

# **Political Economy Effects Of Security Dilemma: Japan's Involvement In The China-Philippine South China Sea Dispute**

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## **ABSTRACT**

*The happening South China Sea dispute between China and its neighbors has taken global attention. Not just because of regional security matters, the dispute has its potential to draw United States and its alliances to take actions. This study briefly examines the security dilemma of Philippine in facing China threats in South China Sea. Unfortunately, by dragging Japan inside the dispute, Philippine is facing a serious problem because China has always been ready to escalate the dispute. On the other hand, by the opening of Philippine access to Japan, Japan has its benefits to gain political economy advantage from Philippine.*

**Keywords:** *Regional Security, Security Dilemma, South China Sea Dispute*

*Fenomena sengketa Laut Cina Selatan antara China dan negara-negara tetangganya telah menarik perhatian global. Tidak hanya karena terkait permasalahan keamanan regional, sengketa tersebut berpotensi menggambarkan tindakan yang diambil oleh Amerika Serikat dan aliansinya. Studi ini meneliti mengenai dilema keamanan yang dirasakan oleh Filipina dalam menghadapi ancaman China di Laut Cina Selatan. Namun sayangnya, dengan keterlibatan Jepang dalam sengketa tersebut, Filipina kini menghadapi permasalahan yang serius karena China selalu siap untuk meningkatkan eskalasi konflik. Di sisi lain, dengan keterbukaan akses Filipina terhadap Jepang, Jepang dapat meraup keuntungan ekonomi politik dari Filipina.*

**Kata Kunci:** *keamanan regional, dilema keamanan, sengketa Laut Cina Selatan*

## **Introduction**

Territorial dispute in South China Sea started with China's claim over the Paracel and Spratly Islands in 1947. China and Philippine both claim on the Scarborough Shoal (Huangyan Island). Tensions in recent years started from 2012, when China and Philippine were involved in a 'maritime stand-off' for the Scarborough Shoal and effects when China established an administrative body in the Paracels (Sansha City). Between 2014 and 2015, China also angered Philippine & Vietnam by constructed 'a drilling rig' and started 'building an airstrip' on the Spratlys (BBC, 2015). President Benigno Aquino stated that the dispute between China and Philippine in the South China Sea is a global problem and not just a regional one (Reuters, 2015). A Philippine military official, Major Ferdinand Atos, also states that China's island reclamations around the Spratlys area threaten Philippine islands. China has also sent a warning to

the Philippine's air force and navy planes on February 2015 (Mogato, 2015). This island dispute sparks military tensions between China and Philippine.

Meanwhile, after revising their defense law by lifting the self-ban arms export ('Three Principles of Arms Exports'), Japan is increasingly involved more in the dispute. In 2015, Japan won the Maritime Safety Capability Improvement Project deal (Parameswaran, 2015). A policy expert from Liberal Democratic Party stated that, 'If the Philippines were to clash with China, they would send an SOS to their ally the U.S... If the U.S. military were then to seek assistance from the Self Defense Forces, the question then becomes what Japan can do' (Kubo & Kelly, 2015).

This paper seeks to answer whether there are political economy effects for Japan's involvement in the China-Philippine South China Sea territorial dispute (2012-2015). This paper examines another side of a security dilemma through a political economy perspective and linking the regional security dynamics of Southeast Asian countries and Northeast Asian countries. This paper argues that Japan's involvement in the existing security dilemma between China-Philippine in South China Sea has two political economy effects: 1) It opens the door for a market for Japan's defense industry, especially in relation to Japan's new defense policy; 2) It opens more rooms for Japan's security involvement in Southeast Asia, balancing against China's growing military assertiveness in the Southeast Asia. Those are the two hypotheses to be tested. This paper is divided into three sections, 1) conceptual framework on 'security dilemma', 'alliance' as 'self-help' and 'balancing', and 'defense industry'; 2) case examination; and 3) conclusion.

The conceptual framework presented on this paper can be summarized as follows:

