

The Undercurrents in the Chinese-Japanese Relations

Yoshifumi Nakai

Some argue that the Chinese-Japanese relations are suffering from the growing pains. The economy is fine, they contend, it is always the politics and politicians that fail. This paper finds more deep-rooted reasons why China and Japan do not get along too well. To China, Japan's strategic importance had shifted from that of a friend, to a mediator, and to a partner. To Japan, China used to be a successful showcase of the idea of peaceful transformation. No longer. Today's China is nervous about the idea of peaceful transformation. Today's Japan, on the other hand, is more divided than before about how to judge China's recent rise in international status.

Introduction

Sino-Japanese relations have not improved in recent years, despite concerted efforts by both sides. Two distinct undercurrents, rather than the behaviors of current political leaders or the interpretation of history, dominate the political agenda of both governments. The decision-makers and the policy communities in China and Japan recognize that these two undercurrents can determine the future course of both bilateral relations and multilateral relations. The two governments differ, however, largely on how to respond to this challenge. The Chinese government fears that these undercurrents, if uncontrolled, could undermine the legitimacy of the present regime. The Japanese government, on the other hand, believes that these undercurrents, if properly promoted, can benefit both China and Japan.

The first undercurrent is the concept of “peaceful transformation” of the Chinese regime. The notion of peaceful regime transformation had been a remote possibility in China for a long time. The Tiananmen Square protest in 1989 and the collapse of the Soviet Union in 1991, however, made the possibility a reality: if not in China, then elsewhere. Events in Taiwan and Indonesia in 1996-1997 demonstrated that the peaceful regime transformation could happen in Asia, no matter how disorganized their processes were. Japan wholeheartedly welcomed these changes, while China reluctantly accepted the new reality with reservations and suspicion.

The second undercurrent is Japanese perceptions of the U.S.-China relationship. Since the beginning of official contacts with China in the early 1970s, both China and Japan saw their mutual relations in a broader international context. One of the most important contexts for both the Chinese and Japanese leaders was U.S. policy towards China. Due to the divided nature of Japanese perceptions of the bilateral U.S.-China relationship, this paper argues Japanese policy towards China is likely to remain cautious

and conservative in nature.

The Unfolding of “Peaceful Transformation”

The unfolding of the concept of peaceful transformation must be considered from two perspectives: the evolution within China and the Japanese approach to China.

The Evolution of The Concept of Peaceful Transformation within China

During the Mao era, the concept of peaceful transformation had little meaning. To Mao, transformation can only result from revolution. The process of transformation could be violent, like the Cultural Revolution, or just massive, like the Great Leap Forward. Old Mao was an impatient man who favored shortcuts, however heavy the costs. When his subordinates restored order in the Chinese countryside by retarding the “socialist transformation,” following the series of disastrous campaigns during 1958-1959, Mao was furious and mercilessly discarded those leaders.

Premier Zhou Enlai’s proposal to initiate “Four Modernizations” in 1975 broke the ice. Mao was dying and so was Zhou, whose proposal did not detail the methods for modernization. By that time, however, it was obvious that Mao’s revolution had failed to create a communist paradise for the majority of the Chinese people. The Chinese people were tired and disillusioned. Both Hua Guofeng, Mao’s designated successor, and the Gang of Four, Mao’s protégés including his wife, failed to grasp that only a few stubborn supporters of Mao’s ideal wanted to continue the Cultural Revolution.

Deng Xiaoping’s first act after Mao’s death in 1976 was to termi-

nate two of his revolutionary legacies: dictatorship and the Cultural Revolution. Deng replaced revolution with the pursuit of modernization as China's central goal. For the first time in the history of modern China, modernization became the theme for every Chinese communist to consider and practice. At the Twelfth Party Congress in 1982, Deng laid out the organizational foundation for China's modernization drive. Deng not only placed his trusted subordinates, Hu Yaobang and Zhao Ziyang, in the top Party and government positions, but also declared that the Party, with its full organizational capacity, must accomplish the Four Modernizations.

