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Discussion Paper

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Session II: Asia's China Strategy I :

Japan's China Policy

Yoko Iwama
National Graduate Institute for Policy Studies
Tokyo, Japan

1. Japan-China Relationship until 1990

Since very early times, Japan has had close relationships with China. Seen from a historical perspective, the Japan-China relationship can be divided into roughly 4 periods:

(A) From pre-historic era till the end of 19th century:

During this period, China was decidedly the dominant power in the relationship and also in the region. There were times when China was divided into several parts, but for the period when there existed a united dynasty, China was simple by its size and wealth, the dominant power. Traditionally, Japan learnt many things from China. Japan's peculiar culture of learning from a foreign "teacher" but adding some originality and developing new things from there, has developed from ancient Japan-China relationship. Japan has learnt letters (Chinese characters: "Kanji"), religion (Buddhism), ethics (Confucianism), city-planning, and many more things from China (often via the Korean peninsula, but also over the seas.).

Japan belonged to the same international system under Chinese hegemonic influence. Japan kept a delicate balance by being the junior partner, but avoiding complete subordination at the same time.¹ This has been made possible in part by geography (Japan being an island) whereby it was very costly for China to send forces to Japan over the East China Sea.

(B) From 1894 to 1945:

In the mid 19th century, several Asian countries either started modernization or became colonized by European powers. Japan and China clashed over the influence over the Korean Peninsula, and the result was the Sino-Japanese War of 1894. Japanese victory in this war proved the success of Japanese modernization program and the failure of the Qing dynasty to adapt to the changing world. On the Chinese side this resulted in the 1911 revolution and the subsequent instability until the second half of 20th century.

During this period, Japan switched its model ("teacher") from China to Europe and the United States. After a brief period of instability, the modernizers became dominant in the Meiji Administration. Japan either sent bureaucrats and researchers to Europe/U.S., or brought specialists as consultants to Japan, paying them a very handsome salary. After succeeding in constructing a modern government system and industrialized economy, it started its own version of imperialism, going after the examples of its "teachers."²

First Taiwan (1895), then Korea (1910) became Japan's overseas colony. Gradually, China was also placed within its sphere of interest, although Japan never completed its

¹ Takashi Shiraishi, *Umi no Teikoku*, (Chuokoronshinsha, 2000) ch.2.

² Samuels, Richard J., *"Rich nation, strong Army" : national security and the technological transformation of Japan*, Ithaca : Cornell University Press, 1994

control over whole of China the way it did with Korea. Nevertheless, Japan clearly considered itself to be the superior power in relationship to China. Although the relationship was reversed, Japan and China maintained a very close interdependence. Increasingly, Japanese society and economy were integrated with the continental system. This was the period when the Japanese population started growing at a high pace, without its agriculture being able to support the increase. Therefore, Japan felt it needed to export its surplus population (many headed towards both North and South America) and acquire necessary resources overseas. Gaining colonies was a very direct way of attaining these objectives, and Japan felt no qualms in emulating the Western powers.

(C) From 1945 to the 1970s.

The reversed positions of Japan and China continued even after the Japanese defeat in the Second World War. Although China was one of the victorious nations and original member of the security council of the United Nations, it soon slipped from its place as a result of internal division, political confusion, and the start of the Cold War. As a result of the deepening of the Cold War and also of the internal confusion of mainland China, Sino-Japanese relationship became very weak during these years. Japan maintained diplomatic relationship only with Taiwan, although there were strong feelings even amongst the relatively pro-American camp. The young Masataka Kosaka wrote in his famous *Chuokoron* article that Japan was “neither East nor West,” that it was geographically and psychologically closer to China than to the United States, and that this continuously created a kind of identity crisis for Japanese people.³

Japan’s post-war reconstruction was carried out in strong dependency upon the United States. Japan’s export industries were rejuvenated depending mainly on the American market. Most of the Japanese nationals on the mainland had to repatriate to Japan, leaving almost their entire belongings and sometimes even their small children behind. The social and economic ties to the continent were severed and replaced by the Pacific relationship.

Militarily, Japan was made almost totally dependent on the United States, through its pronouncedly pacifist constitution and the Security Treaty with the United States. The nuclear armament of China after the first successful test in 1964 strengthened this relationship even more, although there were isolated calls for atomic armament of Japan.⁴ Politically also, it was integrated closely into the Western camp, signing a peace treaty with only the Western powers and not the Communist bloc. This was termed “one-sided peace” and was very strongly contested in Japan. Nevertheless, most people accepted this situation as inevitable and made peace with the total dependency and vulnerability on the U.S.