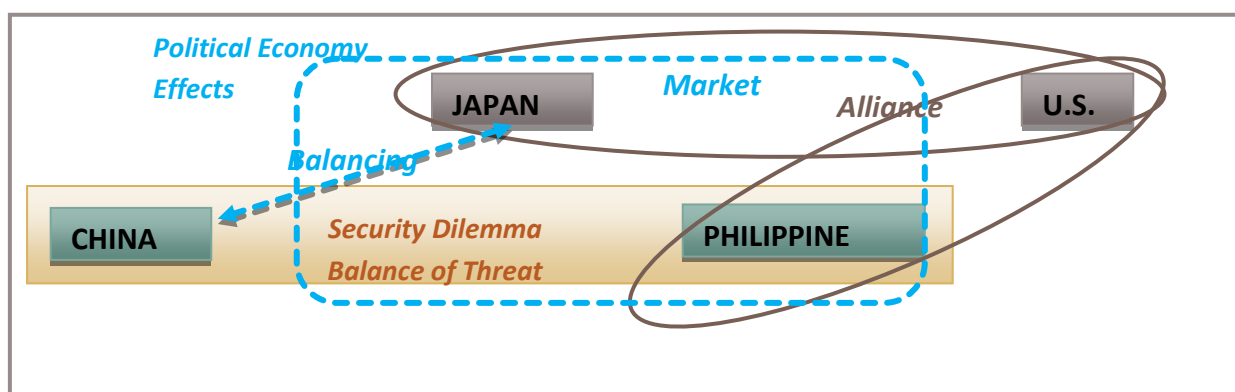


Figure 1. Conceptual Framework

### Defining Political Economy

The term 'political economy' in International Relations study refers to the relationship between economics and politics on the global level, especially with role of the states in the international economy. Robert Gilpin, in "The Nature of Political Economy" states that in a simple way, political economy can be defined as the 'reciprocal and dynamic interaction in the international relations of the pursuit of wealth and the pursuit of power' (Gilpin, 2011). Economics is basically about the distribution of wealth and politics is about power seeking behavior. While Gilpin's definition of 'political economy' is unrelated to security issues, it can be used to frame the logic that a security dilemma between two states can benefits another state. Relations with the big power (such as alliances) might help state to benefits economically (defense market) and politically (balancing) in the realm of regional security.

## **Security Dilemma**

Realism is centered on the anarchic nature of international relations and security dilemma is resulted from this anarchic nature. Robert Jervis explores the 'security dilemma' in several of his writings<sup>1</sup>. The security dilemma can also be called a 'spiral model' as states have to rely on their own power (in the anarchic nature of international system). Security is expensive and thus the state leader, especially the military leaders, will worry about threat (Jervis, 1976). He argues that the central point of security dilemma is when '...an increase in one state's security decreases the security of others' (Jervis, 1976).

## **Alliance and Balance of Threat (Balancing)**

According to Kenneth Waltz, 'the state of nature is the state of war' (Waltz, 2010). While in national politics, there is order created from authority, administration, and law, international politics is different. The International world is anarchic and therefore 'self-help' is the main principle of action (Waltz, 2010). While Kenneth Waltz focuses on 'balance of power', Stephen M. Walt focuses more on the existing 'balance of threat' (Walt, 1985). Stephen M. Walt, who bases his work on Kenneth's Waltz's 'balance of power' theory, argues that the alliancing behavior is not only a response to 'power' alone but rather a response to 'threat' posed by the stronger power (Walt, 1985). He suggests that when a state joins in an alliance with another state, they tend to choose 'balancing' (opposing the stronger one / the source of threat) instead of 'bandwagoning' (allying with the stronger one / source of threat) (Walt, 1985).

## **Defense Industry & Military Industrial Complex**

The common term to describe relations between a government and the military industry is what President Dwight D. Eisenhower termed the 'military-industrial complex' (McLean & McMillan, 2003). It is an interdependent relation of military, government agencies, and corporations in defense industry (McLean & McMillan, 2003). The defense industry is basically an industry that requires the government to be the facilitator to help with the defense contracts between countries (Agapos, 1971). Simply put, the role of the government is needed to open the market for the defense industries. Since the end of the Cold War, arms exports have become more competitive and defense industries need the cooperation between the government and defense companies in the global market (Golde & Tishler, 2004).

## **Case Examinations**

Based on the conceptual framework, this paper argues that the recent tension between China and Philippine can be seen as a security dilemma. China's increasing military assertiveness made Philippine, especially their military, feeling insecure. Their insecurity led to re-strengthening alliance with the U.S. and to cooperate with Japan as

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<sup>1</sup> Robert Jervis explanations on 'security dilemma' can be found on some of his writings, such as "Perception and Misperception in International Politics", "Cooperation Under the Security Dilemma", and "Offense, Defense, and the Security Dilemma".

their 'self-help' action. Japan's involvement in the territorial conflict thus has two political economy effects: 1) opening the market for Japanese defense industry; and 2) balancing against China in the Southeast Asia region.

### **China-Philippine Security Dilemma and Balance of Threat in South China Sea Disputes**

This section focuses on the dynamics of the South China Sea disputes, especially between China and Philippine, and recent developments shown that China has become more aggressive with their military action near the disputed area by provoking the Philippine's military. The first China-Philippine military confrontation occurred in 1996, when a Chinese naval vessel and Philippine navy gunboat met near Capones Island (around Spratlys). The tension then reduced with the signing of nonbinding code of conduct for a peaceful resolution between China and Philippine (Council Foreign Relations, 2013).