The change was equally dramatic on the diplomatic front. Mao had believed war with the Soviet Union was inevitable. China had prepared for the outbreak of such a war by organizing an anti-Soviet united front with the United States and Japan. Deng, however, did not consider such a war inevitable, believing China could and should avoid conflict as it could only accomplish modernization in a peaceful external environment. Since the Twelfth Party Congress in 1982, China ceased regarding any nation as an enemy. Chinese foreign policy since has then no longer sought wartime alliances or united fronts. China began to maximize its national interests in the relations with foreign countries.¹ In essence, under the leadership of Deng Xiaoping, China became an ordinary nation-state in terms of foreign policy.

The pursuit of peaceful environment and modernization has been a key Chinese policy objective since the 1980s. Deng's successors, Jiang Zemin and Hu Jintao, confirmed in the Party Congresses of 1997 and 2002 respectively, that they would follow the path set out in the early 1980s by the "great designer of the reform and openness policy." The acceptance of the concept of peaceful transformation therefore seems a logical consequence.

¹ Tatsumi Okabe, *Chugoku no taigai senryaku (The External Strategy of China)* (Tokyo: Tokyo Daigaku Shuppankai, 2002), pp. 203-206.

China has thus far been very cautious in accepting the concept of peaceful transformation. There are at least three reasons why China remains so cautious and even nervous. Firstly, the Chinese government fears the association of the concept of peaceful transformation with democracy. Secondly, the Chinese government suspects that the progress of peaceful transformation will lead to chaos and confusion (*luan*). Thirdly, the Chinese government dreads the prospect of peaceful transformation allowing the merciless force of market economy to rule China. Under these circumstances, the Chinese leadership reasonably suspects the role of the government and the Communist Party will recede. The three aspects of peaceful transformation are considered below.

Democracy

The Chinese government has good reasons to fear the association between democracy and peaceful transformation. Soon after Deng made modernization a national goal, the first wave of a democratic reform movement erupted in Beijing. Wei Jingsheng and others contended in the large-character posters placed on the wall at Xidan that China needed democratic freedom in order to accomplish modernization. Wei and others argued that not only industry but also the government needed modernization. In 1978, Deng let them speak out, utilizing their voice to attack Hua Guofeng, the then head of the Party and the government. Once Hua lost most of his political influence in the Party, Deng arrested Wei and other democracy movement activists, imprisoning them in March 1979. It appeared Deng believed the association of modernization with democracy was dangerous.

Exactly ten years after the arrest of Wei and the others over the 1979 Democracy Wall Incident, a similar fundamental challenge to the government broke out in the Tiananmen Square, but on a much larger scale. Although the full details of the 1989 Tiananmen Square protest remain secret, the magnitude of shocks and threats

felt by the Chinese leadership, including Deng Xiaoping, were evident in the response.² Although some of the student leaders and workers were arrested, the government obviously could not detain all those who participated in the demonstrations. Deng and other Party elders suspected that western powers, especially the United States, had provoked the Chinese students to take such radical action. Deng and others believed the western powers were trying to topple the Chinese government by peaceful means; employing the propaganda of democracy.

In the aftermath of the Tiananmen Square protest, Deng and other conservative leaders repeatedly attacked the concept of peaceful transformation as a covert means to topple the Chinese communist rule. An anti-peaceful takeover (*fandui heping yanbian*) campaign became the new focus of Chinese politics. Earlier in the 1980s, Deng and other conservative leaders had warned of the danger of what they termed “bourgeois liberalization” and “spiritual pollution.” To them, the Tiananmen Square protest was an embodiment of this danger. Immediately after the protest was quelled, Deng repeated his warning; this time with extreme urgency. Deng observed that the West had begun two new kinds of cold war: one against the whole Third World; and one against the remaining socialist countries. The western world was preparing a Third World War against the socialist countries, which the West would defeat and take over by peaceful means.³

² Andrew J. Nathan and Perry Link (eds.), compiled by Zhang Liang, *The Tiananmen Papers* (New York: Public Affairs, 2001). Some scholars doubt the authenticity of this document.

