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LIMITATIONS AND CONSTRAINTS ON
JAPANESE FOREIGN POLICY DECISION-MAKING:
JAPAN'S POSTWAR CHINA POLICY

ANITA CHANDAN

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IN
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ANITA CHANDAN, 1991
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LIMITATIONS AND CONSTRAINTS ON JAPANESE FOREIGN POLICY DECISION-MAKING: JAPAN'S POSTWAR CHINA POLICY

ANITA CHANDAN

Japanese foreign policy in the postwar period has been characterized as bland and non-assertive. The reasons for the lack of clarity or focus in Japan's foreign policy initiatives are attributed to its reactive nature. The foreign policy agenda is vulnerable and easily influenced by factors within the Japanese political structure as well as dependent on many external factors. Internally, factors such as factional divisions within the ruling party, opposition groups, the bureaucracy, industry and the character of political leadership work to constrain any clearly-defined policy in the area of foreign affairs. Similarly, Japan's relationship with the United States and the Soviet Union, the geostrategic importance of Japan in the cold war world and its reliance on foreign markets and resources have limited Japan from adopting any independent foreign policy decisions. The best example of the combination of these factors and the effect that they have on decision-making is Japan's China policy in the postwar era.
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INTRODUCTION
"The reactive state interpretation...maintains that the impetus to policy change is typically supplied by outside pressures, and that reaction prevails over strategy in the relatively narrow range of cases where the two come into conflict... institutional difficulties in initiating pro-active policies handicap Japan in pursuing strategic interests in multilateral settings..." 1

In recent years, with dramatic changes in the international political arena, Japan has come under a great deal of criticism and international scrutiny with regards to its foreign policy agenda. In the 1980's and 1990's Japan has been called upon to play a more prominent role in the areas of security and defense, as well as in the contemporary issues of environment and ODA (official development assistance). Many critics, especially those in the U.S. urge Japan to stop being a bystander in world affairs and that it should take assertive steps to play a more significant role in the maintenance of a new order in the post-Cold War world.

Aside from the general attitude of fascination as to how Japan has emerged from the ashes of World War II, to become a global economic superpower and the recent debate as to the direction of Japan's future in the world order, I have personal reasons for choosing this topic. After living in Japan for over a year, and travelling throughout East Asia, my interest in the region grows as I would like to understand the factors that lie beneath Japan's image of being a mere
bystander in international relations. I hope that this paper will accomplish the task of understanding the reasons behind Japan's reputation as a "reactive" state.

The hypothesis of this paper is that Japan's foreign policy decisions are dependent on various factors which repress any authoritative or independent initiatives in international relations. Japan's foreign policy, since the end of World War II in 1945, is best described as "reactive," being that it is vulnerable to domestic and international pressures. As a "reactive" state, Japanese decision-making, especially in the area of foreign affairs has been restrained, if not paralyzed by both the nature of its public administration and by its position in the international community, in the form of bilateral relations, geostrategic position and external dependences.

Although it may be argued that all states are reactive in policy-making, due to Japan's particular domestic structure, the nature of its historical relations with Asia and the superpowers, it is more vulnerable than most other modern day world actors. It is essential to keep in mind throughout this paper that Japan does not conveniently fit into any of the Western formulated theories of public policy making. Theoretical approaches such as political systems theory, group theory, elite theory, and institutionalism, are all
useful as they clarify and structure decisions and suggest motives behind particular policies. However, in the case of Japanese public administration, no one theory wholly explains the nature of public policy.

In political systems theory, public policy is viewed as a system's response to demands arising from its environment. As in David Easton's input-output model, Japanese foreign policy emerges as a consequence of various political, social, economic and environmental inputs that run through a particular institutional framework for decision-making. Secondly, group theory explains public policy as a product of group struggle. In Japan decisions are made as a result of interaction and compromise between many political and non-political actors. Third, the institutional model concentrates on describing the role of formal structures involved in policy-making. The Japanese bureaucracy holds a great deal of power in the formulation and implementation of public policies. Finally, elite theory appropriately describes the role of the party, the factions, the bureaucracy and big business in decision-making. For this reason, "reactive" is the best term to be used as it implies that Japanese foreign policy decisions come from determining factors explained in numerous theories of public administration.

The following paper will examine the confined character of Japanese foreign policy decision-making by discussing the
various internal and external elements that influence the decision-making process. To better understand how these factors work to inhibit the formulation of any assertive policy, Japan's China policy in the postwar era will be used as a case for analysis. The relationship will be divided into two distinct time periods, first from 1945 to 1972, the period of non-recognition, when relations between the nations can be described as unequal due to China's position as an illegitimate state, in the eyes of the Japanese; and secondly from 1973-1991, the period of Japan's recognition of the People's Republic of China, relations between two equal states.

Chapter One opens the research paper by describing the term reactive state and provides a theoretical framework on the nature of decision-making to support the hypothesis. It is divided into two sections, one examining the geographic factors and the other looking at political, social and economic institutions. Japan's postwar dependence on the United States in the areas of defense and trade, magnified by Japan's geostrategic position between the two conflicting forces of capitalism (the U.S.) and socialism (U.S.S.R. and China) led to Japan's adoption of policies parallel to those of the U.S. for the greater part of the postwar period. Both dependence on foreign markets and raw material sources have also jeopardized any policy-making that may result in conflict in trade relations.
Chapter Two examines Japan's China policy between 1945 and 1972. Japan's relations with China was chosen because it clearly demonstrates how Japan was not only caught in a web of domestic limitations, but also how Japanese policy was influenced by its relations with the two superpowers after 1945. Although the focus of this paper is essentially from 1945 to the 1990 chapter two presents a brief history of Japan-China relations. The reason for a review of late 19th to early 20th century relations is to show that at this time, due to Japan's relative isolation from the international community, Japan demonstrated an aggressive and expansionary policy in Asia. It also provides the reasoning behind the cautious attitude of both the Japanese and the Chinese in modern relations, as Japan does not want to be perceived as a threat and China fears remilitarization. Japan at this time cannot be described as reactive, therefore it creates a distinct contrast to contemporary foreign policy.

Chapter Two follows a historical progression, by examining Japan's policies towards China through successive administrations. Prime Ministers Yoshida, Hatoyama, Kishi, Ikeda, Sato and Tanaka all varied in their attitudes towards China, primarily due to their factional affiliations and reaction to pressure from either pro-PRC or pro-Taiwan factions within the LDP. Each administration was influenced to some degree by their relationship with the United States and the Soviet Union. Finally, the role of the business community and opposition parties in non-governmental
relations with China will be discussed in the context of its link to the development of diplomatic relations.

Chapter Three continues to investigate the underlying factors which influenced relations between the two Asian powers after Japan's recognition of the PRC in 1972. The chapter is divided in two sections, the first dealing with the 1970's and the second with the 1980's. During the 1970's the main focus of Japan's policy on China was the formulation of the official Japan-China Peace and Friendship Treaty that was eventually signed in 1978. The six-year delay in concluding the final treaty can be attributed to the factionalism within the Liberal Democratic Party, the struggle for political leadership in China, the triangular relationship between Japan, China and the Soviet Union. In the second part of the chapter, that of the 1980's, the focus is on the dichotomy of Japanese foreign policy. Japan has attempted to separate foreign economic policy from diplomatic relations, a concept that began in the 1960's. In most respects Japan has been successful in applying this technique, known as "Seikei Bunri" to its relations with China, however on certain occasions, due to outside pressure the two paths of foreign relations cross, as shown in the case of the Tiananmen Square Incident in 1989.

The sources used in this research paper are books written on the nature of politics in the East Asian region, by well-
respected Japanologists, China-watchers, experts in international relations and also political and public administration theory. Articles from scholarly journals provide a great deal of support for the hypothesis of this paper. The secondary sources have been supplemented by primary sources, mainly from Japanese, Chinese and American newspapers, as well as official documents and statements published by all three governments. It should be noted here that when referring to Japanese or Chinese names, the family name is used first and also the Pinyin system of writing is used for Chinese names.