In 2011, China allegedly fired warning shots to a Philippine's vessel in near Jackson Atoll and People's Liberation Army (PLA) conducted several activities Likas and Patag Island, both area claimed by Philippine (Center for a New American Security, 2015). Both declared the incident as violation of the 2002 ASEAN-China Declaration on the Conduct of Parties in the South China Sea (Council Foreign Relations, 2013). One of the most important recent conflicts was the Scarborough Shoal Incident which occurred in April 8, 2012. Due to this accident, China started the regular patrol in the disputed area while Philippine has been reaching for help from ASEAN and the U.S. Diplomatic relations between China and Philippine were frozen due to ASEAN failure to solve the problem in July 2012 (Council Foreign Relations, 2013). In January 2013, Philippine filed for UN arbitration under the UNCLOS, as a response to China's sovereignty claim over Sparty Islands and Scarborough Shoal, but was rejected by China. On April 2014, U.S. and Philippine signed a new defense agreement, called 'Enhanced Defense Cooperation Agreement', which contained a ten-year military pact under an agreement (Council Foreign Relations, 2013).

Tensions increased further in 2015 as China also increased its military assertiveness in the disputed area. In April 2015, China stationed a warship near the disputed area at South China Sea and sent a warning to a Philippine's Air Force plane. This move was considered as a challenge to the Philippine's military patrol plane (Reuters, 2015). According to Philippine air force officials, up until May 2015, in a span of three months, China has sent a warning to Philippine Air Force and Navy plane for six times and fastening their land reclamation in the Spratlys (Reuters, 2015). Philippine government now prioritizes the construction of a new naval base that has been already declared in 2013, located around 100 miles from Spratly Island. The recent move by China in 2015 has urged Philippine to build it immediately as voiced out by Philippine military officials and by the Foreign Secretary Albert del Rosario (Parameswaran, 2015).

Increasing tension between China and Philippine (2012-2015) started by China's military warning and increasing security activity in the disputed area. China's increasing military capabilities made Philippine, especially their military officials felt alarmed. Philippine increased their defense capability by alliancing with U.S. This alliance opened the way for Japan's involvement in the dispute.

## **Philippine-U.S. Alliance and Philippine-Japan Military Cooperation**

This section discusses Philippine's move to re-strengthening their alliances with the U.S. as the result of security dilemma with China. Alliance is the form of 'self-help' when a country feels threatened by another country's growing military presence. In 2015, PLA Navy owns 300 surface ships, submarines, amphibious ships and patrol craft, equipped with advances technology and this constitutes the largest number of vessels in Asia (U.S. Department of Defense, 2015). In 2014, the U.S. and Philippine signed a new ten-year security pact. With the pact, the U.S. will have more military presence to help Philippine defenses themselves against China, including providing troops, ship, and also war planes (Francisco & Spetalnick, 2014).

On October 2014, U.S. and Philippine held their first joint exercise near Palawan Islands (located close to Spratly Islands). This exercise took form in a combat training and how to face an enemy forces attacking on island. The interesting point from the joint exercise was Japan's attendance which represented by the Self Defense Force (SDF) Officers. As stated by Col. Akira Miyazaki as the head of training and military exercise and Lt. Col. Rodel Martires from Philippine Marine Corps, Japan and Philippine are both island nations and U.S. allies who shares common issues (Asahi.com, 2014). According to U.S. Admiral Robert Thomas, Japan Maritime Self Defense Forces may play more role as stabilizer in South China Sea in the future, as the countries in the region are not the match for Chinese navy (Kubo & Kelly, 2015). On April 2015, it was announced by the Philippine Department of Transportation and Communications (DOTC) that Japan has won a deal called 'Maritime Safety Capability Improvement Project' for ten 'multirole response vessels' which will be started from 2016 to 2018 (Parameswaran, 2015).

Here, the existing of security dilemma between China and Philippine has made it possible for Japan to get involved in the dispute. With the U.S. as the 'connector' / 'hub', there has been more Japanese military presence to help Philippine's insecurity vis-à-vis China. Therefore without the security dilemma, there would be no condition that requires more Japanese military presence in the area. Japan's military involvement thus leads to two political economy effects at the regional level.

### **Political Economy Effects for Japan**

In this section, there are two arguments to be raised. The first one is about Japanese defense industry that has been facing problem with the arms export limitation. The case of Japan's involvement in the South China Sea dispute, by helping Philippine, benefits Japan defense industry. The second argument is on the increasing of Japan's security role in Asia Pacific, benefiting from U.S.-Japan allies and balancing against China.