³ Masataka Kosaka, *Kaiyo Kokka Nihon no Kohso* (Blueprint for Ocean Power Japan), originally published in the magazine *Chuokoron*, September 1964, here republished in *chukoclassics*, 2008.

⁴ The first Chinese nuclear test was conducted successfully on 16 October 1964. Kosaka discussed the meaning of nuclear armament of China to Japanese security in his article, “Kaku no Chosen to Nihon” (Japan and the nuclear challenge), also included in his “*Kaiyo Kokka*”.

Japan's China policy closely followed that of the United States. Being quite vulnerable to the pressure of the U.S., Japanese intercourse with Mainland China was kept at a minimum. This was a strong reversal of the networking of Japan with Asia which had started in the 19th century.

(D)1970s to 1990s

When the United States under the Nixon Administration decided to reopen ties with Communist China, Japanese people were totally surprised. This 'Nixon shock' and the oil shock made the Japanese acutely aware of its vulnerability and asymmetrical dependence of the U.S. Japan started at times to try to become more independent of the U.S. foreign policy. It tried to strengthen ties with the Arab countries, and it also approached the People's Republic of China.⁵

The international environment of the 1970's was totally different from that of 1950s. The Sino-Soviet relationship had deteriorated, America was deeply weakened by the burden of the Vietnam War, and Japan had become a very successfully developed economy. After America had restored contact with mainland China, Japan also began to look for an appropriate way of relating to China. With the restoration of the diplomatic relationship with China in 1972, the economic relationship also resumed. In the beginning it was a highly asymmetrical relationship, with Japan providing ODA to China.⁶ With Chinese policy also steering towards economic reform and pragmatism under the leadership of Deng Xiaoping, Japan became one of the biggest donors to China. This was accompanied by a relatively friendly diplomatic policy to China. Subsequent governments under the Prime Ministers Tanaka, Miki, Fukuda, Ohira and Suzuki all sought to balance ties to the United States with ties to Asian countries.

In these two decades, economic networking resume although not at the density of pre-war era. Movement of people was still relatively restricted. Japan's military role within the Japan-US alliance grew during the 80s under strong pressure from the Americans for "burden-sharing". Chinese military power was very small compared to American military supremacy. The Japanese economy was by far the stronger one, being the second biggest economy in the world. So this period can be characterized as the one with more interdependence with Japan being the stronger partner.

2. Shift in the balance since 1990s

China had always been the "sleeping lion," with outsiders greedily looking at the potentially huge market with the gigantic population ever since the 19th century. The "lion" began to awaken in the 1990s. In 1992, "socialist market economy" became the

⁵ Go Ito, *Alliance in Anxiety: Détente and the Sino-American –Japanese Triangle* (New York: Routledge, 2003)

⁶ ODA to China started in the year 1979. For concrete data, see http://www.mofa.go.jp/mofaj/gaiko/oda/shiryo/jisseki/kuni/j_90sbefore/901-07.htm8 (Accessed 4 September 2008).

official economic policy of the Communist Party. Coinciding with the end of the Cold War, China's economy grew at a **huge** pace. By 2005, China's GDP under the PPP (purchasing power parity) based estimates surpassed Japan and became the world's number two economy second only to the United States.⁷ By several estimates, its military spending also surpassed that of Japan and became the world's second largest, also second only to the U.S.⁸

For the first time since 1894, China was again in the superior place in relation to Japan. Both its economy's size as well as defence spending became larger than that of Japan. Simultaneously both nations became more dependent upon each other economically. China became the biggest trading partner for Japan in 2004.

But dependency in itself does not guarantee a smooth relationship. Many things have marred this relationship: Under PM Koizumi, the visit to the Yasukuni Shrine; outbreak of anti-Japanese demonstrations in China in April 2005; dispute over gas fields in East China Sea; recognition and interpretation of the past history; "poisoned dumplings" incident in Japan in January 2008.

3. Japan's China Policy in the 21st Century

What kind of relationship can China and Japan construct in the coming years? Japan has increasingly become aware of the might of its neighbor. China as economic threat has been present since the early 1990s. The cheap labor cost of the continent seemed to suck in all jobs in Japan. Although this phenomenon of competition is a common challenge of globalization for all developed countries, because of its geographical situation, Chinese economic power was even more acutely felt in Japan. During 2007, Japan thought it saw its way out of the recession by concentrating more on high-quality end products. But then again, the credit crisis emanating from the US crushed this hope. With its population already decreasing, and with very strong domestic resistance towards accepting immigration, some economists started to argue about how to adapt to the shrinking population, declining production and nevertheless maintain a certain standard of living.⁹

Recently, Japan has also become acutely aware of China's military presence. The Defense White Paper of Japan is repeatedly emphasizing its concern about increase in Chinese defense expenditure.¹⁰ The growth of the Chinese military potential is a constant concern in the Japanese defense establishment. What sort of responses and policies could one expect from Japan under such circumstances?

