucrats considered that animation had a negative influence on children’s school grades (AJA Official Interview, 22/04/2014).

This negative stance vis-à-vis animation is not specific to the Japanese elite. It is also widespread among the general public. It used to be scandalous to say that you were a *mangaka* or that you worked in the anime industry (Matthew Alt Interview, 29/01/2014). Nowadays,many adults continue to think that, instead of spending too much time on watching anime, children should devote more time to their homework. Furthermore, some tragedies involving *otaku* murders have crystallized the assumption that the abuse of anime, manga and video games could turn you into a criminal. This idea has become firmly embedded in the mind of the general public, at least according to one official (AJA Official Interview, 22/04/2014). Another interviewee observed that Japan is still haunted by the case of Miyazaki Tsutomu, the *otaku* serial killer at the end of the 1980s (Patrick Galbraith Interview, 28/01/2014).

Though its lateness, the Cool Japan policy is positive from a macro view according to Kelts. It was talked about for many years and, finally, the government allocated a budget to support the Japanese cultural industries. Nevertheless, the need is domestic. Indeed, young animators are poorly paid (Roland Kelts Interview, 27/03/2014). Chapter 3, Section 3.3.1 has shown that animators have extremely low income. So, “what about a fund to help young anime creators? There is a great need of this kind of thing. I hope that the government and the METI will find a way to help the industry domestically” (Roland Kelts Interview, 27/03/2014).

However, the aim of Cool Japan is to support the exports of Japanese cultural industries. In other words, its focus is on the dissemination of Cool Japan related products, not on the improvement of the animators’ income (see Chapter 5, Section 5.2). Questioned about this issue, a METI official acknowledged that “the situation is not good” and then added: “If anything has to be done, it is to increase the total sales and to make the market bigger. I don’t think that providing subsidies to individual creators is a good thing. Some people argue that it is not very good for artists to live on subsidies. As METI, our job is to make the market bigger. Maybe the Agency for Cultural Affairs has a different opinion” (METI Official 2 Interview, 19/03/2014). This again testifies that the METI views Cool Japan as an industrial policy (see Chapter 5, Section 5.2.2).

In contrast to this ministry, the Agency for Cultural Affairs prefers paying attention to the cultivation of the human resources that will create the Japanese culture in the future (Agency for Cultural Affairs Official Interview, 21/05/2014). It is why this agency implements “The Project to Nurture Young Animators and other Talents” (*Wakate Animētā Jinzai Ikusei Jigyō*) (Agency for Cultural Affairs, 2014: 21). It is unlikely that this policy is enough to significantly improve the working conditions of animators. Let us suppose that this agency establishes a fund endowed with an important sum of money, many animators will be probably reluctant to receive governmental subsidies due to their fear that the state will try to influence their works.

Though Cool Japan is not a perfect policy, an official of the anime studio Sunrise pragmatically recognized that “at least after the new policy, we are called an “industry”. Before that, nobody in the government considered us as an “industry”. We were just an extension of manga production. But now, the government collects data on how many anime companies exist and embassies abroad are exhibiting anime. The state is creating opportunities for the anime industry that did not exist before. So, in this sense, the new policy is quite meaningful” (Quoted in Choo, 2009: 217).

The J-LOP is described as a “very easy and simple mechanism” (Ishikawa Shinichiro Interview, 15/04/2014). This interviewee hopes that Cool Japan will at least create the situation where Japan can compete against those countries benefiting from either competitive structure, or governmental system, or industrial system, and added that, in Japan, nothing such as a support to this sector existed in the past (Ishikawa Shinichiro Interview, 15/04/2014).

Asked about the Cool Japan Fund, an interviewee contented with saying that his company knows its existence, but does not have a concrete plan of how to benefit from it (Tōei Official Interview, 21/04/2014). This reply might be explained by the timing of the interview. At that time, the Cool Japan Fund had not announced yet the projects that it had decided to invest in. It made public the first ones on the 25th September 2014. Before this announcement, according to an interviewee, the officials of the Cool Japan Fund did not know what to do with their budget. In his opinion, they brainstormed on which sectors to focus on and which kind of financial assistance to assign. He also added that they examined the global market (Ishikawa Shinichiro Interview, 15/04/2014). Production I.G is scathing about the Cool Japan Fund: “Frankly speaking, if this organization was offering a very effective support, we would have already applied” (Production I.G Official Interview, 21/04/2014).

In the Japanese anime industry, Production I.G has expressed a positive attitude to Cool Japan: “I think that they are doing something good. Global promotion of anime will benefit the entire industry. There are a few who criticize this effort, but their thoughts are stuck in the old ways. We are at a point where we can no longer survive just thinking about the domestic market” (Quoted in Choo, 2009: 209). Another official of this anime studio claimed to be “one of the few people very favourable to the implementation of the policy Cool Japan” adding that “the bulk of the anime industry is indifferent to this governmental policy” (Production I.G Official Interview, 21/04/2014).

This company has received several subsidies from the Agency for Cultural Affairs. First, in 2009 and in 2010, it received ¥76 million (¥38 million on two separate occasions) to develop two new anime as part of the “Young Animator Training Project”. Another subsidy (¥50 million) helped this studio to produce the anime movie *Blood-C: The Last Dark* in 2012. Lastly, the Agency for Cultural Affairs allocated between ¥100,000 and ¥200,000 so that it could present *Kick*-*Heart* and *Musashi: The Dream of the Last Samurai* in film festivals abroad. The subsidies were used to cover the cost of attendance (Production I.G Official Interview, 21/04/2014).

The J-LOP assigned a subsidy for the subtitling in several languages of *Giovanni's Island*, between ¥1 and ¥2 million, that is to say approximately half of the cost of translation for subtitles in several languages. However, this financial assistance was not very beneficial for this anime studio. The J-LOP allocated subsidies to cover the cost of dubbing and/or subtitling if done in Japan. Given this requirement, Production I.G had to complete the subtitles before selling this anime in any country. Normally, the translation takes place where the anime are aired (Production I.G Official Interview, 21/04/2014).

Furthermore, to illustrate the gaps between the Cool Japan policy and the expectations as well as the needs of the anime industry, an official stressed that one of the main reasons accounting for the difficulty to sell Japanese animation abroad is the lack of data on the foreign markets (Production I.G Official Interview, 21/04/2014). It represents one bottleneck for the anime sector. After making anime, studios rely on Japanese distributors to export them. But, when they negotiate a commercial deal with foreign distributors, the former cannot obtain enough data on the market from the latter. For instance, foreign distributors are knowledgeable about the type of anime sold and the profile of the purchasers. Yet, they do not share enough data with Japanese distributors. It is thus complicated for anime studios to produce animation that will have success overseas (Production I.G Official Interview, 21/04/2014).

Unfortunately, a representative claimed that the JETRO does not provide these practical data (Production I.G Official Interview, 21/04/2014). Production I.G has obtained very useful information by pure coincidence many times. For example, during one trip to India, an official of this company met an Indian scholar who provided him with information such as what kinds of anime are popular in India (Production I.G Official Interview, 21/04/2014).

Despite this reproach, this anime studio has adopted a pragmatic attitude: “If the government allocates us subsidies, let us use them. We use existing subsidies. If they help us to develop our business, we take advantage of them” (Production I.G Official Interview, 21/04/2014). This pragmatic stance is also illustrated by the reaction of Tōei: “We receive money because the government has set up a system of financial support. If the government assigns us subsidies, we will receive them” (Tōei Official Interview, 21/04/2014). In fact, as Tōei is one of the most important companies in its sector, it does not need the government’s financial support to promote its contents abroad and to localize them. Before receiving J-LOP’s subsidies for attending international festivals, this studio could fund the costs of attendance on its own (Tōei Official Interview, 21/04/2014).

To give another example of gap between Cool Japan and the expectations of the anime industry, Tōei would like the government to have discussions with countries to lift the restrictions on the imports of Japanese animation. In China, the legal imports of anime are still tightly restricted. In South Korea, the market is not entirely open. France exercises very strict controls, too. Brazil imposes high tariffs on the importations of foreign toys such as Japanese ones. All these restrictions represent a hurdle for the business of this anime studio (Tōei Official Interview, 21/04/2014). It is why this studio expects Cool Japan to promote more free trade to facilitate the commercialization of anime in the foreign markets. Yet, it does not seem that Cool Japan includes this issue as part of its focus (see Chapter 5).

### **6.2.2 The institutional links between the anime industry and the state**

A predecessor to the AJA was created in 1979 in order to promote animation and to act as a platform for the exchange of ideas and opinions, although this association was informal. It was not recognized by the government, in contrast to the AJA which has a legal status (AJA Official Interview, 22/04/2014). The anime industry waited so much time before establishing a formal association because it deemed that, given its small size, it was not necessary to have an association registered, admitted and recognized by the Japanese authorities. One of the reason that prompted the anime industry to set up a formal business federation was that the government started taking into consideration the exports of Japan’s pop culture at the beginning of the 2000s (AJA Official Interview, 22/04/2014). The other reason that encouraged this sector to set up the AJA in 2002 lies in the fact that the government promulgated the law on the intermediate corporations (*chūkan hōjin*)[[100]](#footnote-100) the same year. This law facilitated the change from an informal association to a formal one. The anime sector seized this opportunity to upgrade their informal organization into the AJA, an association officially recognized by the Japanese authorities (AJA Official Interview, 22/04/2014).

The AJA was created in 2002 with the support and advice of the METI. An official of the Media and Content Industry Division provided support in the process of establishing this new business federation (AJA Official Interview, 22/04/2014). The Japanese developmental state needs business associations representative of specific sectors to conduct industrial policies. It prefers institutional links through business federations rather than individual contacts with companies. The presence of associations helps the developmental state to consult the industries, to collect information, and to coordinate actions in order to implement sound industrial policies (see Chapter 2, Section 2.3.1).

The case of the AJA is not an isolated one. Indeed, the Biotechnology Office within the MITI’s Basic Industries Division helped to oversee the establishment of an industrial association for the development of the bio-industry in Japan. This association, the Bio-industry Development Center (BIDEC), was created as a special division of the Japanese Association of Industrial Fermentation (JAIF) in April 1983. The BIDEC and the JAIF merged into one new organization which retained the name of BIDEC in February 1987 (Howells and Neary, 1995: 201).

Since 2002, the AJA has dealt with METI’s Media and Content Industry Division, a relationship described as very close by the AJA (AJA Interview, 22/04/2014). Several times each year, they have meetings to exchange opinion. The AJA formulates some suggestions whilst bureaucrats request information on the situation of this industry. The official who is in charge of the anime industry in this section has almost daily contacts with this business federation (AJA Official Interview, 22/04/2014). This testifies strongly to the institutional links between the state and the anime industry and is an essential feature of the development state (Weiss, 2000: 23; Hayashi, 2010: 50). Institutional links also exist between the government and the pharmaceutical industry (Howells and Neary, 1995), between the state and the Japanese iron and steel industry (Yonekura, 1994), and between public players and the space industry (Pekkanen and Kallender-Umezu, 2010). Nevertheless, it is unlikely that the relationships between the METI and the AJA are of the same scale as those between this ministry and *Keidanren*.

There are some gaps in communication between the METI and the AJA. Before meeting the government, the AJA almost never knows the decision already taken by the authorities (AJA Official Interview, 22/04/2014). The state calls for collaboration for policies already decided by the authorities. This business association often faces the situation where the METI takes decisions that the AJA does not really support. For sure, there are differences of approach between these two actors (AJA Official Interview, 22/04/2014). This demonstrates the relative degree of autonomy of the state. As explained in Chapter 2, Section 2.3.1, the state needs to be at the same time close and distant in order to implement sound developmental policies (Weiss, 1995: 604). If it is too distant, it will lack information on the business situation of the anime industry. If it is too close, this can provoke rent-seeking activities as exemplified by the construction industry (McCormack, 1996).