³ Deng Xiaoping, “Jianchi shehui zhuyi, fangzi heping yanbian (Uphold socialism, prevent peaceful takeover),” *Deng Xiaoping Wenxuan (Selected Works of Deng Xiaoping)*, Vol. 3 (Beijing: Renmin Chubanshe, 1993). pp. 344-346.

Chaos

Deng and other party conservatives found other dangers associated with the concept of peaceful transformation: confusion and chaos. They believed chaos would certainly bring down the regime. Deng and his allies were all victims of the vicious Cultural Revolution. They firmly believed that Mao's attack on the Party leaders and the subsequent destruction of the Party organizations had caused the "Ten Years of Disaster," the newly accepted definition of the Cultural Revolution. They personally witnessed the blind violence of the Red Guards and the senseless fratricide among the contending political factions. Once the Party lost control, Deng and others contended, civil war, factional struggles, mass violence, and chaos would follow.

To make the matter worse, the events unfolding in the Soviet Union in late 1991 illustrated the destructive force of chaos. Deng and other conservative leaders in China regarded the Soviet leader Gorbachev's policy of "reform and openness" with suspicion. They thought that Gorbachev had conceded too much, too quickly to the demands of the Russian public. They were afraid that the Soviet Union was taking the dangerous path of peaceful transformation.

The worst fears of the Chinese leadership were realized by the end of 1991. The Moscow coup by the conservatives in August failed badly and a new leader, Boris Yeltsin, emerged from the turmoil. The legitimacy of the Soviet Communist Party quickly crumbled and Yeltsin disbanded the Party in December without serious resistance. Although chaos continued, the Soviet Communist Party failed to reappear. The Soviet military offered only feeble resistance to the change, while the Russian public made no effort to rescue the Party. It became clear that the Soviet Communist Party had completely lost popular support.

The Chinese leaders are still learning the lessons from the collapse of the Soviet Communist Party, on which there are still many publications today. Thus far, the Chinese leaders had learned two kinds of lesson. Firstly, Gorbachev-style political liberalization was dangerous. China should be cautious about introducing free elections and press freedom, as no matter how limited the introduction, elections and freedom of press would ultimately hurt the Party. Secondly, political or economic chaos will inevitably damage the Party. In both cases, the influence of the Party would go into gradual decline, as critical changes occurred incrementally and peacefully. The Party must therefore suppress any attempt to bring peaceful transformation in China.

Market Economy

The Chinese communist's fear of a market economy is understandable. Mao Zedong tried to erase every trace of it from China in the 1950s. To Mao, the capitalist economy meant the poor and turbulent China of pre-1949, the corrupted Nationalist government of Chiang Kai-shek in Taiwan, and the powerful but vulnerable society in the United States. Mao declared in the 1960s that America's threat to China was nothing but a "paper tiger" of which China should not be afraid. At the same time, Mao ensured the development of an effective nuclear deterrent to enable China to strike back if attacked.

Deng Xiaoping, a pragmatist *par excellence*, also recognized the powerful force of a market economy. Once he and his boss, Liu Shaoqi, allowed some of the poorest regions to partially revive the market economy in the early 1960s, not only did agricultural production rise, but also the "household responsibility system" quickly spread across China. In the late 1970s he tried a new venture, establishing four "Special Economic Zones (SEZ)" in southern China: three in Guangdong near Hong Kong and one in Fujian near Taiwan. In those SEZs, the full range of market

activities were permitted and foreign direct investment welcomed. Those foreign ventures in SEZs would enjoy tax breaks and free management.

Contrary to Deng's expectations, the SEZs made little profit until the early 1990s. There was strong opposition to the SEZs in China. The majority of the communist cadres at that time thought the introduction of market force into China would destroy the foundation of Chinese socialist rule. Some cadres argued such a venture was "selling out the motherland." Other cadres proposed building a fence around the "new concessions (*zujie*)," to prevent the "vicious force of the market economy from spreading to the Chinese countryside and polluting the socialist spirits of the nearby villagers."⁴ The negligence and resistance of the local Party cadres against the market economy intensified after the Tiananmen Square protest. Deng had to visit SEZs again and encourage further opening to foreign direct investment and reform. In early 1992, twelve years after the inauguration of the SEZ and less than three years after the Tiananmen Square protest, Deng visited two of the most promising SEZs in Guangdong, Shenzhen and Zhuhai.