#### **Japanese Defense Industry & Market**

An important change in Japan's pacifist postwar defense policy occurred when Prime Minister Shinzo Abe lifted the band on arms exports on April, 2014. This new arms export guidelines replaced the 'self-impose ban' that was adopted in 1967. Japan now permits arms export to their allies and partners as long as they agree not to sell it to the third party without Japan's approval. Japan also can join a 'multinational development projects for expensive new weapons systems' (Falker, 2014). This new policy is argued to open the way for Japan in helping Southeast Asia 'capacity building'. Before this,

Japan has already providing civilian guard ships but not warships or a joint patrol (Falker, 2014).

The need to revise Japan's constitution was related to the problem faced by the Japanese defense industries. Sugio Takahashi, argues that after the World War II ended, Japanese defense industries has been isolated from global defense trade with less dependence on defense revenue. They suffered from the restrictions on arms export because they can only rely on small domestic market. The arms export restriction made it difficult to enter the international market. There was a need for Japanese defense industries to enter international arms market and to catch up with the western defense industries (Takahashi, 2008).

After Japan lifted the ban, there is an increasing demand for arms sales and military technology cooperation (Tajima, 2014). In January 2015, the director of Defense Ministry's policy equipment policy division, visited Philippine naval base where he discussed about Philippine military capabilities. He stated that Japan-Philippine cooperation is important to the recent tension in South and East China Sea. Before the new guidelines, Japan has no history on defense cooperation with any of ASEAN member (Nikkei.com, 2015). In April 2015, Japan won a deal to the 'Maritime Safety Capability Improvement Project' from Philippine which amounted around \$200 million of supply of standard spare parts and tools, crew training, ocean transportation, and marine insurance (Parameswaran, 2015). Simply put, Japanese defense industries was being restrained with the old arms export guidelines, now can participate more in another countries' defense. More projects like this in the future might benefits Japanese defense industry economically.

#### Balancing China in Asia Pacific Region

Japan's involvement in the South China Sea dispute between China and Philippine is related with their effort to balancing against China in the region. As written on Japan's 2013 National Security Strategy (Japan Cabinet Secretariat, 2013), as the guide for Japan's national security policy, Japan-U.S. alliance is still the foundation to improve Asia-Pacific security and that the rise of China and India mark the shift in balance of power in global security (Japan Cabinet Secretariat, 2013). This shift in balance of power has create tensions in the region and China's recent growing military capabilities (including the South China Sea issues) '...can be regarded as attempts to change the status quo by coercion based on their own assertions', is one of the challenge (Japan Cabinet Secretariat, 2013).

Prime Minister Abe has made some remarks on how China's action, such as how the 'unilateral drilling' in the disputed area has create a tension (Sui-Lee & Mogato, 2014). In April 2015, Japan and U.S. were discussing a new defense guidelines that will support Japan to take bigger role in the Asia Pacific vis-à-vis China's increasing activities in the South China Sea (Kubo et. al, 2015). According to Ian Storey, Japan is moving from their pacifist stance with their cooperation with Philippine (Kelly & Kubo, 2015). On May 2015, Japan and Philippine held a joint naval exercise in the South China Sea and Japan sent two destroyer to participate in this joint naval exercise (Hayashi, 2015).

Japan's involvement can be perceived as one of Japan's effort to balance China in the Asia Pacific region. When a state put themselves in an alliance with another state, they tend to choose 'balancing' instead of 'bandwagoning'. Japan perceived China as the new rising power and thus based on what was written on Japan National Security Strategy they consider this as a challenge. In regards to China-Philippine dispute, Japan chose

to ally with Philippine and 'balancing' against China. This action then led to more Japan's military / strategic presence in the region.

### Conclusion

The South China Sea dispute between China and Philippine has developed into a security dilemma which led to insecurities for Philippines military power. The U.S alliances with Philippine and Japan then played role to increase Philippine defense capabilities vis-à-vis China and at the same time opening room for Japan's involvements. There are two political economy effects for Japan's involvement in the dispute. The first one is for the Japanese defense industries. With a less open war, a security dilemma opens a market especially to small countries without enough capabilities to build their own military. The second one is increasing Japan's military / strategic role in Asia-Pacific vis-à-vis China. A security dilemma with a big power will make countries with limited military capability to expect more roles from another 'friendly' country with stronger power.

The whole dynamics shows how security in Northeast Asia and Southeast Asia being linked together by the security dilemma. If there is no security dilemma, Japanese military presence would probably not needed in the region. China-Philippine security dilemma has enabled Japanese military to be more present in South China Sea and by extension Asia Pacific region. Looking ahead, it is interesting to see how this affects Japan's strategic position in the region. Without U.S. support on Japan, will Southeast Asia countries welcome more Japanese military presence, especially related to the history of Japan in Southeast Asia? As from Southeast Asia countries perspective, will the security in this region always depends on the big powers balancing each other or will Southeast Asian multilateral frameworks becomes visible solutions?

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