The AJA complains about the difficulty of gaining full information on the intentions of the bureaucrats. It does not know whether ministry officials are seeking the AJA’s opinion because they need it to take a decision or for another reason (AJA Official Interview, 22/04/2014). These communication gaps probably result from three factors. First, the AJA and the METI have dealt with each other only since 2002, thereby a short time. Their relationships have not the same scale and historical background as the relationships between the METI and other Japanese industries such as chemicals, cars, banks and steel. Secondly, the bureaucrat of the Media and Content Industry Division in contact with the AJA rotates every two years. This rotation system also exists in other METI’s divisions. In general, the new appointee does not know much about the sector of animation. This situation can provoke gaps in communication. According to one official, this creates disappointment, anger and a lack of confidence in the policies carried out by the bureaucrats among the producers (Production I.G Official Interview, 21/04/2014).

Thirdly, perhaps the most important reason, it appears that there is not *amakudari* in the AJA and the anime industry in general. Chapter 1, Section 1.3.2 recalls that *amakudari* serve as the facilitators between the state and the business community in Japan because they maintain the flow of information between them (Johnson 1982: 71; Wolferen 1989: 45; Suzuki 2004: 6-7). If the AJA had even one *amakudari*, that is to say a former METI bureaucrat, it would certainly strengthen the relationships between these two actors and reduce their communication gaps because they would know better about their respective intentions. This business federation is aware that it cannot oppose the government’s policies, illustrating the relative degree of autonomy of the government. So it is trying to find a way for the anime sector to benefit from the development state policy. Its proposals consist more in proposals to implement the policy already decided by the METI (AJA Official Interview, 22/04/2014).

The AJA acts as the go-between between the METI and the sector of anime. However, some anime studios have a direct relationship with this ministry. For instance, one anime producer acknowledged that it is the case of his company (Anime Producer Interview, 30/04/2014). This person told this author about a very bitter experience he had with the METI. He was invited to a meeting of the Media and Content Industry Division. However, he ignored that the topic and aim of this meeting were decided since the start: “Officials simply wanted to invite me from the private sector to add one opinion to their opinions. The aim was to prepare the minutes that would support their opinions. The topic of the meeting was how to facilitate inbound tourism. This concept sounds good to me in order to improve our industry. However, what we need is to have more actual data on the foreign markets. The head of the meeting told me that it was not the time to talk about this issue. I wanted to leave the meeting. But I stayed so that the person who invited me would not become a target of reproaches of other officials” (Anime Producer Interview, 30/04/2014).

This bitter experience illuminates two important points. First, it appears that the bureaucrats request the opinion of the anime industry to support policies already decided by them (AJA Official Interview, 22/04/2014), but not for challenging their opinion. Secondly, the anecdote shows the importance of personal relations. This producer had access to this meeting of the Media and Content Industry Division thanks to a friend, a METI bureaucrat (Anime Producer Interview, 30/04/2014). It is probably not a coincidence that the interviewee explaining his confusion about Cool Japan stated later his absence of connection with the METI (Gainax Official Interview, 09/07/2014). More personal relations between representatives of anime studios and bureaucrats, and the existence of *amakudari* in the anime industry would certainly reduce the gaps between the state and this sector.

The AJA expresses the hope that the Cool Japan policy will facilitate the dissemination of anime. It is aware that the best way of penetrating the international market is to rely on the help of the government (AJA Official Interview, 22/04/2014). In the same vein as the METI, the AJA thinks that a good example of the state’s support of the cultural industries is South Korea. Indeed, this country has a small domestic market. It is why the South Korean government has vigourisly promoted the expansion of South Korean cultural industries abroad (AJA Official Interview, 22/04/2014). The AJA would like the developmental state to create the conditions so that the anime sector can more easily produce animation not only in Japan but as well overseas. It expects from the government “a support through the tax system by creating subsidies or to try to lower the regulations of the countries where we want to export” (AJA Official Interview, 22/04/2014). Nowadays, the production is moving from Japan to abroad in order to make animation which would suit better the foreign markets.

The AJA is totally aware that, in some cases, the localization is a prerequisite before an overseas commercialization. It praised the J-LOP’s subsidies for facilitating localization (AJA Official Interview, 22/04/2014). The baseball anime *Star of the Giants* (*Kyojin no Hoshi*) is currently being adapted for the Indian market. The same plot will be conserved, but baseball will be replaced by cricket, a very popular sport in India (AJA Official Interview, 22/04/2014). This is a concrete case of localization. Localization signifies as well dubbing and/or subtitling works, and changing the scenes which contain sex and/or violence because they may be inappropriate for foreign viewers. For an official, “Muslim countries do not accept obscene scenes, and violent or bloody scenes are taboo in Christian countries” (AJA Official Interview, 22/04/2014).

Ironically, as pointed out by this business federation, the anime that feature sexual and violent scenes have been largely embraced by fans abroad. They have circulated by piracy. An example is the case of the anime “Attack on Titan” (*Shingeki no Kyojin*) which depicts giants devouring humans (AJA Official Interview, 22/04/2014). Nevertheless, this kind of anime does not seem to be the one that the state wants to disseminate through Cool Japan. The government prefers focusing on anime for children such as *Doraemon* and *One Piece*. Yet, the AJA assumes that works for children have already been sold enough. It advocates the support of anime that do not have equivalent products outside of Japan. It is the reason for their popularity. These “low-educated” anime symbolize the freedom of expression in the Japanese anime industry. The AJA considers that they have the potential to expand the market. Yet, in the opinion of an official, they are not the object of promotion because bureaucrats have a negative opinion of them (AJA Official Interview, 22/04/2014). This disagreement represents another gap between the authorities and the AJA, and again testifies of the relative degree of autonomy of the state, a characteristic of the developmental state (Evans, 1995; Weiss, 1995: 604) developed in Chapter 2, Section 2.3.1.

### **6.2.3 The issue of piracy**

A major concern for the anime industry is the piracy of its products. This industry expects from the developmental state to address such issue. Tōei would like the authorities to conduct serious discussions with their foreign counterparts where copyright infringements are widespread in order to find solutions on how to combat them (Tōei Official Interview, 21/04/2014). The passivity of some East Asian states has contributed to the development of the business of pirates (see Chapter 4, Section 4.4.1). This situation is particularly patent in mainland China, the Philippines, Indonesia, Thailand, Malaysia and Vietnam (Otmazgin, 2013: 115).

Even if piracy represents a huge loss (Tōei Official Interview, 21/04/2014), at the same time “without piracy, Japanese anime would not have become so popular” (Ishikawa Shinichiro Interview, 15/04/2014). The illegal dissemination of animation has sparked off the interest of fans abroad. It has contributed to the emergence of new markets. An interviewee could hardly believe that, the day after the broadcasting in Japan, anime are available in many languages free of charge and expressed his gratitude to fansubbers (Gainax Official Interview, 09/07/2014). As stressed by a representative, many current fans would have never watched anime if they had had to pay for them in the first place (Production I.G Official Interview, 21/04/2014).

Chapter 4, Section 4.4.2 has shown that, in the US, fans’ dissemination of pirated anime paved the way for their popularity (Leonard, 2005: 283). Asked three times for his opinion on fansubbing, Suzuki Toshio, the producer at Studio Ghibli, dodged the question and smiled. For this producer, the best answer was simply no answer in order not to arouse the anger of fans (Condry, 2013: 177). Nevertheless, in December 2004, a letter from a Tokyo law firm to several fansub groups and websites ordering them to end the illegal distribution of works produced by Media Factory, and the criticism of fansubs by the anime director Watanabe Shinichi[[101]](#footnote-101) and a spokesperson of the anime studio GDH[[102]](#footnote-102) (Gonzo Digimation Holdings) illustrate that not all anime companies have opted for silence (Condry, 2013: 177-8).

Most of anime studios lack time and resources to combat piracy. For instance, if Gonzo decides to fight infringements on copyright, the disadvantages (the costs) will outweigh the advantages (potential increase in sales). And some of its competitors could benefit more than this studio (Ishikawa Shinichiro Interview, 15/04/2014). Tōei, the biggest anime studio, has a team working on this issue and a specific budget. It also participates in meetings organized by the CODA to combat piracy (Tōei Official Interview 21/04/2014).

The involvement of the state is required to eradicate piracy (Ishikawa Shinichiro Interview, 15/04/2014). The METI and the Agency for Cultural Affairs support the anti-piracy activities carried out by the CODA. Two METI officials pointed out that piracy is the issue at the forefront of concern in the Japanese cultural industries when they meet this ministry (Munakata Saho and Sakamoto Yūko Interview, 08/04/2014). No single company can eliminate piracy by itself. The METI doubled its anti-piracy budget, from ¥150 million to ¥300 million in 2014. With this money, this ministry collaborates with the police of China and Southeast Asian countries to crack down on the illegal dissemination of Japanese popular culture (Munakata Saho and Sakamoto Yūko Interview, 08/04/2014).

The METI also uses this budget to request websites to stop copyright infringements, to organize events to increase fans’ awareness of the huge damage caused by piracy and to convince fans to use legal websites to have access to their favourite works. Furthermore, in collaboration with the AJA, this ministry produced a video shown at AnimeJapan in which various anime characters express their gratitude to fans of anime for purchasing legal contents (Munakata Saho and Sakamoto Yūko Interview, 08/04/2014).

Yet, two METI officials recognize the difficulty of combating piracy due to the tremendous capacity of the Internet to diffuse pirated products. Some websites allow fans to have access to websites containing pirated works. It is the thorniest issue for the METI because these websites acting as intermediaries are not illegal. They are very difficult to control. Moreover, whilst some websites accept the request of this ministry to stop the access to pirated works, some ignore it and continue their copyright infringements (Munakata Saho and Sakamoto Yūko Interview, 08/04/2014).

### **6.2.4 The heterogeneity of the anime industry**

One difficulty that the government faces when promoting the Japanese anime industry lies in the fact that this sector is not homogenous. Anime studios can be classified into two groups: on the one hand, studios such as Production I.G, Studio 4°C and Madhouse tend to focus more on artistic works. On the other hand, other studios, Tōei for example, are more likely to produce commercial entertainment, TV series for instance. Both categories are not exclusive (Roland Kelts Interview, 27/03/2014). The animation industry can be divided as well between those targeting children and those targeting the adults (*otaku*). A representative pointed out that the market and the way of producing anime are different for these two audiences (Gainax Official Interview, 09/07/2014).

Choo confirms the heterogeneity of this sector: “Even though Tōei may be a large, established company, most of the anime companies are far from what can be considered as major” (2009: 208). Studio Ghibli is a special case in the world of the Japanese animation. It has acquired a domestic and worldwide fame based on the success of Miyazaki’s works. This studio has separated from the anime industry. Miyazaki himself does not even like the word “anime”. This studio operates differently from the rest of the animation industry. It does not produce commercial TV series such as Naruto. It prefers making feature anime (Roland Kelts Interview, 27/03/2014). Furthermore, in contrast to the rest of the animation industry, it owns the copyright on its works because they are original stories (Yokota Masao Interview, 06/03/2014).

In addition to size difference, target audiences and type of anime produced, this industry is also divided between, on the one hand the animators, and, on the other hand, the producers and executives. Whilst the animators consider primarily animation as an art, the producers and executives tend to pay more attention to the business side (Choo, 2009: 208; Yokota Masao Interview, 06/03/2014).

This situation makes it difficult for the AJA to reach a consensual stance on the expectations of this industry regarding Cool Japan: “The first objective of companies is to have profits. But, the way of receiving money depends on the type of business and the position of each company. Some of them explain that the state should subsidize the stages of the production in order to increase the income of the animators. Others studios think that it would be better to assign subsidies to facilitate the expansion of anime outside of Japan” (AJA Official Interview, 22/04/2014). It is thus difficult for the government to satisfy every insider.

## **6.3 The manga industry**

### **6.3.1 The reactions to the Cool Japan policy**

The manga industry considers this policy as too late when questioned about it (Sasaki Toshiharu and Wakabayashi Hideki Interview, 30/04/2014; Kadokawa Official Interview, 27/05/2014). An interviewee even pointed out that this policy is pointless (Manga Publisher Official 2 Interview, 05/07/2014).