⁷ Global Purchasing Power Parities and Real Expenditures: 2005 International Comparison Program (IBRD/World Bank, 2008)

⁸ RAND corporation, SIPRI, and IISS Military Balance estimates placed China's military budget as the world's second largest.

⁹ Akihiko Matsutani, *Shrinking-population economics : Lessons from Japan*, translated by Brian Miller. International House of Japan, 2006

¹⁰ Japanese Agency of Defense, Defense White Paper http://www.mod.go.jp/e/publ/w_paper/index.html (accessed 7 September 2008); See also U.S. Department of Defense, Annual Report to the Congress: Military Power of the People's Republic of China, <http://www.defenselink.mil/pubs/china.html> (Accessed 8 November 2008).

(E) Balancing and containment

One of the natural responses to expect would be to regard the rising power of China as a potential threat and try to balance it through some means. This can be done either by strengthening the existing or new alliances (the US alliance), or by strengthening one's own military, or better both. From a historical perspective, this can be seen as trying to maintain Japanese superiority as in the above period D, or at least to maintain some kind of parity.

(E-1) Containment through Alliances

Strengthening the US-Japan alliance is the first priority for people regarding China as a potential threat to Japan. By its sheer size, Japan is unable to match China on its own. The US-China policy being unpredictable, there is a constant fear of abandonment on the Japanese side. While China is also a nuclear power, Japan will feel unsafe without the "nuclear umbrella" from the US.¹¹ Many security specialists desire therefore strengthening the Japan-US ties even when the US-China relationship does not worsen.¹² Also, an alliance with Korea is sometimes considered as supplementing or substituting the alliance with the US.¹³

Further, ideas like the 'Arc of freedom and Prosperity' by Prime Minister Taro Aso (when he was still the Foreign Minister), has the implication of tying up a Western Alliance based on values, with countries like Australia, India, NZ, and NATO countries.¹⁴

(E-2) Containment through national arms buildup

Many right wing magazines such as *Shokun*, *Will*, *Voice*, and *Seiron*, have been selling by playing up the "China threat" card, bordering on anti-China campaign. Many of these magazines are also potentially anti-American as well, not trusting the US to come to help Japan, or predicting that the US will cut a deal with China and abandon Japan as an ally. In such cases, Japan will have to choose between subordination or independent strengthening of armament. Facing this ultimate choice, a number of people have expressed the opinion that Japan is unable to maintain integrity unless it strengthens its military power to match China, and some even argue that Japan has to become a nuclear power. Authors of such ideas include Terumasa Nakanishi, Susumu Nishibe, Kazuya

¹¹ Although it has never been clear of what this so-called 'nuclear umbrella' consisted of. Japanese people valued more their declared principle of "three non-nuclear principles." We still do not know the extent of the so-called "mitsuyaku (secret agreements)" which took place between the two governments. Hidetoshi Sotooka/ Masaru Honda/ Toshiaki Miura, Nichibei Domei Hanseiki

¹² Analysis of report from RIPS (Research Institute for Peace and Security) "Chugokuno Anzenhoshouseisaku nit suite" (On Security Policy of China, no English Version),(March 2008)

¹³ Satoshi Amako, *Chugoku Ajia Nihon: Taikoku-ka suru Kyoryuu ha Kyoui ka* (China, Asia, Japan: Is the "rising dragon" a menace? (Chikuma, 2006) pp.174-5. Actually, Amako is doubtful about American support of Japan, and thinks an alliance with Korea can be a key foreign policy issue.

¹⁴ Taro Aso, "Arc of Freedom and Prosperity: Japan's expanding diplomatic horizons," <http://www.mofa.go.jp/announce/fm/aso/speech0611.html> (accessed 7 September 2008).

Fukuda, and Shigeo Hiramatsu, Kimindo Kusaka, Yoshiko Sakurai, Nisohachi Hyoudou, and Tsutomu Nishioka .¹⁵

Although this type of ideas have not broken into serious scholarship or policy circle, it has been quite prominent in mass selling journalism. Manga authour Yoshinori Kobayashi has been very successful in selling these types of ideas.