Deng's 1992 "southern trip" placed the highest priority on economic development. "If you could not think of the way to develop," Deng ordered, "change your brain." As Deng guaranteed further reform in protecting foreign ventures in China, foreign capital from Southeast Asia, Taiwan, Japan, and the United States began to flow into China, mostly in Guangdong. This area effectively became the test ground for various market economy operations in China. The communist cadres in Guangdong greatly appreciated Deng's new initiative, which gave them what they sought: business freedom and the encouragement to make money on their own initiative.⁵ The Hong Kong-style economy, with the high-risk

⁴ Xiu Jiatusun, *Xiu Jiatusun Xianggang huiyilu (Memoir of Hong Kong)*, Vol. 1 (Taipei: Lianhebao, 1993), p. 23.

high-return ventures, the seeking of quick returns from frequent transactions, and a series of under-the-table deals, quickly spread in Guangdong and was soon emulated elsewhere. Deng unleashed the powerful force of the market economy and retired from politics soon afterwards. Deng handed down the task of transforming the Chinese socialist economy into a more open and competitive semi-market economy to his handpicked successor, Zhu Rongji. Deng died in February 1997.

The Fourteenth Party Congress in 1992 established a “socialist market economy” as the Party goal. While Jiang Zemin and other party elders argued over the meaning of “socialist market economy,” Vice-Premier Zhu Rongji began the detailed work of economic reform. He cleared away the mutual debts among the state owned large-scale enterprises, streamlined China’s banking system, and devalued the Chinese currency Yuan by over 50% in 1994. Following these reforms, China’s economy began to grow quickly.

The Asian Financial Crisis in 1997 reminded the new Chinese leadership of Jiang Zemin that the global market economy, and the global financial system in particular, involved much risk. Fortunately, in 1997 China was not yet a member of global financial network. The only foreign currency into which the Chinese Yuan could be converted was Hong Kong Dollars. China’s backwardness saved it from the global attack of mobile hedge funds.

The other outcome of the Asian Financial Crisis in 1997 had a lasting impact on the Chinese leadership. The crisis led to the collapse of the Suharto regime in Indonesia, which only a few years before had appeared stable. The Indonesian people were apparently unperturbed by their largely undemocratic government.

⁵ Ezra Vogel, *One Step Ahead in China: Guangdong Under Reform* (Cambridge: Harvard University Press, 1989), pp. 313-337.

The lesson was clear to the Chinese leaders: economic mismanagement could ruin their country. In the age of “globalization,” control of the national economy would be increasingly difficult. The Chinese leaders decided that despite enormous difficulties to be faced, China must find a way to live with the global economy, or risk remaining undeveloped and isolated. China accelerated its efforts to join the WTO.

The Japanese Approach towards China

The Chinese leadership tended to emphasize the negative aspect of peaceful transformation. In the Chinese political context, peaceful transformation can lead to demands for democracy, chaos, and a triumph of market economy over socialism. The fear of peaceful transformation seems to be deeply rooted in the Chinese leaders’ personal experiences.

In contrast to their Chinese counterparts, Japanese leaders implicitly believe in the concept of peaceful transformation. The concept of peaceful transformation has been the starting point and the core assumption of the Japanese policy towards China. No Japanese leaders have ever seriously doubted the validity of the concept. For example, those early promoters of the cordial Chinese-Japanese relations, such as Takasaki Tatsunosuke and Okazaki Kaheita, believed that improved economic ties with China would eventually lead to improved political relations between Communist China and capitalist Japan. After the long interruption caused by the Cultural Revolution, Tanaka Kakuei and Ohira Masayoshi revived this line of argument. Since Tanaka and Ohira, every Japanese Prime Minister has followed the same path.