For many years, the belief that manga were futile prevented bureaucrats from taking into consideration this industry. As two officials put it, twenty years ago, in general, readers of manga were judged as lowbrow individuals and they outraged people. They added that manga were deemed as insignificant and trivial (Sasaki Toshiharu and Wakabayashi Hideki Interview, 30/04/2014). An interviewee confessed that, for his generation, the passion of reading manga was kept secret because of a feeling of shame (Manga Publisher Official 2 Interview, 05/07/2014). But, in 1992, the bookstore Sanseidō decided to sell manga. It was a sensational event. Subsequently, the largest Japanese bookstore, Kinokuniya, inaugurated a store exclusively selling manga in Shibuya whose surface area exceeds 300m². These two facts contributed to the generalization of this culture. Beforehand, only small bookshops sold manga (Sasaki Toshiharu and Wakabayashi Hideki Interview, 30/04/2014).

To the mind of two officials, the sociologist Miyadai Shinji and the cultural critic Azuma Hiroki have also contributed to improve the view on manga and anime by claiming that they are works of the same level as novels and movies (Sasaki Toshiharu and Wakabayashi Hideki Interview, 30/04/2014). Consequently, the *otaku* culture has spread in Japan (Manga Publisher Official 2 Interview, 05/07/2014).

The implementation of the Cool Japan policy by the government has not modified many things for the industry: “The emergence of Cool Japan has changed nothing in the way we produce. Even after its establishment, each publisher has not modified anything in the way of production. Neither the way we produce, nor the way do we sell abroad have been changed after the introduction of Cool Japan” (Kadokawa Official Interview, 27/05/2014). Such opinion is also confirmed by this anecdote: “In visits I made to publishers, I asked whether manga will be more commercialized abroad if the government now tries to support the development of the content industries. They replied: “We have been selling manga overseas for years on our own. How important is Cool Japan?” So, they answered coldly” (Sasaki Toshiharu and Wakabayashi Hideki Interview, 30/04/2014).

As a result of this gap, the manga industry does not have high expectations of this governmental policy because manga was massively exported before the start of Cool Japan (see Chapter 4, Section 4.2.2.) As pointed out in an interview, the government takes advantage of the success of the manga market to associate it with its new policy. And to implement it, the government requested to receive some monthly statistics on this sector from the All Japan Magazine and Book Publishers’ and Editors’ Association in order to justify its policy (Sasaki Toshiharu and Wakabayashi Hideki Interview, 30/04/2014).

But, as explained pragmatically: “As the subsidies exist, we want to benefit from them. Should they had not exist, we would have covered the costs on our own” (Kadokawa Official Interview, 27/05/2014). It is why Kadokawa applied for grants from the J-LOP. This publisher was allocated localization subsidies to pay a part of the costs for the translation of thirty-five works in English and thirty-six in Chinese, translations for the website Comic Walker. The promotion subsidies were used to attend an annual anime and manga event for fans of Japanese anime and manga culture called C3. They covered a part of the costs to attend the event in Hong Kong (Kadokawa Official Interview, 27/05/2014). In the same vein, the J-LOP assigned grants which partly covered the travel to Taiwan of the author of one famous manga (Manga Publisher Official 1 Interview, 13/05/2014).

An official expressed his dissatisfaction with Cool Japan, a stance shared by insiders of the manga industry in his opinion (Manga Publisher Official 2 Interview, 05/07/2014). He also asserted that bureaucrats do not pay attention to the creators of culture (Manga Publisher Official 2 Interview, 05/07/2014). In two interviews, officials stated that, rather than assisting publishers in exporting their manga, it would be better that the state improves the working conditions of the *mangaka* by increasing their income because they have low income in spite of working hard (Sasaki Toshiharu and Wakabayashi Hideki Interview, 30/04/2014; Manga Publisher Official 2 Interview, 05/07/2014). Cool Japan has been devised to boost the exports of Japanese pop culture. The focus thus is on the products, not on the creators. Cool Japan does not aim to improve their working conditions (see Chapter 5).

As explained in an interview, the manga industry doubts that the government will provide the same amount of money as the South Korean government (Sasaki Toshiharu and Wakabayashi Hideki Interview, 30/04/2014). The Japanese government is not the only one to refer to South Korea for its strong support of pop culture. The Japanese cultural industries are also aware of such support.

## **6.3.2 The institutional links between the manga industry and the state**

An important difference between the manga industry, and the two other industries analyzed in this doctoral research lies in the absence of a formal business association representing the manga sector to the developmental state. Three main publishers associations exist in Japan: the JBPA, the JMPA and All Japan Magazine and Book Publishers’ and Editors’ Association. The first two are not really focused on manga (Munakata Saho, 2014). The third one was invited by the Media and Content Industry Division to a meeting as observer. Nevertheless, this association does not have a close relationship with this division. Two interviewees of the All Japan Magazine and Book Publishers’ and Editors’ Association pointed out that their association does not represent the manga publishers in relation to the METI (Sasaki Toshiharu and Wakabayashi Hideki Interview, 30/04/2014).

As explained by these interviewees, the role of their association is to study the publishing sector, including the manga industry, but not to give opinions and suggestions (Sasaki Toshiharu and Wakabayashi Hideki Interview, 30/04/2014). The main activity of this association is to publish reports. In particular, the only contact that it has with the METI is to send this ministry a monthly report on the manga industry. This document contains data on the publication, sales and distribution in the domestic market (Sasaki Toshiharu and Wakabayashi Hideki Interview, 30/04/2014). Concerning the exports of manga, “it is impossible to collect data on the sales of copyright because we can neither order all Japanese publishers to give us a report on these sales, nor are publishers required to provide us these pieces of information” (Sasaki Toshiharu and Wakabayashi Hideki Interview, 30/04/2014).

The manga industry has two informal associations: the AMP and the DCA (see Chapter 5, Section 5.2.2). As they are informal, they do not have any *amakudari*. Two officials stated that in the All Japan Magazine and Book Publishers’ and Editors’ Association, no *amakudari* works (Sasaki Toshiharu and Wakabayashi Hideki Interview, 30/04/2014). More generally, the thesis does not offer any evidence of *amakudari* in the industry of manga.

Although the AMP and the DCA do not have corporate status, the METI has contacts with them. Moreover, the METI’s Media and Content Industry Division has close links with the manga publishers that are members of these informal associations (Munakata Saho, 2015). For instance, the International Rights Department of Kadokawa is in contact with the Media and Content Industry Division. Another department as well speaks with this ministry about the foreign markets whilst a different one is in contact to address domestic issues (Kadokawa Official Interview, 27/05/2014). The International Rights Department receives useful information (for instance about the J-LOP) from the METI, showing the institutional links between Kadokawa and this ministry. It is this department which applied for J-LOP’s grants. Its purpose is to sell Kadokawa’s copyright to foreign editors, not to promote Cool Japan (Kadokawa Official Interview, 27/05/2014).

### **6.3.3 The issue of piracy**

Similar to the anime sector, a representative explained that the manga industry needs the help of the developmental state to combat piracy and that his company, a big publisher, cannot do it on its own (Manga Publisher Official 1 Interview, 13/05/2014). Two METI bureaucrats confirmed that the companies in the sectors of anime and manga cannot eradicate piracy by themselves (Munakata Saho and Sakamoto Yūko Interview, 08/04/2014). The METI judges that the piracy of anime and manga has been expanding in the recent years. This ministry calculates that, in the US, the online piracy of anime and manga represents approximately ¥2 trillion (METI, 2014b). In addition, over 50 per cent of anime and manga fans in the US and 12 per cent in Japan watch or read pirated works (Manga-Anime Here, 2014). According to the Agency for Cultural Affairs, the piracy of Japanese contents in four main cities of China (Beijing, Shanghai, Guangzhou and Chongqing) amounts to around ¥560 billion per year (METI, 2014b).

In order to combat copyright infringements, the METI (2014b) supported the creation of the Manga-Anime Anti-Piracy Committee in July 2013. Most of the companies which are members of this committee operate in the manga and anime industries, respectively seven anime studios[[103]](#footnote-103) and four are manga publishers[[104]](#footnote-104). The Manga-Anime Anti-Piracy Committee is also composed of a manufacturer of toys and figures (Good Smile Company), a video games company (Bandai Namco Games), a producer of collectible card games and trading cards (Bushiroad), and a subsidiary of Shōgakukan and Shūeisha (ShoPro) (Manga-Anime Here, 2014). This committee launched on the 30th July2014 the MAG Project to combat piracy. The CODA acts as the secretariat for this committee and is funded by the METI’s to carry out the MAG Project (CODA, 2014b: 1-2).

This project has three aims: firstly, the large scale elimination of online piracy; secondly, the launch of a website[[105]](#footnote-105) showcasing legal contents (anime and manga) to fans; and lastly, the promotion of watching and reading legal contents (CODA, 2014b: 1). As part of the first aim, the CODA planned to remove the illegally uploaded copies of 580 works, respectively 500 manga and 80 anime, from the 1st August 2014 until January 2015 (2014b: 2). In March 2015, the CODA reported having deleted 447,096 pirated files from 577 manga titles and 264,601 pirated files from 90 anime titles (*PR Times*, 2015).

Concerning the third objective, a video[[106]](#footnote-106) featuring popular anime and manga characters of forty-two masterpieces was released on the 30th July 2014 (CODA, 2014b: 1). And on the 16th October 2015, the MAG Project started the special collaboration illustration “Join us, friends” to promote the use of official contents. This illustration was composed of five popular characters of anime and manga. Every time that fans clicked on “Join” to express their respect of copyright, the illustration evolved with the appearance of more characters. All twenty characters were gathered when one million of fans clicked on “Join” (CODA, 2014a: 1). The effectiveness of the MAG Project can be brought into question. In particular, the pirated files deleted may now be again available on websites. At least, the MAG Project demonstrates that the development state has decided to be more active in the combat against piracy of manga and anime.

In January 2016, the Japanese government decided to include the prosecution of copyright infringement without the need of a formal complaint from the original creator or the right holder in the draft revision of the Copyright Law in order to be in line with the Trans-Pacific Partnership[[107]](#footnote-107) (TPP) (*Japan News*, 2016). Since the TPP talks, the US has urged the participating countries to prosecute copyright violation without the need of a complaint from the original creator or the right holder. In Japan, copyright infringement is currently considered as *shinkokuzai*, meaning that copyright violation requires a complaint from the victim to be prosecuted (*Japan News*, 2016).

The government decided also not to include the prosecution of *dōjinshi* under the revised law so that fans can continue to publish parodies of original anime and manga. Nevertheless, *dōjinshi* publishers will continue to face prosecution if they publish works with popular manga characters without permission. Furthermore, if the original creator or the right holder lodges a complaint, *dōjinshi* could be eligible for criminal punishment. The draft of the Copyright Law also includes to extend the copyright protection period from fifty years to seventy years after the passing away of the original creator (*Japan News*, 2016). The revision of the Copyright Law shows that the Japanese government does not remain passive concerning copyright infringement.

### **6.3.4 The heterogeneity of the manga industry**

An interviewee explained that Cool Japan has many benefits for publishers. But it is also not very effective. Publishers benefit from Cool Japan because they receive subsidies, for example to encourage them to attend international events where they can find new business partners and introduce their contents. At the same time, big Japanese publishing houses have established for a long time their networks to publish their manga outside of Japan. Manga were heavily diffused abroad before the implementation of the policy Cool Japan (see Chapter 4, Sections 4.2.2 and 4.3). The *Kōdansha Comics Catalogue*, a manual for foreign publishers which want to commercialize manga, was released in 1985 (Pellitteri, 2010: 73). And Horibuchi Seiji created VIZ Communications in 1986 as a subsidiary of Shōgakukan (See Chapter 4, Section 4.3.3). Big publishers such as Kōdansha, Shūeisha, Shōgakukan and Kadokawa do not need subsidies of the government to disseminate to the foreign markets manga.

In contrast to these big publishers, small ones lack staff speaking English and experience in international business. They tend to rely on intermediates such as the Tuttle-Mori Agency for their exports (Manga Publisher Official 1 Interview, 13/05/2014). They certainly need to be assisted by the developmental state to boost their exports.