ENDNOTE


3. Ibid, p.3.
CHAPTER ONE:

CONSTRAINTS ON JAPANESE FOREIGN POLICY-MAKING
"Modern Japanese foreign policy is a subject of bewildering complexity and also vagueness. It involves most facets of the intricate and fast-changing society of Japan and also the interaction of the Japanese with an even more diverse and unstable world which surrounds them." 1

Recent events in the international arena such as the democratization of the socialist bloc, the consequent end of the Cold War, and most recently the Gulf War, have placed Japan in a position in which it is no longer able to regard itself as an honorary Western country sharing the privileges but few of the responsibilities of the post-war international order. In the post-war period, Japan has not been known for brilliance or ingenuity in its foreign policy decisions. Now however, faced with increasing demands from the global community, Japan must develop a clear sense of purpose for contributing to a peaceful world on a scope commensurate with its enormous economic and technical strength.2

The following chapter will examine the underlying factors contributing to the nature of Japan's foreign policy and to examine why post-war Japan has not been able to forge a clear and purposeful foreign policy agenda. Japanese foreign policy has been characterized as "reactive" (meaning easily influenced by both domestic and international factors) and
as posessing a lack of purpose. The term "reactive state", coined by Kent Calder, maintains that Japan reacts to outside pressures in an irregular fashion. Calder's approach is used because it most clearly outlines the elements that constrain foreign policy initiatives in Japan, as well as many other nations. The hypothesis of this research paper supports Calder as Japan has generally failed to undertake any major independent foreign policy initiatives, and has instead merely responded to outside pressures in an erratic and unsystematic way. In the same manner, domestic forces have worked to constrain any assertive foreign policy decisions. Whatever the mechanisms for formulating foreign policy, the chief determinants are inevitably actual international realities and the national constraints. The following sections will outline the characteristics of the Japanese "reactive state" by focusing on both external and internal influences to foreign policy decision-making.

1. GEOGRAPHIC FACTORS

A. GEOPOLITICS OF THE EAST ASIAN REGION

Japan's geography has guided its destiny throughout history. Japan has been exempt from the great migrations and invasions which troubled continental Asia. During the early 20th
century, the relative geographic isolation of East Asia from major western powers and their primary military concerns, contributed to the ease with which Japan became a predominant power in the region. World War One and the Great Depression decreased any interest that Western nations had developed in East Asia in the early 1900's. The power vacuum that resulted in the region created favourable conditions for independent Japanese foreign policy initiatives. During this time of Japan's greatest imperialist expansion, from the late 1800's to 1945, no political power could effectively obstruct the way of an expanding Japanese empire, allowing for a number of foreign policy choices for Japan.

The geostrategic setting of the post-war years offered a different context for Japanese foreign policy as a vacuum of power no longer existed in Northeast Asia. The national interests of China, the Soviet Union and the United States regarded the region with the utmost strategic importance, creating a region of considerable major power interaction. For Japan, external interests such as the dependence on foreign sources of raw material, on foreign markets for trade, and on U.S. military protection, severely limiting the options and opportunities for an independent Japanese foreign policy.
Although Japan-U.S. relations marks the most important external influence on Japanese foreign policy, in terms of both economic and political cooperation, it is important to recognize the historical context in which Japan emerged in the international arena. Japan entered the global market when the world system was expanding and the United States was in a position of political and economic hegemony. This movement into the area of economic development and international trade required massive amounts of foreign technology, raw materials and foreign markets for Japanese exports. This economic dependence narrowed the options and attitudes of foreign policy throughout the period, as Japan was cautious not to take any policy lines that would threaten its dependency on the rest of the world. The necessity of the U.S. market with regards to the export-oriented strategy of the Japanese economy, as well as the nature of American political interests in the area with respect to the "Cold War," created a framework for Japanese development and prominence in East Asia. As long as Japan remained capitalist and anti-communist, it was free to pursue 'national interests' and 'autonomy' without any negative intervention on the part of the United States. In fact, using East Asia as a capitalist wall in the containment strategy against communism in the People's Republic and especially the U.S.S.R., the United States transferred a substantial amount of economic and military assistance to Japan in the cold war.
period. It was this geopolitical importance of East Asia as well as the fear of another global war which allowed Japan to enter the Western political and economic system as an ally rather than a wartime enemy.

B. JAPAN-U.S. RELATIONS

In August 1945, at the close of the Second World War, Japan stood in ruins. It had suffered a total defeat in the Pacific War and its empire had collapsed. The immediate U.S. occupation established swift reforms and democratization measures such as the dissolution of the Zaibatsu (the family trusts that through the organization of holding companies had controlled most of the industries of pre-war Japan); the institution of land reform; the passage of pro-labour laws; and the imposition of a new peace constitution. The American objective was two-fold: 1) to reform the Japanese political system into a more democratic form; and 2) to ensure that Japan will never again become a threat to the U.S. or world security. In order to transfer these reforms into durable political policy, the Allied forces (the Americans) put into effect a new constitution.

The Japanese state was reconstituted under the 1946 constitution (promulgated on May 3, 1947) into a parliamentary democracy with a constitutional monarchy. The
beginning of the convergence of Japanese security policy to American security interests began with Article 9 of the constitution which had the effect of moving Japan from the European diplomatic tradition of power politics into an American idealist tradition, as developed by General Douglas MacArthur. This idealist trend is exemplified by Article 9 which states:

"Aspiring to an international peace based on justice and order, the Japanese people forever renounce war as a sovereign right of the nation and the threat or use of force as means of settling international disputes. In order to accomplish the aim of the preceding paragraph, land, sea and air forces, as well as other war potential, will never be maintained."

Essentially, Article 9 outlawed war as a national policy and prohibited the establishment of a military force, as well as limited defense expenditure to 1%, leaving Japan no other option than to depend on the United States for defense. The American occupation was a controlled military and economic revolution from above, by an elite with a vision of Japan's future as a subordinate partner in an unequal economic, military and political relationship.

A close U.S.-Japan relationship was fostered after the war, in parallel with the evolving U.S.-Soviet adversial
relationship during the initial stages of the cold war. The purpose of the United States' Japan policy, which was initially punishment and dependency, changed as U.S.-Soviet relations soured and Chinese communism spread. The outset of the cold war, the apparent solidity of the Sino-Soviet alliance, the vigilance of the U.S. and the fragility of Japan's postwar domestic political base combined to make friendly relations with the Communist bloc impossible, and relations with the United States crucial. Japan was also engaged in a political debate over territorial issues such as the Northern Territories, which Japan claimed but the Soviets occupied. The Korean war symbolized a catalyst making Japan the outpost of democracy and market capitalism in East Asia. Japan would become, according to the American containment strategy, the frontline in the cold war if Korea had turned communist. George Kennan, the originator of the "containment policy" outlines American strategy in his statement:

"a long-term, patient but firm and vigilant containment...through the adroit and vigilant application of counterforce at a series of geographical and political points...a policy of firm containment designed to confront the Russians with unalterable counterforce at every point where they show signs of encroaching upon the interests of a peaceful and stable world." 10

By the end of the Korean War, U.S. policy towards Japan had undergone definite changes. Realizing the geostrategic
importance of Japan, on the same day as the signing of the Korean Peace Treaty, the Japan-U.S. Security Treaty was signed (April 1954). The U.S. committed itself to respond to any attack on Japanese territory, while at the same time allowing the build up of a self defense force (SDF) in Japan.\textsuperscript{11} Both the United States and Japan realized the vulnerability to attack on Japan, given the limitation of the 1% defense spending clause in Article 9 of the Constitution that renounced war and the use of force by the Japanese.