The majority of Japanese opinion leaders believe that the economy is more effective than politics in changing China. As long as the economy is working well, they opine, Japan should avoid meddling in Chinese politics. A stable neighbor, no matter

how undemocratic it is, serves Japanese interests. The powerful Japanese business lobby agrees that politics does not help business.

There are at least three phases or modes of operation within the Japanese approach to China. These three different approaches share the common assumption that China can change for the better through the process of peaceful economic development. These approaches differ in the way Japan designates its own role in that peaceful transformation. The three approaches are examined below.

“Japan as a Friend” Approach

This approach became dominant in Japan following Deng Xiaoping’s visit in 1978, during which he met Emperor Hirohito. Deng also traveled to the United States, after which he became TIME magazine “Man of the Year.” Deng, like Mao Zedong, did not raise the question of history, but rather tried to draw a line under it. Deng did not look like a brutal communist and he seemed to be sincerely working to improve Chinese people’s livelihood. As relations between China and Japan have become more cordial, Japan avoided raising complicated issues such as Taiwan and democracy in China. In return, China shelved the territorial dispute over Senkaku Islands (*Diaoyutai*) and would not seek to prosecute the Japanese Emperor for war crimes. Past miseries should be forgotten and thoughts focused on the future. Both sides agreed to bear in mind these arrangements, although official documents reveal only a vague and brief outline. The Chinese and Japanese publics knew nothing of the deals.

This approach constituted the foundation and the backbone of the Japanese Official Development Assistance (ODA) at that time, commencing an enormous flow of governmental loans and aid into China. The Japanese government explained to the Japanese

taxpayers that ODA would help modernize China, and eventually, benefit both Japan and China alike through the stability and prosperity. The Chinese leadership, on the other hand, regarded economic assistance from Japan as part of the war reparations, although this was never mentioned publicly. Socialist China publicly portrayed itself as sufficiently benevolent to forgive past Japanese wrongdoings. The Chinese government maintained this fiction to justify normalization of relations with their former enemy. The majority of the Chinese people continue to believe that China sacrificed vast sums in war reparations from Japan.

It was crucial that the Japanese Ministry of Foreign Affairs, and not the other powerful ministries such as the Ministry of Finance or the Ministry of International Trade and Industry managed the ODA program. Only the Ministry of Foreign Affairs knew all the details of the deals and could therefore effectively manage the deals as intended by the political leaders of China and Japan. Japan also retained the option of using ODA as a tool of diplomacy. This approach was dominant throughout the 1980s. Japanese leaders suspected that China under Hu Yaobang and Zhao Ziyang, two prominent reformers, was going through the process of peaceful transformation from the authoritarian regime to a form of liberal democracy. This optimistic scenario for peaceful transformation abruptly ceased in June 1989, after which Japan could not aid a nation whose leaders killed their own people with little hesitation. Japan therefore needed a new approach.

“Japan as a Mediator” Approach

Prime Minister Kaifu Toshiki’s state visit to China in August 1991 marked the beginning of a new approach. The Japanese leaders redefined their new role as a mediator between China and the western countries, primarily the United States. The Japanese leaders knew that Deng and other conservative leaders in Beijing

desperately needed economic assistance from abroad in order to keep the economy growing. The Japanese politicians also understood that they could not return to their former relations with China. The Japanese voters would certainly despise such a move and would not support those politicians who supported a brutal neighboring regime.

The Japanese government, the Ministry of Foreign Affairs in particular, thought that the role of a mediator was appropriate for Japan to play in the post-Tiananmen Square circumstances. A mediator was necessary to avoid the direct confrontation between China and the now-outraged western powers, or China would again close its borders, as it had during the Cultural Revolution, and would likely remain a poor and isolated country. If that happened, the Japanese leaders contended, the chance for China to transform itself, hopefully to a less-repressive regime, would be lost for good. Japan, as a close neighbor and beneficiary of China's peaceful transformation thus far, was bound to prevent this scenario from occurring. China enthusiastically received Prime Minister Kaifu, who certainly gave what China desperately wanted: the lifting of the economic sanctions. It was, however, the symbolic effect of the visit China most appreciated. Kaifu was the first head of the state from the western countries to visit China after the Tiananmen Square protest. Italy and Great Britain soon followed. Having seen the West lift sanctions, Deng Xiaoping began his southern tour to the SEZs in January 1992.