## **6.4 The video games industry**

### **6.4.1 The reactions to the Cool Japan policy**

The video games sector, in a similar way to the two others sectors considered in this thesis, did not rely on the support of the state to export video games and consoles. However, in contrast to anime and manga, video games companies have exported their products since the beginning of this industry (see Chapter 4, Section 4.2.3). An official explained that as bureaucrats did not like Japanese pop culture, these companies could not rely on the state assistance in their exports in the 1980s and 1990s (Video Games Company Official 2 Interview, 29/08/2014). According to another official, it is why they consider the Cool Japan policy as too late (CESA Official Interview, 31/03/2014). A scholar stressed that they are proud of having developed this industry by themselves (Baba Akira Interview, 05/08/2014).

A representative insisted that if the state allocates grants, bureaucrats will interfere in the content of video games, even if fewer bureaucrats think in this way nowadays. He added that when they interfere, the charm of business vanishes (Video Games Company Official 1 Interview, 20/08/2014). Johnson reminds us of the difficulty of the Japanese developmental state to build a cooperative relationship with the business world: “the state inevitably will go too far, and private enterprise inevitably will resent state interference in its decisions” (1982: 318).

As explained by an official, the video games sector wants to maintain its independence from the state. This willingness derives from the influence of the mentality of the founder of Nintendo[[108]](#footnote-108) who is from Kyoto. This official stressed that people from this city wish to maintain a distance from other individuals. He added that Kyoto people do not like very much the interference of outsiders in their business and observed that this characteristic is reflected in the position of the video games industry towards the state (CESA Official Interview, 31/03/2014). The independence of this industry means that it can oppose the state and conduct its business without suffering from restrictions and limitations on its choices (CESA Official Interview, 31/03/2014). It is very unlikely that this sector has *amakudari*.

The exports of video games are a high priority for this industry. For example, CyberConnect2 sells 90 per cent of its series *Naruto Ultimate* abroad, that is to say two million, versus 150,000 in Japan (CyberConnect2 Official Interview, 21/08/2014). A big company makes 40 per cent of its sales outside of Japan (Former President Video Games Company Interview, 09/09/2014). Whereas the movie industry does not feel the need to export films, the video games industry considers that the exports are of paramount importance because the development of video games is very expensive (Baba Akira Interview, 05/08/2014). Nevertheless, some countries impose high tariffs, for example Brazil (CyberConnect2 Official Interview, 21/08/2014; Fukunaga Kenichi Interview, 12/09/2014). The same point was raised by a representative of Tōei above.

Except CyberConnect2, all video games companies surveyed in this doctoral dissertation applied for grants from the J-LOP, be it for localization or promotion. CyberConnect2 did not apply for subsidies because this company does not hold copyright of their products (the series *Naruto Ultimate* for instance), a necessary requirement to be eligible for the J-LOP (CyberConnect2 Official Interview, 21/08/2014). Two officials complained about the length, around three weeks, of the review process of applications because businesses need an immediate answer (Video Games Company Official 2 Interview, 29/08/2014; Video Games Company Official 3 Interview, 10/09/2014).

An official observed the difficulty of fulfilling the requirements of the J-LOP for localization, and the ineligibility of games developed before J-LOP (Video Games Official 3 Interview, 10/09/2014). Even if big companies do not need the support of the authorities to export, they applied and received subsidies from the J-LOP (Former President Video Games Company Interview, 09/09/2014; Fukunaga Kenichi Interview, 12/09/2014). One informant said that if grants exist, his company will take advantage of them (Video Games Company Official 3 Interview, 10/09/2014). This testifies the pragmatism of big companies.

The Cool Japan Fund was established to allow the SMEs to gain access to funds so that they can develop their business in the foreign markets (see Chapter 5, Section 5.2.4). However, two middle-sized video games companies examined in this doctoral dissertation did not apply for financial assistance from the Cool Japan Fund. One official explained that the requirements do not match the needs of his company (CyberConnect2 Official Interview, 21/08/2014), and a representative confessed that his company does not know much about the Cool Japan Fund, especially about the investment requirements (Video Games Company Official 1 Interview, 20/08/2014).

Interestingly, big companies lack knowledge of the Cool Japan Fund as well (Former President Video Games Company Interview, 09/09/2014; Fukunaga Kenichi Interview, 12/09/2014). This point is probably related to the timing of these interviews which took place before the announcement of the first selected projects by the Cool Japan Fund on the 25th September 2014. However, in addition to CyberConnect2, a representative of a big company explained that it does not consider applying for financial support because it is difficult to fulfil the criterion of the collaboration between different sectors (Video Games Company Official 3 Interview, 10/09/2014).

### **6.4.2 The institutional links between the video games industry and the state**

Similar to the AJA, the business federation of video games, the CESA, was established recently, in 1996. Beforehand, two associations already existed. In the 1980s, an association called Japan Amusement Machinery Manufacturers Association[[109]](#footnote-109) (JAMMA) was created. It dealt with video games played in game centers. Another association, the Japan Personal Computer Software Association[[110]](#footnote-110) (JPSA) was set up in the same decade. These two associations conducted their activities on their own. What was missing was a business association focusing on the video games for home use. Between 1994 and 1995, several presidents of video games companies for home use initiated talks to establish an association. The president of Konami, Kōzuki Kagemasa, was the main initiator. Then, in 1996, the CESA was born (CESA Official Interview, 31/03/2014).

Apart from setting up an association focusing on home video games, various reasons led to the birth of this business federation such as the fight against piracy, the organization of events and the implementation of technical exchanges. A very important function of the CESA is the release of statistics on this industry. Such statistics did not exist before the establishment of the CESA. Since 1997, this business federation has published an annual white paper on the video games industry to provide official data on the market and the trends of this industrial sector (CESA Official Interview, 31/03/2014).

Since 1996, the CESA has been in contact with the METI, in particular the Media and Content Industry Division, a relationship qualified as close (CESA Official Interview, 31/03/2014). Similar to the AJA, this business association provides information on the situation of the video games industry to this section which informs the CESA about the governmental policies (CESA Official Interview, 31/03/2014). The collection of information on the video games industry by the METI is the necessary condition to ensure its relative degree of autonomy when it decides to take initiative concerning this industry, an important feature of the developmental state (see Chapter 2, Section 2.3.1).

As explained by an official, in the 1990s, various business associations were established in order to receive governmental grants. He added that it was common for these new associations to treat well civil servants of the ministry which had jurisdiction over their business activities in order to receive subsidies (CESA Official Interview, 31/03/2014). To his mind, this provided the opportunity to the government to exert its influence on some associations and asserted that they were dependent on the government’s policy for their business (CESA Official Interview, 31/03/2014).

In contrast to industries such as iron and steel (Yonekura, 1994), telecommunications (Anchordoguy, 2005) and electric vehicles (Åhman, 2006), the video games industry in Japan developed outside of any governmental framework, thereby in the same way as the anime and the manga industry. It did not rely at all on any kind of state support, not only for the domestic market, but as well for the exports of its products: “When an association like ours is created, it is very common to start looking for ways to take advantage of governmental grants. However, the association did not request subsidies and game makers have kept the system of financial autonomy. Since the time of the Famicom in the 1980s, our sector had already established a mechanism that facilitates the penetration into the foreign markets before the government decided to assist us in that” (CESA Official Interview, 31/03/2014). Marie Anchordoguy aptly points out that game software makers were subject to fierce competition at the beginning of this industry as they had to export their products to survive (2005: 164). This differs from the situation of the conglomerates in the relatively insulated computer hardware and software, semiconductor and telecommunications markets which benefited from state support, cross-shareholding and main-bank relations (Anchordoguy, 2005: 164).

Nowadays, the Japanese video games industry needs the help of the developmental state to solve three problems that it is facing. Firstly, following the technological evolution of home consoles, the cost of video games development has steadily increased because of the commercialization of new consoles. It amounted to between $US800,000 and $US1.7 million (¥82 million and ¥174 million[[111]](#footnote-111)) for the PlayStation 1, between $US5 million and $US10 million (¥539 million and ¥1.1 billion[[112]](#footnote-112)) for the PlayStation 2, and between $US18.8 million and $US28.2 million (¥2.2 billion and ¥3.3 billion[[113]](#footnote-113)) for the PlayStation 3 (Agnello, 2013). The development cost of a PlayStation 4 game range from $US50 million to $US500 million (¥5.3 billion and ¥52.9 billion) (Ash, 2015: 96). For example, it is reported that the budget of the game *Destiny* was around $US500 million (¥52.9 billion), and the one of *Grand Theft Auto V* around $US265 million (¥28.1 billion[[114]](#footnote-114)) (*The Economist*, 2014).

This industry expects tax cuts from the government in a similar way to what happens in Canada[[115]](#footnote-115) to face the rising cost of the development of video games. The authorities rejected this request. Yet, at the moment, they are considering to grant a tax cut, not only for video games companies, but also for all Japanese companies regardless of their sector (Baba Akira Interview, 05/08/2014).

Secondly, the training of the developers of video games is another problem faced by the Japanese video games companies. Many developers graduate from special schools. According to one scholar, they have practical skills, but they lack the ability to learn new ones, for example in new technologies. Furthermore, in his opinion, they do not speak English well enough to develop software (Baba Akira Interview, 05/08/2014). This sector would like developers to graduate from university. They support the strengthening of the links between the universities and them. Recently, many universities have created games department to train future developers (Baba Akira Interview, 05/08/2014).

Interestingly, two interviewees explained that their companies provided help and information to the J-LOP because the committee of members in charge of reviewing the applications did not come from the industry of video games. Lacking knowledge of this industry, this committee could not assess the applications of video games companies (Former President Video Games Company Interview, 09/09/2014; Video Games Company Official 3 Interview, 10/09/2014). It was after a request of the METI that a company gave information on the video games industry to the J-LOP (Video Games Company Official 3 Interview, 10/09/2014). This demonstrates that the Japanese developmental state collects information from the people in the know in order to better design and implement industrial policies (Okimoto, 1989: 73; Weiss, 1995: 601).

### **6.4.3 The issue of piracy**

In addition to the increasing development cost of video games and the training of developers, piracy represents the third problem faced by the Japanese video games companies, especially when they export their products abroad, in particular to East Asia (China, Indonesia, South Korea, and so on). This industry wants to commercialize its products in China because this country is a huge market. In 2014, the Chinese government authorized the sales of consoles (Video Games Company Official 2 Interview, 29/08/2014). The ban began in 2000 because the Chinese authorities were concerned about the “adverse effects” of games on the Chinese youth. Yet, this ban was circumvented as demonstrated by the illegally imported consoles which were sold openly in many Chinese cities (Chen, 2015). This reminds us that the restrictions imposed on the flow of Japanese pop culture by East Asian states have been ineffective (see Chapter 4, Section 4.4.1).

In January 2014, the Chinese Ministry of Culture lifted the ban on the commercialization of consoles. Yet, their manufacture and sales were limited to the Shanghai Free Trade Zone. Microsoft was the first to enter the Chinese market in September 2014. Sony followed in March 2015 (Chen, 2015). In May 2014, then CEO of Nintendo, Iwata Satoru, announced that Nintendo needed more time to study the prospect to enter Chinese market because the lifting of the ban had not solved all of the difficulties in entering it (Knight and Murai, 2014). One year later, Nintendo decided to shelve plans to launch a cheap console tailored for emerging countries, for example China. This company prefers to focus on the mobile games market in collaboration with DeNA[[116]](#footnote-116) (*Nihon Keizai Shimbun*, 2015). In July 2015, the Chinese state lifted all the restrictions on the manufacture and sales of consoles (Chen, 2015).

Video games companies want strong regulation against the intellectual property infringement. They are aware that the intervention of the Japanese state is essential for the eradication of piracy and the enforcement of copyright (Video Games Company Official 2 Interview, 29/08/2014; Bandai Namco Games Official Interview, 06/09/2014).

An interviewee insisted that the Japanese government is not making effort to combat piracy and that it must talk to its Chinese counterpart to address this issue (Former President Video Games Company Interview, 09/09/2014). This informant expressed his dissatisfaction with the CODA because it has conducted limited actions, suffers from a lack of funds and has weak power. To his mind, the CODA needs a bigger budget (Former President Video Games Company Interview, 09/09/2014). The CODA developed a sticker on the packaging to testify that items are legal. However, this sticker is not widely known (Baba Akira Interview, 05/08/2014).