Statistically seen, it is hard to imagine that Japan with its declining population, can keep on balancing China with its huge manpower. Therefore, these people tend to point out weaknesses in the Chinese political, social, or economic system. They thereby fall into a kind of a contradiction, emphasizing the threat and the weakness of China at the same time (of course, you can argue weakness and instability in China is a great threat for Japan, but this is not the argument these people take).

(F)Engagement

While the period of PM Koizumi and Jiang Zemin had been characterized by pronounced nationalism on both sides and an edgy relationship, arrival of Hu Jintao and Fukuda (2007.9.26-2008.9.24) brought a better relationship. Even from the time of PM Abe (2006.9.26-2007.9.26), the Sino-Japanese relationship was pronouncedly better compared to the Koizumi period (2001.4.26-2006.9.26). PM Abe chose China as his first foreign country to visit (contrary to the expectation of many), and did not officially announce any intention of visiting Yasukuni shrine.¹⁶ PM Fukuda went back to traditional ways and visited Washington first, but he also visited China only one month after. He was very cautious about employing a more robust international role for Japan. Nobody doubted that he would not visit Yasukuni.

Also amongst journalists and scholars, there are a group of people who try to have understanding for the difficult position the Chinese Communist Party is in, because of the task of modernization on the one hand and controlling the virulent nationalism on the other.¹⁷ These people stress the difficulties that China has to overcome in the coming years and the importance to integrate it into international institutions.

Recently, many policy papers have been produced from foreign policy think-tanks in Tokyo. Many of these emphasize the big stake both Japan and the US have in keeping a stable relationship with China. Economic and social interdependence between these

¹⁵ See Terumasa Nakanisi(ed.), *Nihon Kakubuso no Ronten* (Discussion points of Nuclear Armament of Japan), (PHP, 2006); Nisohachi Hyoudou, *Nihon Yuji: Kenpou wo Sute Kakubusou seyo* (Japan in Crisis: Throw away the Constitution and Arm yourself with Nuclear Weapons), (PHP, 2006). The October Issue of *Shokun* contains a collection of essays over “China after the Beijing Olympics”, with one pessimistic comment after another about China’s future. For other examples, Kazuyuki Hamada, *Ko kingto no hannichi koudou keikaku* (Hu Jintao’s Anti-Japanese Action Plan) (Shodensha, 2005)

¹⁶ Actually, seven years had passed since President Jiang Zemin’s trip to Japan in November 1998 and subsequent PM Obuchi’s visit to China in July 1999.

¹⁷ Susan Shirk’s argument is definitely along these lines of argument. Susan L. Shirk, *China: Fragile Superpower* (Oxford U. P., 2007). Not as straightforward as Shirk, there are several writers arguing along the same line. See for example: Yoshikazu Shimizu, *Chugokuga Hannichi wo suteruhi* (The Day China will abandon Anti-Japanism) (Koudansha , 2006); Jianrong Zhu, *Kokintou Tainichi senryakuno Honne: Nashonarizumuno Kunou* (The Truth about Hu Jintao’s Japan Policy: Agony of Nationalism) (Kadogawa, 2005)

countries is so important for both countries that confrontation can only lead to disaster for both sides. In order to avoid a worsening of the relationship, many of the reports make very similar suggestions. These include:

- Institutionalization and regular meeting of heads of both states (often supplemented by high-level talks).
- Cooperation in multilateral regional institutions (ASEAN +, Japan+Korea+China meetings, East Asia Summit, etc.)
- Dialogue in order to have deeper understanding about each country's way of thinking about modern history in Asia.
- Cooperation in the fields of global problems: environment, fighting terrorism, fighting piracy, food and agriculture, etc.
- Cooperation in developing natural the gas field in East China Sea.
- Sino-Japanese strategic partnership
- Exchange programs for business people, opinion leaders, career bureaucrats.¹⁸
- Developing program for the protection of intellectual property
- Cooperation for development of the Mekong Area (Cambodia, Laos, Myanmar, Thailand, Vietnam)¹⁹

If in the process of realization of these kind of schemes, an international system loosely centering on China would emerge, and Japan would become part of it, then it would resemble something like period (A) which has the longest tradition in Sino-Japanese relationship. Prime Minister Fukuda's vision of the Pacific Ocean becoming an "inland sea" did not make clear who would be the leader of this system. Maybe the best Japan can hope for under the likely circumstances is some form of multiple leadership.²⁰

¹⁸ This author took part in one of these exchange programs this summer. It was the Japan-China-Korea Future Leaders' Forum organized by Japan Foundation, Korea Foundation and All China Youth Federation.