Japanese diplomacy scored a rare point against China. During his trip, Prime Minister Kaifu announced that the Japanese government would consider giving ODA to certain countries based on four qualifications. The Four Principles of Japanese ODA included an article that clearly prohibited giving economic assistance to un-democratic countries. Another article prohibited giving aid to the countries developing or attempting to develop nuclear weapons. The Japanese government succeeded in tying a political goal to

economic assistance. Japan could do so because it was now acting as a mediator who must behave objectively. Japan justified the restriction of ODA as part of setting objective standards.

The success of this approach appeared to be confirmed when Japanese Emperor Akihito visited China in September 1992, by which time almost all the sanctions against China had been lifted. The Chinese economy started growing again due to the foreign direct investment. Both Chinese and Japanese leaders were pleased to put behind them the recent turbulence in their relations. Sun Pinghua, a long time Japan expert in the Chinese Foreign Service, mentioned privately that China would not open the old “checkbook of history” again.

The demise of this mediator approach, however, had already begun. Once China succeeded in re-establishing cordial relations with western countries, it no longer required a mediator. China established diplomatic relations with Ukraine, Belarus, and Israel in January 1992, and with South Korea in August 1992. Communist Party chief Jiang Zemin met U.S. President Bill Clinton in November 1993. The U.S. government played down the importance of this meeting, insisting it was an unofficial encounter between leaders participating in the Seattle APEC meeting. Chinese official newspapers, however, printed huge pictures on the front page of a smiling Mr. Jiang shaking hands with Mr. Clinton, under the headline “First Summit Meeting in Seattle.”

Japan’s role as mediator weakened further in the mid-1990s. In order to mediate between China and the United States, Japan had to preserve neutrality by standing somewhere in between the two sides. China may have doubted Japan’s neutrality even before the “China Threat” argument broke out in the United States. The publication of a controversial book by a group of young Chinese, “China Can Say No” in 1996, proved a watershed. The young writers argued that the United States, not China, was the real

threat to world peace. China should not trust Japan, they continued, because in times of crises Japan would inevitably side with the United States.

Perhaps the final blow to the mediator approach came in 1996, when Prime Minister Hashimoto and President Clinton agreed to “reinterpret” the U.S.-Japan security pact. Japan and the United States justified the reinterpretation as necessary measures to prepare for the “unexpected events” in the “surrounding areas” of Japan. In contrast, China took it as a preparation for a joint intervention in Taiwanese affairs. Although Japan played no part in the Taiwan Strait Crisis of March 1996, the Chinese government clearly believed that Japan had sided with the United States.

“Japan as a Partner” Approach

Jiang Zemin’s official visit to the United States in November 1997 marked another turning point. Neither China nor the United States required a mediator. In 1997, China and the United States agreed to “work toward the strategic partnership.” To the United States, the strategic partnership with China was, at best, a distant goal. To China, and to Jiang Zemin in particular, however, the partnership with the United States was the most important component of Chinese foreign policy. General Secretary Jiang seemed to be convinced that the partnership with the United States had become a reality when President Clinton exclusively visited China in June 1998 without stopping over in either South Korea or Japan.

Once again, Japan needed to find a new approach to China. General Secretary Jiang’s visit to Japan in 1998 turned into a disaster. Mr. Jiang, unlike his predecessors, refused to shelve the old issue of history. Mr. Jiang also appeared uninterested in suppressing anti-Japan propaganda. On the contrary, he seemed to be encouraging “patriotic sentiment” among the Chinese public.

From this juncture, the “Japan as a partner” approach was perhaps the only one remaining. In this approach, Japan is one of China’s existing partners, with some of whom China shares special interests. For example, the United States and China share security interests in the UN Security Council and on Taiwan. Japan can be an important partner of China in trade, investment, and cultural exchange, but little more. Japan will have to compete with other partners in those areas.