The 1960's reflected the continued trend toward a closer security alliance with the U.S., as the Security Treaty of 1951 was renewed in 1960. During this period, Japan's foreign policy coalesced around what had begun with Dulles-Yoshida discussions during the Korean War, consequently called the "Yoshida Doctrine."\textsuperscript{12} The basic tenets of this Japanese policy held that Japan's prime goal would be economic rehabilitation based on cooperation with the United States, and secondly in pursuit of this goal, Japan should avoid becoming involved in international political strategic matters. A final goal under this evolving doctrine was the reliance on the United States for Japanese security.\textsuperscript{13}

Throughout the 1960's and 1970's, Yoshida's successors sought to build on his security aspirations including a continuance of allowing the United States to provide security as a
cornerstone of Japanese security policies. In the same period, Japan's defense spending was kept unofficially below the level of 1% of GNP, a principle which was officially acknowledged in 1976 under the "National Defense Program Outline." Japan's approach to security, throughout the 1970's was remarkably unvarying, being built around full and unqualified American security guarantees as well increasing security cooperation by adopting guidelines calling for joint exercises, an exchange of intelligence and joint planning to coordinate efforts in an emergency.

The limiting effect of the close U.S.-Japan relationship on an independent Japanese foreign policy is noticeable not only in the realm of security, but also in economics. Economically, Japan was dependent on the United States for early postwar recovery. Although by the 1970's Japan grew out of this dependency into an economic giant, the Japanese image of itself continued to be one which exaggerated its weaknesses before the perceived strength of the American economy. The global economic conditions of 1960's and the 1970's were in favour of rapid growth rates for Japan. Growth rates reached 10% per year, due to the combination of upward turns in the world economy and the U.S. hegemonic umbrella in both military and economic terms. Japan was sheltered, both militarily and economically by the U.S., resulting in a foreign policy inescapably linked to American interests.
The trend of Japanese foreign policy in following the American strategic policy in East Asia since the end of WWII, continued into the 1980's. With President Ronald Reagan taking office in 1980, the perception of threat from the Soviet Union in the Asia-Pacific increased to even greater levels with Reagan's description of the Soviet Union as an "evil empire."17 For Reagan the Soviet threat was increasing rather than decreasing in the region in the early 1980's.

In that same year, the U.S. also realized that the American defense burden committed to stemming the Soviet threat in East Asia was quite high, vis-a-vis the share assumed by allies in the region, such as Japan. With an increasing trade imbalance between Japan and the U.S. by mid-decade (in Japan's favour, and reaching U.S. $50 billion by 1985),18 a stronger call came from the U.S. in urging Japan to assume a larger share of the defense burden. Faced with serious pressure from U.S. industry and Congress to spend more on defense, in a backlash to the rising trade deficit, the Japanese government, headed by Prime Minister Nakasone, was forced to pledge a greater defense role for Japan. In his trip to Washington in 1983, Nakasone brought up the subject of revision of the defense-inhibiting Constitution, but realized upon returning home that domestic forces (both political opposition and public opinion) would block any
attempt at revision. With respect to economic, political and military Japan has clearly demonstrated a vulnerability to the direction of U.S. policy and opinion, from the early post-war years of reconstruction to the 1980's era of the economic superpower status.

C. DEPENDENCE ON RAW MATERIAL IMPORTS AND FOREIGN MARKETS

One of Japan's greatest weaknesses is its lack of natural resources. Japan is highly dependent on imports of raw materials, especially oil, which have limited the scope of foreign policy towards the nations which provide Japan with the necessities to maintain a successful economy. In the early 1970's for example, the "oil shokku" led to the quadrupling of oil prices, resulting in a high rate of inflation in Japan and the rest of the world. A decline in Japanese exports due to higher costs in Japan and relative decline in the world growth rate, forced a drop in Japan's growth rate, from a phenomenal 10% to 5% in the early 1970's, and to 3% after the second crisis in 1979.19

Clearly, Japan's foreign economic policy is sensitive to its dependence on natural resources as well as the demands of foreign markets as Japan's economy is mainly export-oriented. Japan has become one of the industrial superpowers of the
present period, despite the necessity to import nearly all of its raw materials from abroad. To maintain this economic dynamism, diplomacy has remained as bland as possible and conflict avoidance has been one of the staples of Japanese foreign policy. As discussed previously, in Japan's postwar reconstruction period, dependence on natural resources firmly tied Japan to the United States, especially with regards to oil imports. Japan, therefore was tied into American foreign policy not only as a result of Japanese dependence on American markets and American security, but also on American raw materials.

2. JAPANESE POLITICAL, SOCIAL AND ECONOMIC INSTITUTIONS

The very nature of the Japanese domestic structure has hindered foreign policy-making in Japan. The rapid necessity of internationalization in Japan's foreign policy through the postwar period has been held back by the proclivities of the Japanese political and social systems. The following section will examine the elements of Japan's social and political spheres which have worked to limit Japan's foreign policy initiatives and constrain the decision-making process.
A. CULTURAL FACTORS

Although Japan's social structure rapidly changed since WWII, there was still a gap between values and structural relationships to the requirements of an independent foreign policy. The particular blend of tradition and modernity that has been so successful for Japan's internal economic success, has been suited less to foreign policy-making. This can be explained by the continuance of the Japanese strong sense of cultural identity which has created a separatness from other cultures and countries. The sense of exclusiveness that follows when added to Japan's imperialist past has manifested itself in a feeling of xenophobia that has carried through despite rapid modernization. As it will be shown in Chapter Two, Japan's behaviour in the early 19th and 20th centuries reflected the fear of being swallowed by the West. As a result Japan, unlike China, closed the doors of trade and remained isolated until the mid 1800's. Even after Commodore Perry left Japan in 1853 with no choice but to trade, there remained a sense of exclusiveness, perhaps resulting from the fear of losing their identity.

The nature of Japanese social organization has also placed constraints on an independent foreign policy, in that when a
decision must be made it must go through various channels of
approval to ensure that all those concerned have taken part
in the process and also that a concensus has been reached
among the groups. It is lengthy and often inefficient as
rules of obligation and respect must be adhered to,
resulting in delays in the finalization of any decision, the
result of which can be harmful to Japan if it is faced with a
decision in a period of crisis. Japanese culture has
traditionally revolved around the small group that is bound
by a set of mutual obligations.22 The importance of
hierarchy in interpersonal and intergroup relations within
Japanese society has become and outgrowth of this system,
both at the domestic and international level. Interstate
relations, as a result, have come to be viewed in a
hierarchical fashion, the notion of equality giving way to
relationships based on superior-inferior partnerships. Thus
the character of this system have made relationships with
other countries based on equality very difficult.

B. THE ROLE OF FACTIONALISM

In the examination of Japan's postwar economic growth, many
have made an attempt to understand the variables that have
contributed to Japan's success. T.J. Pempel, for example,
bases the nature of Japan's foreign economic policy as a
product of domestic strength. This strength is based on a coalition of finance, big business, the national bureaucracy, and the consistent rule of the Liberal Democratic Party (LDP). In reality, however, the decision-making process and those actors who are involved in the process are extremely fragmented. It is hazardous to generalize about centralization in Japan, as over the years numerous entrenched pockets of power have developed, each having its own interests, thus creating a situation in which policymaking is limited and confined to some form of consensus.

The Liberal Democratic Party (LDP) which has continuously controlled the government since the end of American occupation in the 1950's, is an example of fragmentation in the decision-making process. The LDP is more a coalition of factions than a tightly run party with a strong leadership. Although ideologically parallel, the factions disagree on a wide range of issues, especially those dealing with foreign affairs. Each of the five main factions has its own source of funding, candidates and except the biggest faction, has more or less the same numerical strength in parliament, and they often demonstrate characteristics of power politics rather than ideological differences. The competition among these factions imposes checks and balances in the LDP leadership and produces much compromising in decision-making. Moreover,
the LDP must rely heavily on the government bureaucracy for talented policy-makers.26

Aside from the divisions of the factions in the LDP, power is further fragmented along horizontal committees or groups, the "zoku" which transcend factional affiliations.27 The zoku committees concern themselves with certain sectors or industries and are usually occupied with the interests of their supporters and their own particular issue area to contribute to general national policies or foreign policy.