The video games industry conducts different strategies to combat piracy. Some companies try to control the quantity of video games produced (CyberConnect2 Official Interview, 21/08/2014). In the past, as put it by an interviewee, Sony used to lodge civil complaints, but stopped because there were too many. He remarked that forced requisitioning cannot take place in the case of a civil complaint and that Sony prefers lodging criminal complaints (Fukunaga Kenichi Interview, 12/09/2014). He explained that this company collaborates with the police of Europe, Japan and the US because such collaboration allows forced requisitioning and pointed out that Sony always reinforces the security of video games, especially when it develops a new console (Fukunaga Kenichi Interview, 12/09/2014).

The cost of piracy to the video games industry is obviously very difficult to calculate because it is an illegal activity. Nevertheless, in a report published in 2007, Nintendo calculates that more than 120 million pirated video games of Nintendo DS exist, totalling a loss of over ¥500 billion (Baba, 2010: 1). Based on a more comprehensive investigation, Baba Akira estimates the illegal downloading of the video games of Nintendo DS and Sony’s PSP at more than ¥2.4 trillion between 2004 and 2009, that is to say more than ¥400 billion a year (2010: 16). According to this scholar, the piracy of video games in the Japanese version was worth over ¥954 billion (over ¥159 billion a year) in the same time frame (2010: 16). These figures are very impressive. They only provide a limited estimate of piracy because Nintendo’s report focuses on Nintendo DS and Baba’s research on Nintendo DS and Sony’s PSP. Since the beginning of the 2000s, the emergence of the Internet has facilitated the growth of pirated video games.

### **6.4.4 The heterogeneity of the video games industry**

Japanese video games are less popular overseas than previously. In the 1990s, Japanese companies dominated the global market. But the competition has become global and fierce. A scholar stressed that countries such as Taiwan, China, South Korea, Philippines, Thailand and Indonesia are assisting in the development of a video games sector (PC, console and mobile games) (Baba Akira Interview, 05/08/2014). Two interviewees insisted that Japanese middle-sized companies are suffering the most from the global competition (Baba Akira Interview, 05/08/2014; Video Games Company Official 2 Interview, 29/08/2014).

It is especially middle-sized companies[[117]](#footnote-117) that have positive expectations on Cool Japan. As put by officials, they hope that the government will facilitate their expansion abroad, to act as a bridge between the domestic and the foreign markets and to help them to establish branches overseas (Video Games Company Official 1 Interview, 20/08/2014; CyberConnect2 Official Interview, 21/08/2014). Whilst the J-LOP facilitates the localization and promotion of video games abroad, its goal is not to support the creation of branches outside of Japan by middle-sized companies. For an interviewee, it does not fulfil the expectations of these middle-sized companies (Video Games Company Official 1 Interview, 20/08/2014).

Big companies such as Sony, Nintendo and Konami have already set up their networks of distribution and branches overseas. An informant remarked that they do not really need the support of the state (Former President Video Games Company Interview, 09/09/2014). Similarly, in the case of mobile games, an interviewee observed that his company does not really need financial assistance from the state (Video Games Company Official 3 Interview, 10/09/2014).

## **6.5 Conclusion**

This chapter offered evidence of two characteristics of the developmental state (see Chapter 2, Section 2.3.1): firstly, the institutional links between the state and the cultural industries; and, secondly, the relative degree of autonomy of the state. Indeed, the METI has had relationship with the AJA and the CESA since their establishment, respectively in 2002 and 1996, so recently. This ministry is also in contact with the AMP and the DCA although both associations are informal. Furthermore, it has links with some companies as well, for example Kadokawa (manga publisher) and Production I.G (anime studio). By these contacts, the state can gather information from the cultural industries in order to understand their situation. For example, the All Japan Magazine and Book Publishers’ and Editors’ Association sends monthly statistics to the METI.

The Japanese developmental state needs to be close to these industries to deliver sound policies. At the same time, it needs to maintain a certain distance, in other words a relative degree of autonomy, towards these sectors. For example, the METI requests the AJA to collaborate for policies already decided by the government. This ministry often makes decisions that the AJA does not really want. A disagreement exists between the AJA and the state concerning which kind of anime to disseminate overseas through Cool Japan. The state prefers emphasizing the exports of children anime, whilst the AJA would rather prefer anime that do not have equivalence outside of Japan.

The analysis of the reactions to the Cool Japan policy demonstrates that the Japanese cultural industries consider this policy as too late. Indeed, they did not rely on the authorities to begin the exports of their products (see Chapter 4, Sections 4.2-4.3). As shown in this chapter, these industries expect the state to combat more vigorously piracy. The intervention of the government is necessary because even big companies cannot deal with this issue by themselves. Regardless of its effectiveness, the MAG Project shows that the developmental state does not remain passive concerning copyright infringements. Yet, the MAG Project does not include the eradication of piracy of video games.

The Japanese cultural industries reject an intervention of the state in their products if they accept grants. In the anime industry, the mistrust towards the authorities seems widespread. Several elder animators are rather leftist and have an anti-governmental position. The video games industry wants to maintain its independence vis-à-vis the state. If these industries employed retired bureaucrats, maybe their mistrust would disappear, at least decrease. Rather than providing financial support for the exports of Japanese pop culture, it would be better that the state improves the working conditions of *mangaka* and animators. In spite of working hard, their income is very low. Nevertheless, this is not the object of the Cool Japan policy (see Chapter 5).

This chapter stressed that, when carrying out this policy, the Japanese government faces the heterogeneity of the anime, manga and video games industries. Big companies do not really need the financial assistance of the developmental state to export their products. Before the start of Cool Japan, the most important publishing houses such as Kadokawa, Kōdansha, Shōgakukan and Shūeisha had already developed their networks to commercialize manga in the foreign markets. And the video games sector have exported consoles and video games since its birth in the first half of the 1980s. Big companies have adopted a pragmatic stance. If the government allocates subsidies, they take advantage of them. The SMEs need more to be supported in their expansion abroad. That does not mean that the Cool Japan policy completely satisfies them.

# Chapter 7: Conclusion

This concluding chapter aims to recapitulate the main findings of this research. Firstly, it examines the theoretical contributions of this doctoral research, stressing the persistency of developmentalism despite neoliberal globalization and the implementation of neoliberal reforms in Japan since the 1980s. Secondly, the main empirical findings are summarized, that is to say the Cool Japan policy, its industrial nature, the reactions of the anime, manga and video games sectors and the confirmation of the sectionalism of the Japanese bureaucracy. Lastly, this conclusion suggests some future areas of research.

## **7.1 Theoretical contributions**

Despite the great transformation of Japanese capitalism (Lechevalier, 2014) and the implementation of neoliberal policies, this work demonstrates the continuation of developmentalism in Japan (Weiss, 2000; Pekkanen, 2003; Wong, 2004). That is, the process of neoliberal globalization does not automatically lead to the demise of the developmental state and the shift towards an Anglo-Saxon minimalist state. Governments continue to maintain some leeway even under globalization. Agency, state capacities, and the ideological background of policy-makers continue to be significant variables that require the attention of scholars.

Furthermore, the end of the period of catching up with the Western economies does not signify that the Japanese developmental state has come to a standstill. Japanese policy-makers continue to conduct and to experiment with industrial policy, as well to look for promising economic sectors to support. The end of the logic of catching up with the Western economies did not signify the retreat of the state. Indeed, a new logic has emerged: the logic of keeping up, in other words a stress on continuously improving the competitiveness of the Japanese industries, and a constant effort to detect new “sunrise” industries (Weiss, 2000: 27-8). Therefore, Japan remains a long way from leaving everything to the market. As long as decision-makers are convinced that the state has a role to play to ensure the competitiveness of the national economy, Japan will refuse to leave everything to the market.

This thesis expands the analysis of the developmental state to a new industry, the cultural industries. As suggested by Pekkanen (2003) and Weiss (2000), this confirms that the developmental state is not limited to the industries Johnson (1982) focused on, such as coal, steel, textile and so on. In addition, this work offers concrete empirical evidence that Cool Japan represents an industrial policy, defined in the Introduction as “***any type of intervention*** or government policy that attempts ***to improve the business environment*** or to alter the structure of ***economic activity*** toward sectors, ***technologies or tasks*** that are expected to offer better prospects for economic growth ***or societal welfare*** than wouldoccur in the absence of such intervention” (Warwick, 2013: 16, emphasis in the original).

The METI is the main ministry in charge of implementing Cool Japan (see Chapter 5, Section 5.2.2). By conducting this policy, this ministry hopes to improve the business environment of the cultural industries and supports the dissemination of their products overseas. The METI considers Cool Japan as a way of stimulating the Japanese economy due to the ripple effects expected in terms of growth and jobs creation. Ultimately, the aim is to boost the number of foreign tourists visiting Japan, thereby developing the tourism industry, for example the contents tourism (Seaton and Yamamura, 2015). These elements are consistent with the definition of industrial policy above.

The J-LOP and the Cool Japan Fund were created, respectively in March 2013 and November 2013, to provide financial assistance to the Japanese cultural industries in order to facilitate the exports of their merchandises. Several differences exist between these two organizations. For example, the J-LOP provides subsidies whereas the Cool Japan Fund invests through the buying of shares, that is to say equity investments, in order to become a minority shareholder. Another difference lies in the fact that the J-LOP focuses on the content industries, whilst the Cool Japan Fund has a more encompassing perspective because it helps the sectors of fashion, lifestyle, food, and tourism, in addition to the content industries.

Notwithstanding these differences, the J-LOP and the Cool Japan Fund are both under the supervision of the METI, respectively the Media and Content Industry Division for the former, and the Creative Industries Division for the latter. Nevertheless, the METI does not decide the allocation of the funding as the J-LOP has a committee whose members remain undisclosed. The Cool Japan Fund has also a committee composed of seven members (the chairman, the CEO and five outside board members) to decide which projects to fund. It regularly reports its activities to the Creative Industries Division in a similar way than the J-LOP does with the Media and Content Industry Division.

The J-LOP and the Cool Japan Fund symbolize the persistence of the Japanese developmental state. Indeed, the government decided to create them in order to encourage the development of the Japanese cultural industries in the foreign markets. This demonstrates that bureaucrats still believe that the state has a role to play in the Japanese economy if the market does not meet their expectations, as the interview data demonstrated. They assume that the cultural industries are too domestic-oriented because of the large domestic market. In their opinion, the rapidly aging population and the fall in the number of young people will cause a decrease in the domestic demand. Therefore, it is paramount that these industries expand more overseas.

The existence of a large domestic market is not the only reason that explains why many companies in the sector of the cultural industries, especially the SMEs, miss business opportunities overseas. Indeed, Japanese banks and investors are reluctant to invest in the SMEs because they consider that their projects are not sufficiently reliable. It is why it is very difficult for them to have access to the necessary funds for their expansion abroad. Furthermore, most of the time, they lack the staff knowledgeable about the foreign markets. The Cool Japan Fund was created to resolve these bottlenecks by finding the successful business models, by investing in companies in the form of shares and by developing the skills necessary for their expansion overseas.

The Cool Japan Fund testifies that the Japanese developmental state acts as a catalytic agent which gives incentives and disincentives (Lind, 1992). In this case, the Japanese developmental state sends the message that the Japanese cultural industries have to develop more their business abroad, and that the banks and investors have to be more willing to invest in them. Yet, the Cool Japan Fund does not represent public risk absorption (Weiss, 1995: 609), unlike the JAROL for the robot industry (Mansfield, 1989: 190) and the JECC for the computer one (Anchordoguy, 2005: 131). Indeed, the Cool Japan Fund is a minority investor in the selected projects. This change, from taking the biggest share of the risk of investments to being a minority shareholder, probably reflects the present difficult situation of the developmental state’s budget and the impact of neoliberalism.