Japan’s Views on The U.S.-China Relationship⁶

There are three distinct Japanese views of the US-China relationship. Each view interprets the nature of China differently and proposes a different policy response. These views reflect the social, economic, and cultural divisions of Japanese society.

The First View: China Remains a Threat

The proponents of this view believe that the majority of US citizens still do not trust China. Japan and South Korea are “real” partners of the US, while China and Russia are not. To the proponents of this view, it is only a matter of time before China emerges as a “strategic competitor” to the US; the pre-9/11 definition used by the Bush Administration. At that point, US policy makers will have to confront the threat posed by China with renewed urgency. Until then, this view contends, it is politically unwise to provoke China. Dealing with this powerful contender, the US must exercise extra caution. The US should be ready to

⁶The more detailed analysis of this topic can be seen in Yoshi Nakai, “Japan’s views toward the U.S.-China relationship: Where have all the China threats gone?,” in Jane Skanderup (ed.), *Toward a Stronger Foundation for the U.S., Japan, and China Relations*, *The CSIS Pacific Forum Internet publication, Issues & Insights*, Vol. 04-06.

face a stronger China and, at the same time, should take time to counter any China threats.

There are three variations of this view. Firstly, there are people who are pro-US and anti-China. They believe that the liberal democracy of the West, including Japan, and the oriental despotism of China cannot be reconciled. Japan must natural ally with the US. In this argument there lies an identifiable trace of Samuel Huntington's "Clash of Civilizations" thesis. One of the most vocal advocates of this view, Yayama Taro, a long time political correspondent and the Director of the Japan Forum on International Relations, stresses the importance of shared values and morals. The European Union (EU) was able to absorb their eastern neighbors, Yayama indicates, once Eastern Europe abandoned communism. According to Yayama, however, the security dialogues in Asia will never work, despite the geographical proximity of Asian nations because Japan shares no spiritual tie (*seishin no kizuna*) with China, South Korea, and North Korea.⁷

The second group holding a "China remains a threat" view claim to represent a more "realistic" standpoint. The key issue to this group is not values or spirit, but the vital interests of Japan as a nation, i.e. national security. Asian security experts and security-defense circles in Japan commonly espouse this philosophy. Murai Tomohide, a professor at the National Defense University and one of the advocates of the "China Threat" argument, claims that the most important national interest is the security of the people. In order to defend this vital national interest, i.e. the lives of Japanese people, the Japanese government should not worry about the economic cost. The vital national interest (security) and non-vital interest (economy) should not be confused.⁸

⁷ Yayama Taro, "There is no equilateral triangle diplomacy among Japan, the US, and China (Nichibeichu no seisannkakukei gaiko ha nai)," *The Japan Forum on International Relations Bulletin*, Vol. 11, No. 3 (Summer 2004).

Although the present danger comes mostly from North Korea, proponents of this view believe that China is a potential threat to stability in the Asia-Pacific region. North Korea's military capability is limited. Medium range North Korean ballistic missiles could reach Japan and, if armed with either nuclear or chemical warheads, could certainly damage Japan. Counter measures, such as the Japanese version of a National Missile Defence (NMD), are expensive but possible. A Chinese threat, however, forms quite a different challenge. The Chinese is huge and growing rapidly, complete with nuclear weapons and inter-continental delivery systems. China also intends to build a blue water navy. China could cause Japan many problems.

There is a third group of the "China remains a threat" view. Unlike the first group, the advocates of this view believe that China and the US can cooperate and even strike a deal over security. It is Japan, this view argues, that is likely to be left behind. Both the U.S. and China would not hesitate to employ a tactical maneuver and a temporary measure for emergencies, for example, the 2001 action program against global terrorist activities. If their vital security interests are violated, both China and the US would take action unilaterally. Taiwan is such a case.

The Second View: A China Threat Is Old-fashioned

Those who hold the second view believe that the China threat argument is passé: the US no longer considers China a threat. Soon after 9/11, the Bush Administration made a strategic decision to abandon the containment of China. Since then, the US has been content with Chinese cooperation and has been helping China's modernization program, the "peaceful rise (*heping jueqi*)."⁸ China no longer poses threats but provides opportunities.