As will be clearly demonstrated in the following two Chapters on Japan's policy towards China, this "pork-barrel" approach to politics has hampered the nature of foreign policy in Japan.28 The LDP remains a party of factions (habatsu) built around a single personality and the leadership of the LDP is chosen from those members who can best operate in this complex political environment. The system ensures that any emerging leader must be able to intermix factional domestic politics with foreign policy-making, placing severe restraints on the Prime Minister's ability to carry out leadership.

The system further constrains factional leaders who emerge as Prime Minister as they must find at least tacit consensus amongst the other factional leaders for any foreign policy to
be implemented. This leads to foreign policy initiatives involving minimum risk and controversy, almost immediately excluding any bold policy that may cause extensive debate. For example, the postwar Prime ministers faced a great deal of internal opposition from factions as the party was divided between pro-PRC factions and pro-Taiwan groups. In adopting a policy towards the PRC or Taiwan, the prime minister had to appease the other factions.

As Japan is forced to internationalize its activities and take into account both its place within the state system and its effect on the system, this factional character of decision-making will only make matters worse. The "balkanization" of Japan's policy-making makes the country look helpless whenever quick decisions are called for. Clearly short-term policy decisions that characterize the "habatsu" system are no longer adequate when considering Japan's relationship with the world system.

C. THE PRIME MINISTER AND HIS CABINET

In spite of constraints derived from the need for factional balance in the LDP, the prime minister is of central importance to the foreign policy-making process, as president
of the ruling party and as the chief executive of the government. 30 Despite the dominant constitutional position of the prime minister, Japan's foreign policy initiatives are weak as a result of a combination of factors that restrain the national leader. First, due to the nature of factionalism within the party, any chosen leader represents his faction and not the entire party. The leader is faced with the task of gaining support from other factions and therefore, implements policies that are at the most incremental, and do not alter the status quo to any great extent. In the area of foreign policy, leaders will not take any policy that will cause any substantial opposition from other factions. Secondly, within the LDP, the role of politicians in foreign policy has been hampered by the vastness of issues that a leader has to deal with in the ever-increasing complexity of international relations. For this reason, the Prime Minister becomes quite dependent on the bureaucracy. 31

The first prime minister to convey a dynamic impression in his foreign policy was Kakuei Tanaka (1972-74) who was involved with normalization of relations with China. Since Tanaka, the prime minister who has left the most vivid stamp on Japan's foreign policy agenda, and the only one to be in office for more than two years, was Yasuhiro Nakasone (1982-87). 32 The emergence of such a flamboyant leader as Nakasone
in terms of his individually-centred, personalized style of leadership, is rare in the faction-dominated and collectivist modes of decision-making that prevails in the LDP. Nakasone actively shaped foreign policy through personal diplomacy, the use of personal emissaries and the establishment of unofficial advisory commissions with hand-picked members. Both of these leaders faced considerable opposition from the factions in the LDP, Tanaka on the normalization with China and Nakasone on his vision of Japan's security role. What makes them stand out is that both leaders, inspite of consistent opposition, did attempt to push through the political system, policies that were for Japanese standards, radical.

Notwithstanding Nakasone's leadership style, given the limitations of the Japanese political and social system, his initiatives were in many cases grounded or criticized once they entered into the legislative framework. Often Nakasone's lack of a strong factional power base within the LDP prevented him from maintaining a clear and active foreign policy stance (his faction held only 65 seats in the lower and upper houses compared to 121 by the largest Tanaka faction). Instead he waited for foreign pressure to determine Japan's foreign policy choices. During a trip to Washington in 1983, Nakasone brought up the subject of the
defense-inhibiting Japanese constitution, but realized the domestic constraints of such a topic:

"The Constitution is a very delicate issue and I have in mind a very long range timetable so to speak, but I would not dare mention it ever in our Diet."36

Following Nakasone, was Noboru Takeshita (1987-1989) who was more interested in the party and domestic politics than foreign affairs. When Nakasone stepped down in November 1987, the new prime minister was expected to offer a consensus-building leadership in the extreme.37 As it turned out, Takeshita carried the "habatsu" system to the extreme, making his way to the top by being an artful practitioner of money-politics, continuing a cautionary, bland style of foreign policy-making.38

However, due to his participation in the "Recruit Cosmos insider trading scandal," he resigned in April of 1989. Takeshita received approximately 150 million yen from Recruit in political donations, an amount which stretched the interpretations of the Political Funds Control Law.37 Scandal, however plagued the party, as Sosuke Uno's Premiership lasted less than two months in 1989, due to his link to a sex scandal that involved a Geisha. The choice of the leadership of Prime Minister Toshiki Kaifu (1989-1991) was based on the
fact that although he represents a rather small faction, he presents a "clean" image for the party. His leadership is assessed as being particularly weak as he was set up only as head of a caretaker government, after the disgrace of more qualified LDP leaders in scandals over money and women.38 Kaifu's style is to wait for a consensus to emerge, rather than to coordinate and to lead, resulting in a passive foreign policy.

Although the prime minister has the formal powers of leadership in foreign policy-making, in practice his powers have been controlled. They have been circumscribed to a large extent by the fragmented composition of the LDP, the broker role that he has to perform to retain his political power, the lack of experience of foreign affairs and external demands on Japan for an active policy.

D. THE STRENGTH OF BUREAUCRACY

After WWII, without its own army and navy, Japan no longer had its own continental or maritime defenses. What was left was a broken economy and a nation held together by the one element of the domestic structure that remained from the prewar period, the bureaucracy.39 The domestic structure of prewar Japan was characterized by a triple alliance between
military, industry and bureaucracy. As Article 9 removed the military, and the American occupation removed the industrial zaibatsu (to be later replaced by business organizations called the Keiratsus in 1952), the bureaucracy remained intact to dominate the postwar political system. As American reliance on the bureaucracy during the occupation period strengthened the administrative arm of the government, factionalism in the party and weakness in leadership has supported the bureaucracy in recent years. The case of the Ministry of Foreign Affairs however, is different as it lacks the domestic power base which most other ministries have in order to push their interests. It acts instead as a central coordinator and unifier of conflicting interests of other ministries.40

There has been a great amount of bureaucratic cleavage with regard to foreign policy-making and notions of national interest. Unlike in other nations, Japanese foreign policy and diplomacy is not characterized by the domination of the Foreign Ministry. Instead, since WWII, almost all branches of the government have participated in diplomatic affairs. For example, in Japanese foreign economic policy, not only is the Ministry of Foreign Affairs involved but also MITI (Ministry of International Trade and Industry) and depending on the issue, the Ministry of Finance, the Defense Agency, Natural Resources Agency, Environment Agency, Small-Medium Industries Agency etc. As a result there has been much less cohesion,
that may be characterized as paralysis, over foreign policy decision-making.41

The Foreign Ministry's traditional rival in foreign economic policy is MITI. More and more, with Japan being called to expand its military spending, the Defense Agency is playing a greater role in foreign policy-making. The role of both of these departments has grown with the increased number of foreign trade and defense spending issues which go to the heart of Foreign Ministry concerns. With the increased participation of other ministries, including most recently the Ministry of Agriculture, the Ministry of Finance, and the Environment Agency, the Foreign Ministry often seems weak and incompetent in handling crisis.42 It sometimes emerges as the defender of policies that are beneficial for Japan's longterm international interests, but which involve immediate sacrifices in the domestic arena, resulting finally, in policies that are far from being assertive.

E. INDUSTRY AND BUSINESS

As will be seen in the Chapters dealing with Japan's economic policy towards China, the leaders of the major economic organizations can have an enormous influence on the course of
a foreign policy decision. Big business has a close relationship with both the LDP, through its massive injection of funds into LDP political coffers, and with the bureaucracy, such as MITI (Ministry of International Trade and Industry). The traditionally close government-business link is perpetuated through the Japanese practice of "amakudari," which refers to the career mobility between government and business in Japan. Once politicians retire, many of them pursue careers in industry, maintaining close ties with their colleagues in the government. Industry can be used by either the bureaucracy or the government to gain support on issues that deal with foreign economic policy, creating a coalition of two of the three actors of the "triad" that characterizes the Japanese political system.