In contrast to authors who claim that a pilot agency is one characteristic of the developmental state (Johnson, 1982: 319-20; Weiss, 2000: 23; Hayashi, 2010: 50), this doctoral project did not use this notion of a pilot agency as the government did not support the manga publishers, anime studios and video games companies when they began to export their products. This notion seems more relevant for nascent industries than for those which developed outside of a state framework.

## **7.2 Empirical findings**

Cool Japan represents a significant change of the stance of the government towards the Japanese cultural industries. Before the 2000s, the authorities did not pay much attention to them because they viewed these industries as unprofitable and trivial. Moreover, Japanese popular culture, especially anime, manga and video games, was stigmatized as being vulgar and a part of low-brow culture. This negative opinion explains why the Japanese state neglected these industries for a long time.

Yet, the enthusiastic reception of Japanese pop culture around the world changed the attitude of the bureaucrats. Now, they assume that the support of the cultural industries can stimulate the domestic economy, and contribute to present Japan in a positive way. Nevertheless, the active promotion of the cultural industries does not mean that negative sentiment towards them has disappeared among the bureaucracy.

It is important to bear in mind that the current promotion of the cultural industries did not initiate the success of Japanese pop culture overseas. The Cool Japan policy represents a reaction of the Japanese government. Anime studios, manga publishers and video games companies started the exports of their products on their own, that is to say outside of a governmental framework. More than Japanese companies and local distributors, piracy has been the main driver of the massive dissemination of Japanese popular culture. Copyright infringements paved the way for the legal commercialization of pop culture products in countries such as Taiwan and South Korea where their imports were banned respectively until 1993 and 1998 (see Chapter 4, Section 4.4.1).

Since the advent of the Internet in the 2000s, online piracy has been the main driver of the dissemination of Japanese pop culture. It is a very easy task for fans to have access to the new episodes of their favourite anime or manga because scanlations and fansubs are released few hours after their release in Japan (see Chapter 4, Section 4.4.2). The too lax enforcement of intellectual property copyright by the East and Southeast Asian states (China, Indonesia, Vietnam, Thailand and so on) has contributed to the proliferation of illegal products easily available in the cities of these countries (see Chapter 4, Section 4.4.1).

Another significant empirical finding of this research lies in the sectionalism of the Japanese bureaucracy. Two kinds of conflicts occur in bureaucratic regimes: conflicts within the bureaucracy, and conflicts between the bureaucracy and the central political authorities (Eisenstadt, 1956). Johnson reminds us that “the greatest threat to a bureaucrat’s security comes not from the political world or private-interest groups but from other bureaucrats” (1982: 321). The sectionalism of the Japanese bureaucracy can be traced back to the Meiji period (Boyd, 2006: 52). Struggles between ministries to protect their jurisdictional domains, to expand them, to compete for more budget and prestige are a recurrent feature of Japanese politics which complicates the coordination and cooperation between ministries.

Chapter 5 offers evidence that Cool Japan represents another example of the sectionalism of the Japanese bureaucracy. Ministries and agencies involved in the framing and the implementation of this policy tend to view it according to their respective domains. For instance, the METI considers Cool Japan as an industrial policy to promote a sector with promising ripple effects in terms of economic growth and jobs creation. According to this ministry, the aim of this policy is not to improve the working conditions of *mangaka* and animators. The Agency for Cultural Affairs hopes that it will be for foreigners a gateway to Japanese traditional culture, the main focus of this state body. And the MOFA thinks that this policy can increase Japan’s soft power.

At the outset, Cool Japan meant content products such as anime, manga, video games, movies, TV drama and music. But its scope has extended as more and more ministries and agencies became part of this policy. Nowadays, Cool Japan has a very encompassing meaning, from content products to food, *sake*, fashion, design, traditional craftworks and so on. As a very large number of state actors is involved in the support for the development of the cultural industries outside of Japan, not surprisingly, Cool Japan is a complex policy, not only for bureaucrats but as well for these sectors.

The IPSH and the Cabinet Office try to regulate the competition between ministries to obtain more budget. A large part of the tension takes place because of the struggle of each ministry to secure more funding. The IPSH mediates between ministries when tension occurs concerning their policies to promote the Japanese cultural industries (Choo, 2012: 89-90). Yet, when the Cabinet Office makes recommendations to ministries to adjust their policies, these recommendations are often ignored. In the current Abe government, there is a minister to coordinate the Cool Japan policy. However, it is doubtful that a minister without a ministry can be successful in the coordination of all the state actors. Sectionalism does not mean that ministries and agencies do not cooperate at all, and that they do not talk to each other. Chapter 5 describes some examples of collaboration. Nevertheless, sectionalism still represents a major hurdle for a better coordination between ministries and agencies because they want to protect their domains.

This doctoral dissertation also focused on the reactions of the anime, manga and video games sectors to this policy. Consistent with the features of the developmental state introduced in Chapter 2, Section 2.3.1, the Japanese state has institutional links with the AJA and the CESA. In particular, the METI, the leader in the implementation of the Cool Japan policy, meets several times a year these two business associations in order to inform them about the governmental policies and to obtain information on the business conditions that these industries face. The manga industry is a specific case because two associations (the AMP and the DCA) representing this sector exist, but they are informal associations. Despite the absence of corporate status, the METI has contacts with them. This ministry has links with some companies as well, for example Kadokawa.

The relationships between the government and these industries do not imply that they have captured the authorities. The state collects information and data about them through institutional links, but, at the same time, maintains an autonomy to implement the policy that it judges necessary. For instance, the METI requests the collaboration of the AJA for policies that the state has already decided. This ministry often makes decisions that do not satisfy the AJA. Yet, this business association knows that it cannot oppose the governmental policy. And the government rejected the request of the video games industry to get tax cut in order to face the rising cost of the development of video games.

The main gap that exists between the state and the cultural industries concerning Cool Japan is about the timing of this policy. According to many interviewees, this governmental initiative is too late. Indeed, manga, anime and video games companies began the exports of their products a long time before this policy (see Chapter 4, Sections 4.2-4.3). At that time, the Japanese government was not interested in their business. A specific gap exists between the state and the AJA about what kind of anime to export through Cool Japan. In contrast to the AJA, the authorities prefer emphasizing the dissemination of children anime.

The Japanese cultural industries would like the government to combat more vigorously the piracy of their products. Even big companies cannot eradicate copyright infringements without the assistance of the state. The intervention of the authorities is necessary. Regardless of its effectiveness, the MAG Project testifies that the government is making significant efforts to fight online piracy. Yet, it does not include video games. It would be interesting to observe if the MAG Project extends to video games in the future. In its struggle against copyright violations, the Japanese government needs the cooperation of the East and Southeast Asian states where pirated copies of products are massively available. In the case of China, the ongoing struggle over the memory of the Second World War and the continuation of territorial conflict make a cooperation very difficult to achieve.

The relationships between the government and the cultural industries are quite recent. The CESA was created in 1996 and the AJA in 2002. It does not appear that these sectors have the same intensity of relations with the state that other sectors such as chemistry, banks, steel, automobiles etc. The Japanese cultural industries do not seem to employ *amakudari*. They reject state interference in their contents if it allocates them financial help. If they had *amakudari*, maybe their mistrust would disappear, at least decrease. Artists and creators want to protect their freedom of expression and independence. Mistrust towards the government is particularly present in the anime industry. It is nurtured by the willingness to secure independence and an anti-governmental stance because several elder animators aged around sixty years old are rather leftist.

Such mistrust seems absent in other sectors such as the nuclear one (Vivoda and Graetz, 2015) and the space one (Pekkanen and Kallender-Umezu, 2010). Before Cool Japan, the anime sector was not even judged as an industry, but rather as an extension of the manga publishers. The video games industry wants to preserve its independence from the government so that it does not suffer from restriction and limitations imposed by state policies. The mistrust of the anime industry and the willingness of the video games sector to remain independent cast doubt on the claim made by several scholars that the Japanese business-government relations are consensual and based on harmony (Zhao, 1993; Kono and Clegg, 2001; Hamada, 2010).

Lastly, the Japanese cultural industries are heterogeneous. This represents one difficulty for the state in the implementation of its support for these industries. Most of the time, anime studios are not the right-holders of anime. Studio Ghibli is an exception as its anime are original stories. When anime studios are present in the production committee, they have to share the revenues with the other members (TV stations, video games, toy and film companies as well as publishers and advertising agencies) based on each participant’s respective investment. Most of the anime studios are small companies struggling with the low budget that they receive from the production committee. In contrast to anime studios, video games companies and manga publishers are right-holders. Similar to other sectors, the Japanese cultural industries are composed of big companies and the SMEs. The former do not really need the assistance of the authorities in their exports. But, if financial support is available, they want to benefit from it. The SMEs need more the support of the state to expand abroad. Yet, it does not mean that they are totally satisfied by the Cool Japan policy.

## **7.3 Suggestions for future research**

In the course of seeking to answer the research questions posed in the Introduction, this thesis has raised a number of different questions that could constitute the start of further research. To begin with, this thesis has used the concept of the developmental state, arguing that, in spite of the implementation of neoliberal policies and the process of neoliberal globalization, developmentalism persists in Japan. Additional research should be conducted to compare the evolution of the developmental state in Japan, South Korea, Taiwan, Singapore and Hong Kong[[118]](#footnote-118) since the start of neoliberalism in the 1980s. These studies could help us to understand the impact of neoliberalism and its nature in Northeast Asia, assuming that neoliberalism, in the same way as capitalism, is itself diverse to the point that it is necessary to speak about the varieties of liberalism (Konzelmann *et al.*, 2012). Furthermore, more attention should be devoted to comparing the historical experience of China[[119]](#footnote-119) and Japan as developmental states (Beeson, 2009).

Another promising topic of research consists in comparing the industrial policy of Cool Japan with contemporary and previous ones. The comparison between Cool Japan and other contemporary industrial policies would enable us to identify some similarities and differences, whilst a comparison with past industrial policy would provide a historical perspective. That would give insights into changes and continuities, such as the instruments used and the actors involved. Such diachronic research would in this way be able to cast light on the evolution of the developmental state.

This doctoral dissertation has focused on the relationships between the state and three sectors of the Japanese cultural industries: anime, manga and video games. However, Cool Japan includes other sectors not covered in this thesis such as films, TV programs, music and character toys. It would be interesting to consider them in further research to compare their reception of the Japanese state’s policy with the sectors examined in this study. Moreover, as Cool Japan is not limited to cultural industries, it would be illuminating to investigate other industries targeted by this policy, for the instance food, *sake*, design, fashion, regional products and craft industries. A focus on the two latter would allow us to make the contrast with the cultural industries because the products of regional and craft industries have not been disseminated overseas as much as the products of the cultural industries.

Additional research should tackle the effectiveness of Cool Japan in order to contribute to the ongoing debate between the proponents and adversaries of industrial policy. Even if the goal of this work is not to assess this policy, some speculations can be formulated based on the data collected. The Cool Japan policy aims to generate more earnings of the cultural industries abroad. The big companies of the cultural industries do not really need the support of the developmental state to export their products. They can commercialize them on their own. The Cool Japan policy may have more positive impact for the SMEs as they need more assistance in their expansion overseas.

Another objective of this policy is the dissemination of a friendly image of Japan through pop culture so that Japan increases its soft power. This is the view of the MOFA and the Agency for Cultural Affairs (see Chapter 5, Sections 5.3.1-5.3.2). In particular, this ministry wants to take advantage of the success of Japanese pop culture to advance Japan’s diplomatic agenda and national interests. However, commercial success does not necessarily mean political support (Sun, 2012: 9). Although Chinese and South Korean young people have enthusiastically embraced Japan’s pop culture, they are still very critical when it comes to the colonialist and militarist past of Japan (Nakano, 2008: 113 and 120; Otmazgin, 2008: 94-6).

The government assumes that the spread of pop culture will drive more foreigners to visit Japan, thereby developing the tourism industry. There is little doubt that the success of anime, manga and video games has led many fans to visit Japan and to learn Japanese (Japan Foundation, 2013a; Seaton and Yamamura, 2015: 5). These are two ripple effects of the popularity of Japan’s pop culture. However, the steady increase in the number of foreign tourists visiting Japan, from 6.21 million in 2011 to 13.41 million in 2014 (JTA, 2015a: 12), may be more the result of the weak yen.