⁸ Murai Tomohide, "Threats of North Korea," *East Asia*, No. 441, March 2004. p. 3.

According to this view, both China and the US changed their policies toward each other in 2001. The US shifted its policy toward China from that of “competitor” to that of “partner,” first in June, immediately after the US reconnaissance plane crash incident on Hainan Island, and more definitely in September, following the 9/11 incident. For its part, this view suggests, China has decided to open further its domestic market to foreign investors and started to commit itself more aggressively to multi-lateral arrangements, such as the UN, APEC, and ASEAN. China’s return to the WTO and the US support for the move in 2001 was a watershed.

The commercial sector is often the most sensitive to such changes. Omae Kenichi, a popular business consultant, is the most famous representative of this view. He traveled extensively in China during 2001 and compiled a TV series, the “China Impact.” His book became a best seller. He characterizes the China market as full of risks, similar to that of the “Wild West” in 19th century America. It is, however, now open enough for Japanese companies to invest. Judging from the huge potential of the China market and Chinese government support for the reform-and-openness policy, he argues Japanese companies must invest in China, or be left out. There is no third choice. It is a “participate or perish” situation.

As China enjoys an economic boom, it is unsurprising that major Japanese companies and business leaders are so eager to participate. The most influential advocate of this view, however, is Prime Minister Koizumi. At the Boao Forum in April 2002, Mr. Koizumi declared:

Some see the economic development of China as a threat. I do not. I believe that its dynamic economic development presents challenges as well as opportunity for Japan. I believe a rising economic tide and expansion of the market in China will stimulate competition and will prove to be a tremendous opportunity for the world

economy as a whole.⁹

It is worth noting the absence of the often-quoted Japanese Prime Minister's hawkish attitude towards China. The word "challenges" may indicate unsolved problems, such as the Prime Minister's visits to Yasukuni Shrine and historical issues.

The Third View: It Is The US That Threatens

The third view considers that it is the US, and not China, that poses a greater threat. In this view, the post 9/11 Bush Administration is extremely dangerous. It can take unilateral action that ignores regional stability. It can form a new "Coalition of the Willing," while disregarding existing security frameworks. One possible scenario is the strategic alliance between China and the US. Once this happens, Japan is likely to be omitted. In order to avoid that fate, Japan must formulate coalitions with China, as well as with other Asian neighbors.

The most influential version of this view comes from the noted economist Morishima Michio, who observed that the Japanese economy has been in such a miserable shape since the 1980s that there is little prospect for recovery. Morishima argues that Japan simply missed a chance to initiate a "Thatcher-like" reform and now, with a dwindling population and increasing competition, must work hard for its very survival. The only hope for Japan is the formulation of the North East Asia Community.

Morishima, a long time London resident as a professor at the London School of Economics, models some of his ideas on the experiences of the EU, which he claims Asia can emulate. For example, although China and Japan fought a war in living memory, so did France and Germany. As Morishima points out,

⁹ <http://www.mofa.go.jp/region/asia-paci/china/boao0204/speech.html>.

however, this theory faces the formidable problem of deep-rooted Japanese public sentiment favoring the US and despising China.¹⁰

Conclusion

In conclusion, this complicated issue produces several general observations:

1. A form of peaceful transformation is occurring in China. The exact nature of the transformation remains unclear;
2. China and Japan tend to take different approaches toward the concept of peaceful transformation. China emphasizes the negative influence of transformation, while Japan supports the concept because it is peaceful;
3. As a form of peaceful transformation progresses in China, Japan's role in the Chinese-Japanese relations recedes; and
4. The divided nature of Japan's view toward the U.S.-Chinese relations effectively precludes the formulation of an integrated policy toward China.

The complex matrix of multiple relationships constrains the development of Sino-Japanese relations, but a simple "zero-sum" approach is unlikely to improve overall relations.

¹⁰ Morishima Michio, *Naze Nihon ha botsuraku suruka (Why Japan declines?)* (Iwanami, 1999).