This triad is known as "Japan Inc." a term coined by Eugene Caplan. It refers to a concept of a loose conglomerate structure that is applicable to the Japanese economy. Each industry represents a corporate division that carries out its own business. The bureaucracy is the corporate headquarters and has the authority to mobilize the factors of production to benefit the company as a whole, i.e. the state. There is a reluctance on the part of business to act without the consent of the bureaucracy, and as already established, the bureaucracy has a significant influence over the government.
Interests of business, industry and finance also enters the decision-making process through consultation bodies attached to ministries. Major organizations have committees dealing with foreign policy issues where policy recommendations for the government and the bureaucracy are worked out.44 Big business also represents one of the few powerful political lobby groups in Japan. Out of the four main business associations (Keidanran, Nisho, Keizai Doyukai, and Nikkeiren), Keidanran, the Federation of Economic Organizations, has the greatest influence over decision-making on foreign economic policy matters as it is a conglomerate of the largest businesses in Japan. Although business is not monolithic in its influence in foreign policy, as trade increasingly becomes the dominant issue in foreign affairs, business and industry's voice is being heard.

The characteristics of the foreign policy formulation process (the degree of relative importance occupied by matters pertaining to foreign relations, the role of the bureaucracy and industry, the constraints of fragmentation and factionalism on the decision-making process), combined with Japan's vulnerability to external influences, have made Japanese foreign policy ad hoc, reactive, and non-assertive.
As Seizaburo Sato describes it:

"At best Japanese foreign policy is characterized by a shrewed pragmatism and at worst by an irresponsible immobilism." 45

As a direct consequence of the nature of both the external influences and internal restraints on foreign policy, three types of foreign policy decisions emerge: routine decisions, political decisions, and crisis decisions. 46 Routine decisions characteristically deal with noncontroversial situations with little political significance. Neither the desired outcomes, nor the means to reach them are much in doubt. 47 In the area of foreign policy, these decisions come to the attention of the executive elite first, but are quickly passed to bureaucracy for disposition, where decisions are made according to standard operating procedures.

The second form of decision that emerges under the conditions of the Japanese system is the 'political decision'. These are politically sensitive and controversial, where there is a build up of media and public opinion. Here, factionalism becomes a keynote of the foreign policy decision-making process and bureaucracy is ignored. The third and final decision is the 'critical decision' occurring in a crisis
situation, in which ad hoc decisions emerge, a situation which Japan has difficulty dealing with due to the nature of both constraints and the need for consensus. 48

In Chapter Two, the nature of Japanese foreign policy decision-making, as reactive and vulnerable to domestic pressures, will be analyzed with respect to Japan's policy towards China. Japan's postwar position towards China provides a clear example of how factionalism within the LDP, the Prime Minister, the bureaucracy and industry, all constitute, in varying degrees significant limitations on clearly defining and adopting any strong and assertive foreign policy initiatives. External constraints, with regards to Japan-U.S. relations, Japan-Soviet relations, the nature of the cold-war, and Japan's reliance on raw materials will also prove that in terms of foreign policy, Japan is most definitely a "reactive state."
ENDNOTES


16. Takashi Inoguchi, "Japan's foreign policy background" in *Japan and the Pacific Quadrile*, p.82.


25. Ibid.


30. Drifte, Japan's Foreign Policy, p.17.


34. Drifte, Japan's Foreign Policy, p.17.


38. "The new threat from Japan is patience" in The Economist 24 October 1987, pp.41-42.


42. Drifte, Japan's Foreign Policy, p.23.


44. do Rosario, "Unsteady as she goes," p.49.


46. Drifte, Japan's Foreign Policy, p.19.

CHAPTER TWO:

JAPAN'S CHINA POLICY PRIOR TO NORMALIZATION:
RELATIONS BETWEEN 'UNEQUAL' STATES
In chapter one, the emphasis has been on the nature of Japanese foreign policy decision-making. Japanese foreign policy has been limited and constrained by external pressures varying from bilateral relations and Japan's geo-strategic position to dependence on foreign markets and resources. Also, as discussed, the character of the Japanese political structure and all actors in the decision-making process within Japan have left Japan "reactive" and vulnerable in the area of foreign policy-making in the postwar era.

With all of this in mind, Chapter Two will demonstrate how both the external and internal pressures have affected Japan's foreign policy initiatives towards China. It is important to note that the prewar period (pre-Second World War) is described both in the context of giving a historical background to Japan-China relations, but also as another external pressure in post-war Japanese foreign policy. Japan's actions before the war have seriously affected the way in which they conduct relations in Asia and created a sense of caution among Asian states in regards to any aggressive Japanese policies. The Japanese state prior to 1945 also demonstrates a contrast from what we will later see as reactive politics.

In the discussion of the post-war period, this chapter will attempt to demonstrate that Japan was caught up, not only in
the cold war world, but the nature of the country's diplomatic and economic relations were vulnerable to divisions within the ruling party and the character of the Prime Minister and his cabinet. Japan's China policy was the subject of much dispute and inconsistency in the 1950's and 1960's until normalization of relations in 1972.

EARLY IMPERIALISM

Historical ties between Japan and China have made their relationship significantly different from any other relationship between the major powers in the East Asian region. Therefore to examine the nature of Japanese-Chinese relations in the postwar era it is essential to examine the nature of their historical relationship. A great deal of Japan's policies towards China after the war was influenced by the traditional hostility between the two nations in the early 20th century. Although Japan was never subjected to Chinese political control, as were Taiwan and Korea, Japan was a part of the Sinic civilization area, borrowing extensively from traditional Chinese culture. Essentially Japan was bonded to China by geographical proximity, ethnic origin, religion, and the common use of Chinese characters. Geographically Japan and China are separated only by a relatively thin strip of water. Religiously, both nations
were exposed to the Buddhist religion that came from South Asia, and both nations use the Chinese characters, referred to by the Japanese as Kanji.

Three distinct periods of Sino-Japanese relations have emerged in the pre-war period: during the 7th century; during the late 16th century; and during the late 19th to early 20th centuries. In the seventh century, Japan borrowed a great deal from Chinese culture. Japanese leaders implemented programs of social reform based on the model of China's T'ang dynasty. Japan imported the T'ang dynasty's dominant religion, Buddhism and its Confucian values, as well as its political principles, forms of government, patterns of bureaucratic administration, and codes of law. The Japanese also adopted Chinese art, architecture, music and writing system.

In the second distinct period of Japan's relations with China, Japanese interests in East Asia transcended Japan's national borders. In a period when China's stronghold over its traditional tributary states began to weaken with the fall of the Ming dynasty (1364-1655), Japanese forces led by Southern Japan's Hideyoshi, invaded Korea (1591), one of China's tributary states. The Japanese believed that they must conquer Korea to dominate China, and subsequently rule the rest of Asia.
As Korea was invaded from the North, the Ryukyu Islands, to the South of Japan, were invaded in 1609, by the Satsuma han. The political distribution of power in the newly acquired Japanese territory was based on a north-south division. The islands north of Okinawa were under the indirect administration of the Satsuma through the Ryukyu king. The Southern islands were treated with leniency in order to maintain commercial links with China, through which Japan could prosper.6

Japan's influence over China's tributary states extended from claims on Korea and the Ryukyus to Formosa, as Japan encircled China in order to position themselves to dominate the country and eventually the whole region. In 1873, a treaty was signed between Japan and China stressing "mutual respect for dependent states."7 In 1874, one year later Japan launched an expedition to punish the Formosans, after they had allegedly maltreated Ryukyu and Japanese sailors. Essentially, the Japanese actions established a claim over the Ryukyu islands, and also reflected Japan's foreign policy objective of expansion, as they made advances toward Formosa, when Chinese administrative control was especially weak. The Formosan episode is said to mark the beginning of diplomatic disputes between Japan and China over territories in East Asia.8
JAPAN'S ASIAN MONROE DOCTRINE

The Meiji Restoration (1868) in Japan was characterized by forces of political, social and economic change that transformed Japan from a feudal society to a modern state. Japan's pattern of reform met both the threat of increased Western interest in East Asia, and the challenge to modernize. Japanese foreign policy was aimed at expansionism which emulated the Western colonial powers, and also at discarding Chinese tradition for Western ideals and values. Japan's need to simulate the western ideal of being a colonial power finds its origin in two basic factors. First, the Japanese attempted to seek revenge for the forceful opening of the country by Commodore Perry in 1853. In order to 'get back' at the Americans Japan would first need to strengthen both its economy and its military. By becoming a colonial power it could achieve this goal. Secondly, after the Meiji Restoration of 1868, the Japanese moved towards modernization and the Western colonial powers represented the epitomy of the modern state.