Overall, it seems that the Cool Japan policy has few positive effects. This represents a speculation that further research should confirm or invalidate. If additional research attests that this policy is ineffective, this does not mean that industrial policy and the developmental state are obsolete, but that more attention must be paid to the conditions for the success of industrial policy (timing, instruments used, broad versus targeted measures etc.).

Chapter 4 provides strong evidence that the developmental state did not initiate the worldwide spread of Japan’s pop culture, but that it reacted to its popularity. Does it imply that, in the 21st century, the developmental state is reactive? The reactivity of the Japanese government vis-à-vis the cultural industries may represent an exception explained by the relative recent creation of the CESA and the AJA, and the dominant stance, until the end of the 1990s, among bureaucrats that popular culture was unprofitable and trivial. The institutional links between the government and the business world, and the existence of *shingikai* suggest that the developmental state is not simply in a reactive attitude, but rather try to anticipate promising commercial opportunities. Yet, the issue of the reactivity of the developmental state in the 21st century could be the topic of future investigations.

Finally, the support of the Japanese government to the cultural industries should be compared with the one conducted by South Korea. This country began the promotion of these industries before Japan. Actually, one source of inspiration for Cool Japan originates from South Korea. This country thus represents a model for the promotion of the cultural industries, but also a rival. The comparison between these two countries would enable us to increase our understanding on the similarities and the difference in their respective policy to accelerate the dissemination of Japanese and Korean pop culture overseas.

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# Appendices

## **Appendix A: List of the interviewees**

(in chronological order)

1. Scholar of Keiō University, 15/11/2013
2. Former Senior Official of the Japan Foundation, 27/11/2013
3. MOFA Official, 04/12/2013
4. Kondō Seiichi, Commissioner of the Agency for Cultural Affairs (2010-2013), 12/12/2013
5. Patrick Galbraith, PhD student at Duke University, skype interview, 28/01/2014
6. Matthew Alt, Vice President of AltJapan, 29/01/2014
7. METI Official 1 Interview, 25/02/2014 and 02/09/2014
8. Yokota Masao, Professor at Nihon University, 06/03/2014
9. Cool Japan Advisory Council Former Member, 09/03/2014
10. Roland Kelts, Visiting Scholar at Keiō University, 27/03/2014
11. METI Official 2, 19/03/2014
12. CESA Official, 31/03/2014
13. Munakata Saho and Sakamoto Yūko, METI’s Media and Content Industry Division, 08/04/2014
14. Ishikawa Shinichiro, Founder of Gonzo, 15/04/2014
15. J-LOP Official, 18/04/2014
16. Production I.G Official, 21/04/2014
17. Tōei Official, 21/04/2014
18. AJA Official, 22/04/2014
19. Anime Producer, 30/04/2014
20. Former METI Official, 30/04/2014
21. METI Official 3 Interview, 30/04/2014
22. Sasaki Toshiharu and Wakabayashi Hideki, All Japan Magazine and Book Publishers’ and Editors’ Association, 30/04/2014
23. Manga Publisher Official 1, 13/05/2014
24. Agency for Cultural Affairs Official, 21/05/2014
25. Kadokawa Official, 27/05/2014
26. Cool Japan Fund Official, 12/06/2014
27. Manga Publisher Official 2, 05/07/2014
28. Gainax Official, 09/07/2014
29. Business Association Official Interview, 16/07/2014
30. Baba Akira, Professor at Tokyo University, 05/08/2014
31. Video Games Company Official 1, 20/08/2014
32. CyberConnect2 Official, 21/08/2014
33. Video Games Company Official 2, 29/08/2014
34. Matsui Takeshi, Professor at Hitotsubashi University, 03/09/2014
35. Bandai Namco Games Official, email interview, 06/09/2014
36. Former President Video Games Company, 09/09/2014
37. Video Games Company Official 3, 10/09/2014
38. Fukunaga Kenichi, Sony Computer Entertainment, 12/09/2014

## **Appendix B: Euro/¥ Yearly Average Exchange Rates**

|  |  |
| --- | --- |
| **1999** | 121.350904 |
| **2000** | 99.514995 |
| **2001** | 108.759074 |
| **2002** | 117.986372 |
| **2003** | 131.184214 |
| **2004** | 134.406944 |
| **2005** | 136.866179 |
| **2006** | 146.116576 |
| **2007** | 161.267621 |
| **2008** | 152.575503 |
| **2009** | 130.372903 |
| **2010** | 116.522241 |
| **2011** | 111.331957 |
| **2012** | 102.695229 |
| **2013** | 129.713532 |
| **2014** | 140.419523 |
| **2015** | 134.315665 |

Source: USForex, 2016.

## **Appendix C: $US/¥ Yearly Average Exchange Rates**

Source: USForex, 2016.

|  |  |
| --- | --- |
| **1990** | 144.998685 |
| **1991** | 134.590917 |
| **1992** | 126.780118 |
| **1993** | 111.075476 |
| **1994** | 102.178964 |
| **1995** | 93.964940 |
| **1996** | 108.780000 |
| **1997** | 121.058127 |
| **1998** | 130.989167 |
| **1999** | 113.761921 |
| **2000** | 107.797888 |
| **2001** | 121.449114 |
| **2002** | 125.471332 |
| **2003** | 115.813429 |
| **2004** | 108.110713 |
| **2005** | 110.018656 |
| **2006** | 116.321732 |
| **2007** | 117.788794 |
| **2008** | 103.495694 |
| **2009** | 93.588693 |
| **2010** | 87.806972 |
| **2011** | 79.829741 |
| **2012** | 79.843166 |
| **2013** | 97.589811 |
| **2014** | 105.858149 |
| **2015** | 121.055814 |

## **Appendix D: Yuan/¥ Yearly Average Exchange Rates**

Source: USForex, 2016

|  |  |
| --- | --- |
| **1990** | 30.331951 |
| **1991** | 25.253585 |
| **1992** | 23.010732 |
| **1993** | 19.169456 |
| **1994** | 11.823342 |
| **1995** | 11.227046 |
| **1996** | 13.045161 |
| **1997** | 14.551590 |
| **1998** | 15.779136 |
| **1999** | 13.742789 |
| **2000** | 13.021145 |
| **2001** | 14.668888 |
| **2002** | 15.159258 |
| **2003** | 14.002744 |
| **2004** | 13.067352 |
| **2005** | 13.439892 |
| **2006** | 14.594641 |
| **2007** | 15.459842 |
| **2008** | 14.888195 |
| **2009** | 13.639809 |
| **2010** | 12.966023 |
| **2011** | 12.353752 |
| **2012** | 12.656439 |
| **2013** | 15.867126 |
| **2014** | 17.198795 |
| **2015** | 19.268729 |

## **Appendix E: Anime market in the US**

Source: All figures are converted into yen from Figure 4.17.

## **Appendix F: Entertainment and media market by country in 2011**

Note: All figures are converted into yen from Figure 3.4.