¹⁹ Japan's Comprehensive China Strategy: Expectations for the emergence of China as a "strategic partner" and Japan's strategy, PHP Report February 2008 (English and Japanese Version available) http://research.php.co.jp/research/foreign_policy/policy/post_27.php (accessed 7 September 2008); The Tokyo Foundation, Pekin Gorin go no Nicchuu kankei: 8tu no teigen (Sino-Japanese Relationship after Beijing Olympics: 8 Proposals); JFIR (Japan Forum on International Relations), Policy Recommendations, 28th Recommendation, "Japan and China in the Changing Asia" (October 2006) (both English and Japanese proposal) . http://www.jfir.or.jp/e/pr_e/index.htm (accessed 7 September 2008). See also Noboru Yamaguchi, Japan and China: Towards 'Strategic Relationship for Mutual Benefit' from 'Politically Cold but Economically Warm' Relations, in Strategic Yearbook 2007, Swedish National Defence College & Finnish National Defence University.

²⁰ Speech by H.E. Mr. Yasuo Fukuda, Prime Minister of Japan on the occasion of the 14th International Conference on The Future of Asia, "When the Pacific Ocean Becomes an "Inland Sea": Five Pledges to a Future Asia that "Acts Together" May 22, 2008 http://www.kantei.go.jp/foreign/hukudaspeech/2008/05/22speech_e.html (Accessed 8 September 2008)

(G) Engage and 'hedge'

While many of the think-tank reports suggest the above mentioned cooperation schemes, many also suggest a kind of 'hedging' by the US-Japan alliance or formalization of other ties with Western nations. Even in cases where this is not clearly spelt out, many take the assumption for granted that the US-Japanese alliance is the single most valuable asset for Japanese security. This is often supplemented by stronger ties with other Western nations. Such proposals include:

- Institutionalization of trilateral summit meetings (Japan+US+China)
- Strengthening of the Japan-US Alliance as well as the Japan-US-Australia strategic dialogue²¹

For keeping the US-Japan Alliance functioning, many people are aware of legal constraints upon Japan's ability to have its SDF do some work overseas. The Second Armitage-Nye Report was taken very seriously, and a group of specialists convened by Prime Minister Abe discussed the possibility of loosening the Japanese interpretation of the right of collective self-defense, gave a positive answer to the questions asked (although they could only complete their work on a low key note during Fukuda's Premiership).²²

Alongside the 'hedging' actions, these reports also emphasize the importance of keeping up Japan's own defence effort. The difference from the 'balancing' school is that they are more optimistic towards the possibility of a fruitful cooperation with China. Unilateral balancing and especially nuclear armament is out of the question since this will lead to an undesired international isolation of Japan.

This pattern is unlike any of the historical periods before the 20th century, since Japan would simultaneously belong to different networks, the commitment varying at different situations.

4. Conclusion

So which of the above mentioned policies is likely to prevail? For the coming decade or so, the author expects an intense internal debate in Japan about the direction of its China policy, as well as the reliability of the US as an ally and the credibility of its "nuclear umbrella." A lot will depend on the perception and behavior of China and the US, as well as the domestic power struggle amongst various parties and fractions. At present, none of the two major parties (LDP and DPJ) can be attributed to one specific China policy. Inherently, the Democratic Party is slightly more anti-American, tilting towards either traditional pacifism, or 'UN-ism,' hoping that the UN will somehow fill the security gap that will appear if Japan abandons the US as an ally. But amongst the LDP politicians, a

²¹ Of the above mentioned policy papers, those from PHP, JFIR and Yamaguchi has this kind of connotation.

²² Second Armitage-Nye Report: <http://www.observingjapan.com/2007/02/second-armitage-nye-report.html> (Accessed 8 November 2008)

considerable number is actually hard-nosed realist, who would wish to 'go it alone' if this is politically and financially feasible. There have been repeated hints that the nuclear option is in the minds of some of them.

Scenario G appears most likely at present, provided that all the major actors behave with a certain degree of prudence. Seen from the Japanese point of view, the worst case is when the US abandons Japan to line up with China. If this happens, either Japan will choose self-help, possibly with nuclear armament, or Japan may 'bandwagon' and join in some way the China-US alignment. 'Self-help' will be the least preferable choice for Japan's neighbors and may create a very negative chain-reaction. The US is the power most capable of reassuring Japan, and care should be taken not to destabilize the situation without intending to do so.