In this period of modernization and change, as the Japanese began to emerge as an assertive power in East Asia, the Chinese continued to search for a way in which their ancient traditions could fit into a modern world. The contradiction
in Japan's colonial attitude and China's traditional claims over adjoining states created a situation in which the Ryukyu Islands, Formosa (Taiwan) and Korea became areas of conflict of interest between the two nations. Japan attempted to acquire these regions to expand its markets and project itself as the dominant presence in the region, whereas China maintained that it had cultural ties to all of the territories as they were all once a part of China as a whole.

The first major war between the two nations, fought over Korea, began in 1894 and lasted until the following year. Chinese claims over the northern and western parts of Korea date back to 1100 B.C., whereas Japanese claims of suzerainty over the southern and eastern areas did not begin until 202 A.D. Throughout the centuries, Korea was the subject of hostility between Japan and China due to contradictory claims over the nation, however it always remained an area of enterprise for commerce and trade. Hostilities peaked in 1882, as both the Japanese and Chinese governments became entangled in Korean domestic politics, on opposing sides. China supported a conservative party in Korea which promoted traditional ties between the two nations, whereas Japan supported a more progressive party. Although peace was maintained between Japan and China for a period of nine years after the Tienjin Convention (1885), war broke out between the two nations in 1894. Following both sea and land
battles on Korean and Chinese territories, the Japanese were victorious. The Chinese defeat left Korea in the hands of the Japanese, the first step in formal Japanese expansion. The seizure of Korea secured a marketplace for Japan and initiated a plan for a new order in East Asia, based on Japanese hegemony.13 The Japanese essentially were trying to conquer all surrounding regions to isolate mainland China and eventually conquer it as well.

Japanese superiority in the region increased significantly after the war, as Japan acquired not only Korea, but also Taiwan. The Japanese perceived Taiwan to be a potential new market, a source of much needed raw materials, as well as a step towards further expansion into Southern China and Southeast Asia. With the acquisition of both of these traditionally Chinese states Japan also became a member of the "colonial club," (the group of Western nations that had obtained colonial territories) a membership which the Japanese leaders perceived as being essential to Japan's status as a modern state.14

Following the first Sino-Japanese War (1894-95), not only had the map of political influence changed in East Asia in favour
of the Japanese, but so had Japanese attitudes and policies towards its continental neighbour. Traditional respect for China as a country was now regarded as weak and subject to Japanese control and expansion and Chinese culture was perceived as archaic and backward. 15 Japanese nationalistic sentiments spread to encompass the majority of the population, characterized by emerging feelings of hatred towards China and the Chinese people as the Japanese government and military used minor Japanese defeats and casualties as propaganda and raised them to the level of Japanese martyrs.

As negative sentiments were evident among the Japanese public, the government's foreign policy towards China the first two decades of the new century, was less clear. As China was going through a period of transformation in their form of government, Japan's position of hegemony in the region was under a possible threat if a new regime came into power in China. The Japanese government, therefore attempted to adapt their support in the conflict between the Manchu government (a monarchy system) and the republican forces. In 1911, the Japanese were in support of the old order in China, supplying military equipment to the Manchus in exchange for the acceptance of Japan's dominance in North China (a territory acquired in the Russo-Japanese War of 1904-05).
By the autumn of 1911, Japan's active support of the monarchy began to dwindle as the government adopted a policy of non-interference so as not to incite either the Manchus or the revolutionary forces. Essentially Japan was trying to remain officially impartial so that they could maintain a strong position in China, whatever the outcome of the war, therefore the policy of non-interference because the future of China was not clear. Eventually as opposition to Yuan Shikai, the leader of the monarchical plan in China, grew in the Japanese bureaucracy, the Japanese stated that if a monarchy was ever reestablished, Japan would adopt a policy of non-recognition. The opposition to the monarchical plan grew in Japan not only to Japanese opposition to Yuan but also because there was a definite uncertainty due to lack of understanding the situation in China, as to what effects such a plan would have on Japanese relations with China and its interests in East Asia. Japanese opposition to Yuan was also, in part due to Japanese support of his rival Sun Yat-sen. The monarchical system of government was never brought back in China.

After the fall of the Chinese monarchy and the establishment of a Nationalist government, China entered a period of chaos, as the nation was divided into the conflicting forces of the newly established government and many pockets of power held by regional warlords. For Japan, this presented a situation
in which Japanese imperialism could thrive if the divisions were manipulated properly. To the Japanese, the most important warlord was Zhang Zuolin who, by 1918, governed Northeast China, Inner Mongolia and the North China plains. Zhang had consolidated his power with respect to other Chinese warlords, however he was vulnerable to the Japanese presence in Manchuria.19 This vulnerability came from his attempt to unify all of China left the nation weak and divided as a result of the exploitation of local economies to fund the continuous wars between the warlords. The weakness made resistance to the Japanese expansion more difficult.20

Japan's position in Manchuria became a more important focus of Japanese foreign policy initiatives with regards to China in the mid to late 1920's as Manchuria was an industrial base for Japan as well as a northern corridor into China and subsequently the rest of Asia. By using the regions as a base, under the pretense of trade and commerce, Japan could penetrate the rest of China. 21 During this period, Japan lacked an overall policy towards China as a whole, as most of its attention concentrated on Manchuria. The Japanese attempted to forge an Asian Monroe Doctrine to exclude Western influence in the area and strengthen their own continental position.
During this period, Japanese foreign policy was characterized by the dichotomy between Shidehara's (then foreign minister) "soft" policy of diplomatic negotiation and Prime Minister Tanaka Giichi's "hard" policy of military action. The inconsistency in the Japanese position was further complicated as Tanaka's military approach was opposed by hardline, radical military officials, both in Japan and the Kwantung Army in Manchuria. These hardliners supported immediate, direct and forceful intervention by marching straight into China, whereas the Central Army in Tokyo, although adopting a more severe policy than Shidehara, proposed action but not immediate violence.

In 1927, Tanaka outlined a plan for the colonization of East Asia in a memorial to the Emperor, known as the 'Tanaka Memorial.' Two years later, however, the Tanaka cabinet resigned due to growing pressures from the Kwantung hardliners as well as growing struggle within the bureaucracy over which of the two inconsistent policy lines to follow, that of Shidehara or that of Tanaka. Growing military intervention in Japanese politics was enhanced by Tanaka's use of of generals to conduct diplomacy during his term in office, opening a channel for expanded military influence in foreign policy-making.
THE ESCALATION OF MILITARISM

In March 1931, after increasing internal pressure, political decision-making and strategic planning was turned over to the military. Later that year, in September the Mukden Incident marked the beginning of armed conflict between Japan and China, the assumption of administrative control of Manchuria by the Kwantung Army, and the establishment of "Manchukuo", an independent state. The Kwantung Army supported a policy of severing Manchuria from China proper so that the Japanese could exploit the region to its fullest and also eliminate Soviet presence in the area, whereas the Japanese central government intended to negotiate with the Chinese government. By 1935, the military had solidified their stronghold in the decision-making arena through a military uprising in Tokyo, resulting in a harder policy towards China. Later that year, Japan entered into an alliance with Germany so as to reduce the possibility of Soviet intervention in North China and to gain an ally in Europe. By 1937, the powerful military decision-makers extended their role as guardians in Asia to the "rejuvenation" of China through war, resulting the Second Sino-Japanese War. For the strong Japanese military war would provide benefits of territory much faster than any form of diplomatic negotiation.