1. In 2001, the MITI became the Ministry of Economy, Trade and Industry (METI). [↑](#footnote-ref-1)
2. Nye coined the concept of soft power which appeared for the first time in his book *Bound to Lead: The Changing Nature of American Power* (1990a) and two articles published the same year (1990b; 1990c). Since then, he has continued to examine his concept (2004; 2011a; 2011b). [↑](#footnote-ref-2)
3. This article was the subject of an article in *New York Times Magazine* (2002) and a *Time Asia* cover story (2003). It also inspired *The Washington Post* (2003). [↑](#footnote-ref-3)
4. See for example the special issue on the topic of Cool Japan: *Gaikō Fōramu* (2004); Watanabe (2006) and Yoshizaki (2007). McGray’s article was translated in *Chūō Kōron* (2003). [↑](#footnote-ref-4)
5. In an appendix, Aiginger lists fourteen different definitions of industrial policy (2007: 319-20). [↑](#footnote-ref-5)
6. For a more detailed discussion, see Buigues and Sekkat (2009: 3-28), and Warwick (2013: 18-24). [↑](#footnote-ref-6)
7. In Japanese, *Komikku Shuppansha no Kai*. [↑](#footnote-ref-7)
8. J-LOP is the acronym of the Subsidy for the Localization and Promotion of Japanese Visual Media. [↑](#footnote-ref-8)
9. Pang (2000) is an example. [↑](#footnote-ref-9)
10. Kasumigaseki is the Japanese equivalent to Whitehall in Great Britain. [↑](#footnote-ref-10)
11. Before MOFA’s restructuring in 2001, the name of this division was the Asian Affairs Bureau. [↑](#footnote-ref-11)
12. For a critical discussion on rational choice theory, and its use to research on Japanese politics, refer to Gownder and Pekkanen (1996). [↑](#footnote-ref-12)
13. *Keidanren* is the result of the merger between the Japan Federation of Economic Organizations (*Keidanren*) and the Japan Federation of Employers Associations (*Nikkeiren*) in 2002. For a Marxist analysis of *Nikkeiren*, see Crump (2003). [↑](#footnote-ref-13)
14. The 1993 average exchange rate is used for both figures. [↑](#footnote-ref-14)
15. For Hesmondhalgh, texts refer to all sorts of content and cultural products, such as books, comics, movies and so on (2013: 3). [↑](#footnote-ref-15)
16. The exact wording of this law is the Law Related to the Promotion of Application, Protection and Creation of Content. [↑](#footnote-ref-16)
17. CD and DVD are the abbreviations of, respectively, Compact Disc and Digital Versatile or Video Disc. [↑](#footnote-ref-17)
18. It assesses the creative industries by classifying them into four groups: content origination, consumption, distribution and production. [↑](#footnote-ref-18)
19. UNCTAD and UNDP are respectively the acronyms of United Nations Conference on Trade and Development and United Nations Development Programme. [↑](#footnote-ref-19)
20. This point of view is also shared by Daliot-Bul (2009: 263). [↑](#footnote-ref-20)
21. This notion of “lost decades” is contested by some experts. Please refer to Kudō *et al.*, 2005; Fingleton, 2012, 2013; Cline, 2013. [↑](#footnote-ref-21)
22. Lijphart and Crepaz (1991) measured corporatism in a total of eighteen countries. [↑](#footnote-ref-22)
23. For a review of the criticisms levelled at pluralism, refer to Baumgartner and Leech, 1998: 50-63. [↑](#footnote-ref-23)
24. For a review of pluralism and neopluralism, see Baumgartner and Leech, 1998; Lowery and Gray, 2004; McFarland, 2004. [↑](#footnote-ref-24)
25. For a review of corporate political activities, refer to Hillman *et al.*, 2004. [↑](#footnote-ref-25)
26. See Block 1987: 62 and 66. [↑](#footnote-ref-26)
27. For the successive steps in the development of the strategic-relational approach, see Jessop, 2008: 27-52. [↑](#footnote-ref-27)
28. Skocpol is coeditor of this book, Dietrich Rueschemeyer too. [↑](#footnote-ref-28)
29. The MITI released an interim report in 1971: *International Trade and Industrial Policy for the 1970s*. [↑](#footnote-ref-29)
30. Others priority industries are the fuel cell, information appliances, robots, contents, health and welfare devices and services, environment and energy devices and services, and business support services (METI, 2004: 9). [↑](#footnote-ref-30)
31. The 1990 average exchange rate is used here. [↑](#footnote-ref-31)
32. Gao (1997) and Samuels (1994) are exceptions for Japan. [↑](#footnote-ref-32)
33. This term was minted by British economist John Williamson (1990) to refer to a set of ten economic policy prescriptions for developing countries shared by the International Monetary Fund, the World Bank, and the Treasury Department, all institutions based in Washington. Later, this economist (2002) criticized the extensive interpretation of his term as equivalent to neoliberalism. [↑](#footnote-ref-33)
34. This report analyses eight Asian economies from 1965 and 1990: Thailand, Malaysia, Japan, South Korea, Taiwan, Indonesia, Hong Kong and Singapore. [↑](#footnote-ref-34)
35. In this report, the World Bank defines industrial policy as “attempts to achieve more rapid productivity growth by altering industrial structure” (1993: 354). [↑](#footnote-ref-35)
36. In particular the agreements on Trade-Related Aspects of Intellectual Property Rights and Trade-Related Investment Measures, and the General Agreement on Trade in Services. [↑](#footnote-ref-36)
37. For a list of these scandals, see Amyx and Drysdale (2003: 4). [↑](#footnote-ref-37)
38. In the Japanese bicameral system, the House of the Representatives is the lower house of the Japanese Diet; the House of Councillors the upper one. [↑](#footnote-ref-38)
39. The DPJ tried to introduce the Westminster system in Japan. [↑](#footnote-ref-39)
40. *Dōjinshi* are manga made by amateurs. [↑](#footnote-ref-40)
41. For example, Allison (2006); Ito (2007); and Lamarre (2009). [↑](#footnote-ref-41)
42. The JETRO is the abbreviation of Japan External Trade Organization. [↑](#footnote-ref-42)
43. For all his contributions (prolific outputs, innovative redefinitions of genres and pioneering techniques) to manga, Tezuka is considered as “the father of manga”, “the godfather of manga”, or “the god of manga” (Patten, 2004: 198). He is also called “the godfather of anime” or “the god of anime” (Kelts, 2006: 47; McKevitt, 2010: 897). [↑](#footnote-ref-43)
44. Some scholars claim that Tezuka received ¥1,550,000. For more details, see Tsugata (2007). [↑](#footnote-ref-44)
45. This labour association was created in October 2007 to improve the working conditions of animators. In June 2008, it acquired the legal status so that it can hold negotiations with the national government and related entities, as well as to receive financial support. [↑](#footnote-ref-45)
46. PSP is the acronym of PlayStation Portable. [↑](#footnote-ref-46)
47. PwC is the abbreviation of PricewaterhouseCoopers. [↑](#footnote-ref-47)
48. See Appendix F for the figures converted into yen. [↑](#footnote-ref-48)
49. For the DCAJ, content industries range from manga, animation, movies and music to video games, online video games and live entertainment. They also include TV, internet, business in connection with mobile phones, newspapers and publishers. [↑](#footnote-ref-49)
50. Both prices do not include tax. [↑](#footnote-ref-50)
51. Arcade video games refer to coin-operated video games machines, usually installed in arcade centers. [↑](#footnote-ref-51)
52. Online games include mobile games, feature phone games, and PC games. [↑](#footnote-ref-52)
53. Mobile games are games played on smartphones and tablets. They also comprise featured phones games. [↑](#footnote-ref-53)
54. *Shōnen* represent the largest segment of manga publishing (Drummond-Mathews, 2010: 62). [↑](#footnote-ref-54)
55. *Yaoi* is the acronym of *yama nashi, ochi nashi, imi nashi* (no climax, no plot, no sense). [↑](#footnote-ref-55)
56. In this chapter, East Asia refers to Northeast and Southeast Asia. [↑](#footnote-ref-56)
57. The statistics on sales per country is not available. [↑](#footnote-ref-57)
58. Brunei, China, Hong Kong, India, Indonesia, Macao, Malaysia, Philippines, Singapore, South Korea, Taiwan, Thailand and Vietnam. [↑](#footnote-ref-58)
59. Andorra, France, Germany, Ireland, Italy, Portugal, Spain and United Kingdom. [↑](#footnote-ref-59)
60. Argentina, Brazil, Chile, Mexico, Nicaragua and Uruguay. [↑](#footnote-ref-60)
61. See Appendix E for the figures converted into yen. [↑](#footnote-ref-61)
62. IP stands for Intellectual Property. [↑](#footnote-ref-62)
63. As the 1997 average exchange rate could not be found, the 1999 one is used here. [↑](#footnote-ref-63)
64. In Taiwan, the ban on Japan’s culture started in 1972 after Japan officially re-established diplomatic relations with China. In South Korea, it was implemented soon after South Korea regained its independence from Japan after the end of the Second World War. [↑](#footnote-ref-64)
65. ARD is the acronym of *Arbeitsgemeinschaft der öffentlich-rechtlichen Rundfunkanstalten der Bundesrepublik Deutschland* (Consortium of public broadcasters in Germany). ZDF stands for *Zweites Deutsches Fernsehen* (Second German Television). [↑](#footnote-ref-65)
66. *Tankōbon* refers to a single book where different chapters of manga previously published in a magazine are gathered. [↑](#footnote-ref-66)
67. For a complete list, see Dunis and Krecina (2004). [↑](#footnote-ref-67)
68. The first name of Tokyopop was Mixx. [↑](#footnote-ref-68)
69. For both figures, the 1997 average exchange rate is used. [↑](#footnote-ref-69)
70. In 2002, Shūheisa became coholder of VIZ Communications with Shōgakukan. After the merge with ShoPro Entertainment in 2005, VIZ Communications was renamed VIZ Media. It is owned 40 per cent by Shōgakukan and Shūeisha respectively, and 20 per cent by Shōgakukan Production (ShoPro) (Weiland, 2005). [↑](#footnote-ref-70)
71. NHK is the acronym of *Nippon Hōsō Kyōkai* (Japan Broadcasting Corporation). [↑](#footnote-ref-71)
72. Cosplay is a contraction of the words “costume” and “play”. It means wearing costumes that represent a favourite character from anime, manga, or video games. [↑](#footnote-ref-72)
73. Noreascon II is also known as the 38th World Science Fiction Convention ([Worldcon](http://en.wikipedia.org/wiki/Worldcon)). [↑](#footnote-ref-73)
74. This term refers to fans sharing a same passion for a particular area of interest (manga, anime, science-fiction…). [↑](#footnote-ref-74)
75. ¥579,995. As the 1986 average exchange rate could not be found, the 1990 is used here. [↑](#footnote-ref-75)
76. For the sake of clarity, it is important to clarify that the author of this thesis interviewed twice the same METI’s bureaucrat on the 25th February 2014 and on the 2nd September 2014. It is why he uses the same term “METI Official 1 Interview” for two different dates. [↑](#footnote-ref-76)
77. The administrative, the civil service and the regulatory reform and the "Challenge Again" initiativewere also part of her portfolio. [↑](#footnote-ref-77)
78. He also was minister of state for Okinawa and Northern Territories Affairs, for Science and Technology Policy, and for Space Policy. Moreover, he was in charge of Information Technology Policy, and Challenge Again Initiative. In December 2014, his portfolio extended to Consumer Affairs and Food Safety. [↑](#footnote-ref-78)
79. Her portfolio was identic to the one of her predecessor. Yet, it did not include Consumers Affairs and Food Safety, and Challenge Again Initiative. Contrary to Yamaguchi Shunichi, she was in charge of Ocean Policy and Territorial Issues. [↑](#footnote-ref-79)
80. Also minister of state for Okinawa and Northern Territories Affairs, for the Intellectual Property Strategy, for Science and Technology Policy, and for Space Policy. He is in charge of Information Technology Policy too. [↑](#footnote-ref-80)
81. The JNTO is the acronym of Japan National Tourism Organization. [↑](#footnote-ref-81)
82. The IMD World Competitiveness Center publishes an annual report on the competitiveness of countries. [↑](#footnote-ref-82)
83. Respectively media and content ¥22.7, food and beverage ¥339.2, and fashion ¥102. [↑](#footnote-ref-83)
84. Figures of music data from 2005, fashion from 2009. These figures do not include online sales. [↑](#footnote-ref-84)
85. The VIPO is a business federation whose aim is to increase the international competitiveness of Japan’s content industries (films, broadcasting, animation, video games and music). It was created in December 2004. [↑](#footnote-ref-85)
86. These figures are not available in the issue of 2014. [↑](#footnote-ref-86)
87. He is senior researcher at the MIC’s Institute for Information and Communications Policy. [↑](#footnote-ref-87)
88. The 2014 year exchange rate is used here. [↑](#footnote-ref-88)
89. In Japanese *hanryū*. [↑](#footnote-ref-89)
90. ¥131.9 billion. [↑](#footnote-ref-90)
91. The Communications Act 2003 stipulates that independent production companies retain rights of television programs commissioned by broadcasting companies. [↑](#footnote-ref-91)
92. 4K and 8K mean respectively four times and sixteen times more pixels than the current HD (High-definition) TV (2K). [↑](#footnote-ref-92)
93. The aim of this programme is to raise appreciation of Japanese culture abroad and also to encourage the formation and deepening of international cultural ties by sending abroad selected Japanese artists. [↑](#footnote-ref-93)
94. The Japan Expo takes place every year in Paris. It is one of the most important events devoted to Japanese pop culture outside of Japan. [↑](#footnote-ref-94)
95. The PROMIC was set up in 1993 as a foundation to promote Japanese music industry abroad. [↑](#footnote-ref-95)
96. The International Drama Festival in Tokyo was created in 2007 by NHK and the commercial broadcasting stations to showcase drama abroad. [↑](#footnote-ref-96)
97. Dahl defined the first face of power (see Chapter 2, Section 2.2.2). [↑](#footnote-ref-97)
98. This event is the biggest annual Cosplay event in Japan. [↑](#footnote-ref-98)
99. This governance is presumably now dominated by the Strategic Headquarters for Space Policy (SHSP) created in 2008 (Pekkanen and Kallender-Umezu, 2010: 55). [↑](#footnote-ref-99)
100. This law was superseded by the law on the general incorporated associations (*ippan shadan hōjin*) in December 2008. [↑](#footnote-ref-100)
101. He is also known by his nickname “Nabeshin”. [↑](#footnote-ref-101)
102. In April 2009, GDH absorbed its anime subsidiary Gonzo and changed its name to Gonzo. [↑](#footnote-ref-102)
103. Aniplex, Pierrot, Studio Ghibli, Sunrise, Tezuka Productions, TMS Entertainment and Tōei. [↑](#footnote-ref-103)
104. Kadokawa, Kōdansha, Shōgakukan and Shūeisha. Kadokawa also operates in the field of anime and video games. [↑](#footnote-ref-104)
105. The website address is manga-anime-here.com [↑](#footnote-ref-105)
106. The name of this video is “Thanks, friends”. [↑](#footnote-ref-106)
107. The TPP is a free trade agreement between twelve countries in the Asia-Pacific region: Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, US, and Vietnam. These states reached agreement on the 5th October 2015. [↑](#footnote-ref-107)
108. Nintendo was founded in 1889 by Yamauchi Fusajirō as a manufacturer of card games. His great grandson, Yamauchi Hiroshi, turned Nintendo into the field of video games. [↑](#footnote-ref-108)
109. In 2012, the JAMMA merged with the Nihon Shopping Center Amusement Park Operators Association (NSA) and the Japan Amusement Park Equipment Association (JAPEA) to become the Japan Amusement Machine and Marketing Association. [↑](#footnote-ref-109)
110. In 2006, the JPSA was renamed the Computer Software Association of Japan (CSAJ). [↑](#footnote-ref-110)
111. For both figures, the 1994 average exchange rate is used here. [↑](#footnote-ref-111)
112. For both figures, the 2000 average exchange rate is used here. [↑](#footnote-ref-112)
113. For both figures, the 2006 average exchange rate is used here. [↑](#footnote-ref-113)
114. For the four figures, the 2014 average exchange rate is used here. [↑](#footnote-ref-114)
115. For instance, the Quebec government offers a 37.5 per cent tax credit on employee salaries (Arsenault and Guay, 2015: 113). The Ontario Media Development Corporation (OMDC) helps the gaming industry by refunding up to 40 per cent the costs of employees (developers and artists) and marketing (Fath, 2015). [↑](#footnote-ref-115)
116. DeNA operates in the mobile games market. [↑](#footnote-ref-116)
117. CyberConnnect2 has currently 162 employees, another company contacted during this thesis less than 100. [↑](#footnote-ref-117)
118. A consensus exists to include Japan, South Korea and Taiwan in the list of the developmental states. Many authors also incorporate Singapore and Hong Kong (Stubbs: 2009: 7). [↑](#footnote-ref-118)
119. Beeson labels China as a “paradoxical developmental state” (2009: 22). [↑](#footnote-ref-119)