During the initial stages of the war, China was divided into
three camps, after the dissolution of the "United-Front" between the Nationalist government and the emerging Communist party. The three forces were: the Communists and two factions in the Nationalist party. Japan used this division to set up "puppet regimes" in Northern China to further divide the country and secure Japanese hegemony on the continent. By keeping China the nation divided there was no force strong enough to counter Japanese aggression in the region. However, as Japanese attention shifted to the Pacific War after the bombing of Pearl Harbour in 1941, less attention was paid to their activities in China. One of the main reasons for the shift in policy towards Pearl Harbour was that as the Japanese successfully entered Northern China in 1937 and French Indochina in 1940, they also expanded into resource rich areas that were dominated by American, British and Dutch forces. In retaliation, the foreign powers froze Japanese assets and imposed trade embargos on oil and metals. The Japanese then vowed revenge on the West. Japan, after suffering from the strength of the American forces and the bombing of Hiroshima and Nagasaki, surrendered to the Allies and ended both its participation in the Second World War and its war with China.
POSTWAR JAPAN: THE AMERICAN DIMENSION

In August 1945, Japan surrendered unconditionally to the Allied Powers and was placed under American occupation. In China, the confrontation between the Communist party (which had expanded its influence in the course of an anti-Japanese slogan) and the Nationalists intensified, resulting in civil war. Initially the Nationalist government, through the receipt of American aid seemed to dominate, however the Communist party capitalized on the public's loss of faith in the government during the period of Japanese aggression and dominated due to superior military tactics. As the civil war in China developed to the advantage of the Communists, the U.S. policy towards Japan underwent a dramatic change, from reform, reorganization and punishment, to the establishment of the island nation as a stronghold for capitalism in East Asia. Essentially post-war relations between Japan and China reflected the harsh posture of cold war relations.

The postwar world was characterized by an increase in the scale and intensity of international relations. Initially this resulted from the establishment of alliances that were perceived as useful in avoiding any future conflict. The American army occupied Japan and SCAP (Supreme Command Allied Powers), under the influence of General McArthur, helped shape the political system on the liberal and democratic
principles of the West. Japan, less confident, as failure in the war had weakened the nation's self-esteem, followed the U.S. lead in all international relations, especially concerning the emerging rift between communist and non-communist states in the 1950's. This confrontation between the two political systems, more specifically between the United States and its allies versus the Soviet Union and its allies reached its peak in 1950 at the outbreak of the Korean War, just at the time the U.S. was sponsoring the return of Japan's independence and the end of its occupation. 27 The U.S. was left with the choice of continued occupation versus Japan as an independent ally of the capitalist system. As an independent ally of the U.S., Japan was naturally "pitted against" the communists states, especially its neighbours, China and the Soviet Union.28 This natural animosity was based on Japan's history of conflict with China and on its remaining territorial disputes with the Soviet Union, ie. the Northern Territories.

It was in this period of the 1950's and early 1960's that Japanese foreign policy decision-making was directed for the most part, by its dependence on the United States for economic aid, political support and international legitimacy in the eyes of other states. This dependence was natural as Japan had not yet rebuilt its shattered national economy or gained full acceptance by the global community. The parallel
in decision-making was intensified as during the Korean War Japan became a base for U.S. and U.N. forces against the Soviet forces which came to the assistance of communist North Korea.

Japanese relations with the United States were further defined in September 1951 as Prime Minister Yoshida and his cabinet signed a peace treaty in San Francisco with 48 countries. The Soviet Union did not sign and China had not even been invited to the conference, as the Communist government was not recognized by the non-communist world. Japan announced that it would not recognize the treaty and criticized it, together with the Japan-U.S. security treaty, as something which looked at the People's Republic of China and the Soviet Union with antagonism and which was turning Japan into an American base. The Yoshida cabinet ignored these protests and by the time the San Francisco Treaty came into affect in April 1952, Japan had also concluded a treaty with the exiled Chinese Nationalist government which had fled to Taiwan in 1949.

RECOGNITION OF THE 'OTHER' CHINA: THE TAIWAN DIMENSION

Japan had little choice in the decision to conclude a peace treaty with the nationalist regime of Chiang Kaishek on April 28, recognizing the Taipei government as the sole legitimate government of China. Clearly, a refusal on the part of the
Yoshida government to extend diplomatic recognition would jeopardize ratification by the U.S. of the San Fransisco Treaty, restoring sovereignty to Japan. The decision to normalize relations with the Guomindang government was announced to Secretary of State John Foster Dulles on December 24, 1951:

"My government is prepared as soon as legally possible to conclude with the national Government of China, if that government so desires, a Treaty which will reestablish normal relations between the two governments in conformity with the principles set out in the multilateral Treaty of Peace. The terms of such a bilateral treaty shall, in respect of the ROC (Republic of China), be applicable to all territories which are now, or may hereafter be, under the control of the National Government of the ROC... I can assure you that the Japanese government has no intention to conclude a bilateral treaty with the Communist regime of China." 31

Internally there was a significant amount of pressure from pro-Taiwan factions within the LDP, such as that of the Kishi faction. Many longtime supporters of Chiang Kai-shek had transferred there support to him in his new regime on the island of Taiwan.

With this treaty, Japan assumed that their state of war with China was over, however Japan had dealt only with Taiwan and not the PRC. Of course to the People's Republic of China, the treaty signed between Yoshida and Chiang had no legitimacy as Taipei was not the legitimate government of China as a whole.
This was the downfall of Japanese foreign policy with regards to Japanese-Chinese relations in the postwar years, as Japan normalized relations with an exiled government, in order to maintain international support, and viewed Beijing as an illegitimate government. The response from Beijing was immediate opposition, as Zhou Enlai, then Foreign Minister, published a declaration stating that the Japan-Taiwan treaty was wholly illegal and would be ignored by his government. It was, in fact, a slap in the face for the PRC government. 32

Although the peace treaty with Taiwan had made a treaty with Beijing impossible, certain developments emerged in the relationship between Japan and China. Japan's official policy was supportive of and consistent with American policy with the primary concern of successive Japanese administrations to avoid taking any well-defined position on China that may produce antagonism from the United States. However, by pursuing a policy that separated politics from economics, a policy that is still active today, the Japanese left channels open to maintain relations with the PRC on the basis of trade, although these economic relations were all unofficial.

**THE PREDOMINANCE OF TRADE: THE CHINESE DIMENSION**

Non-governmental business and cultural organizations aimed at promoting friendly relations between the two nations through
trade and cultural exchanges. As early as 1949, the Japan-China Trade Promoting Association (Nitchu Boeki Sokushinkai) was established by manufacturers and foreign trading companies. China was seen as an enormous market for Japanese exports in an era when Japan was beginning to reconstruct its industries. Also in 1949, in the National Diet, a suprapartisan Dietmember's League for Promoting Japan-China Trade was established and included legislators from both houses representing an influential lobby group. New relations through international trade were realized by the signing of the first Japan-China Non-governmental Trade Agreement in June 1952, and a second in 1953. According to IMF figures, total trade in 1952 reached approximately $15.5 million (U.S.); $34.2 million in 1953; $59.9 million in 1954; $109.4 million in 1955 with steady increases thereafter. All trade was carried out in the condition, initiated by the Chinese that Japan would not promote a two-China policy and would not block normalization efforts with the PRC.

Mainland China did not dismiss the notion of the normalization of ties with their island neighbour. Although reestablishing diplomatic relations at the top level of government was not immediately possible, efforts towards good relations were being made through a step by step approach, starting from those areas were it was possible to do so, such as trade and cultural exchanges. This was
referred to as the "successive build-up method." 35

The decision to pursue trade relations with China, was not unilateral within the Japanese political arena. On the contrary there were was little consistency in the Japanese position towards the PRC. Japan's Conservative leadership consented to America's China policy (the option to recognize Taiwan as the legitimate nation), and had to live with the consequences of that policy. As indicated, various trade organizations encouraged trade relations between the nations, leaving Japan in a position of chronic strain, in fear of instigating a negative response from the U.S. Within Japan, the communist party, the JCP, maintained close ties with China and the JSP, Japan's socialist party opposed Japan's close ties with the United States and regarded the Taiwan issue as a domestic Chinese issue, not to be interfered with by foreign powers. 36 Pressure also came from the pro-Taiwan factions, especially the faction led by Kishi, within the party that conflicted with the pro-PRC factions. The prime minister was extremely vulnerable to the factionalism within the party, as it was the support of factions other than his own that kept him in power. The fact there was no clear domestic consensus on Japan's policy towards the PRC, indicates that it was not only foreign factors that limited Japan's approach to China, but also internal factors that
inhibited any advancement in the early post war years.

Aside from the divisions in the LDP in Japan, the nature of leadership throughout this period had a significant effect on relations with China. Due to flexible attitudes on the part of Prime Minister Yoshida and his successor in 1954, Prime Minister Hatoyama and subsequently the Ishibashi Cabinet, trade with China increased gradually in the mid-1950's (from $15.5 million in 1952 to $151 million in 1957-IMF figures).37

Trade in 1955 was the highest since the end of the war ($109.4 million U.S.) and in autumn of the same year, the first China Fair opened in Tokyo.37 The Yoshida, Hatoyama and Ishibashi cabinets attempted to steer carefully between total integration with American policy and a more autonomous line stressing trade and Pan Asianism.38

The successive build-up method worked until the introduction of the Kishi Cabinet, which advocated the strengthening of Japan's ties with the United States. Premier Kishi demonstrated this position with his visit to Taiwan and a statement that he made during his visit:
"True co-operation between Japan and Taiwan is necessary for the stability of Asia and for world peace. Chinese mainland is now controlled by communism, and the fact that the ROC is in a difficult situation is deserving of the utmost sympathy. In this sense, it would be quite a good thing if Taiwan should be able to recover the Mainland." 39

Kishi's association with a pro-Taiwan faction, created a situation in which the trade that had built up during the first half of the decade, had practically vanished. His statements in Taiwan angered the government in Beijing. He suspended the 4th non-governmental trade agreement between the two countries and negotiations on steel exports were stopped. 40 By 1960, however, Japan saw the downfall of the Kishi government as a result of increasing opposition to his extreme pro-U.S. line and his efforts at renewing Japan's security treaty with the U.S. and the resultant antagonism that it caused the People's Republic of China. The opposition parties in Japan, especially the JSP (Japan Socialist Party), countered the renewal of the Security Treaty with the United States and the way in which the Kishi cabinet "rammed it through the Diet." 41 Here was a clear case of the Prime Minister having a direct influence, in this case negative, on Japan's foreign policy initiatives and foreign relations with China and a situation in which internal influences such as inter-party and intra-party differences were as confining as the constraints on foreign policy from external factors.
During this period foreign policy was an area in which factional and party differences lead to the downfall of cabinets and changes in leadership. Both Hatoyama and Kishi fell from grace because of foreign policy decisions that caused conflict between factions in the LDP and brought them in direct confrontation with the JSP, and the Japanese public. In 1960, for example when Kishi had to resign, the issue was the revision of the defense policy. In fact, the revision of the policy was overlooked as the treaty was pushed through only by a parliamentary loophole, even though there was a considerable amount of opposition.42 Not only did this situation created distress within the Japanese political sphere but also caused inconsistency in its relations with the PRC in the latter half of the 1950's as the PRC could associate the renewed ties with the United States as pro-Taiwan and anti-PRC.

After both Hatoyama and Kishi had resigned under pressure from, most importantly, opposing factions and opposition parties due to the nature of their foreign policy decision-making, both Ikeda and Sato took a new approach. Ikeda and Sato, who was Prime Minister Kishi's brother, had a tendency to avoid any new initiatives that would bring on any inner-
party disturbances resulting from factional conflict. They would postpone decisions and moderate their policies in order to maintain harmony within the party. Ikeda was more cautious in avoiding the same sort of confrontations that troubled Kishi. He tried to meet the demands of the U.S. by maintaining trade and defense links with the United States and Taiwan, well as satisfying the demands of the nationalistic policies of both domestic and foreign critics. Sato was willing to brush aside objections of opposition parties and the factions in his party and show some support for the U.S., however his approach was a more moderate one.43

Prime Minister Ikeda stayed away from any stance that seemed confrontational to China and instead showed a positive attitude to relations with China, once again through the medium of trade which appeased any political opposition. As in other cases Ikeda attempted to secure support and appease both pro-Taiwan and pro-PRC factions within the party so as to maintain his dominant position as party leader and prime minister. Ikeda attempted to maintain stable relations with the United States by continuing the Japanese support for Taiwan. By the early 1960's, Japan was practicing what seemed like a two-China policy.
In 1962, Takasaki Tatsunosuke, who was the former president of the Manchurian Heavy Industry Company and involved with China on a non-governmental trade basis headed a group which visited China in November 1962. They were invited by Liao Chengzhi, chairman of the Asian-Africa Regional Committee to discuss China's "Three Principles for Trade with Japan" that had been proposed in mid-1960, by Premier Zhou Enlai. The principles were that "Japan should not adopt a hostile attitude towards the PRC," "it should not follow the American conspiracy to create two Chinas," and that "it should not obstruct normalization." 44

The method of transaction between China and Japanese "friendly trading firms" that developed from this meeting became known as LT-trade, referring to the initials of Liao and Takasaki. "LT trade between 1963 and 1967 grew to an annual average total for combined imports and exports of approximately $100 million.45 This amount was a supplement to the already expanding "friendly trade" which was carried out directly between the Chinese government and small-size private Japanese firms at the biannual Canton Trade Fairs.

As relations with the Mainland were improving and trade was expanding, Japan's relations with Taiwan were slowly beginning to deteriorate. In October 1963, a Chinese translator by the name of Zhou Hongjing came to Japan
with a group to study Japanese industry. While he was in Japan he asked for asylum from the Soviet Embassy in Tokyo, then switched to Taiwan and then to the Japanese government.

On Zhou's decision to return to the Mainland, Japan arranged for his return to China, resulting in criticism from the Taiwanese government and the boycott of Japanese goods. This was however, perhaps a mere excuse as Taiwan was showed signs of resentment over trade relations between Japan and China. In a subsequent effort to calm the opposition in Taiwan, former Prime Minister Yoshida wrote to Taiwan's Chief Cabinet Secretary expressing his regret at the situation and promised that: (1) a study would be given to the proposition of putting all financing for the export of plants to China on a non-governmental basis; and (2) approval would not be given to the Japan Export-Import Bank to finance some exports to China. The letter was in fact a way to salvage the deteriorating Japan-Taiwan relationship, that was evident through both political and economic channels. In 1964, Japan's trade with the PRC had surpassed that with Taiwan, and by 1965 with trade reaching $469.7 million, the PRC became Japan's fourth largest trading partner after the U.S., Australia and Canada.

Between 1965, when Prime Minister Sato came into power, and 1970, LT trade reduced to its 1963 level to $70 million. At
the same time, the decrease in LT trade was balanced by an increase in "friendly trade" as large Japanese companies created smaller subsidiaries to participate in the Canton Trade Fairs. The fall in trade, however, was a result of, in part, Chinese retaliation to the Sato government. The Sato government had made the Yoshida letter to Taiwan, an official policy, and showed no intention to ever recognize Beijing as the official and legitimate government of all of China.

Japan-China relations once again took a downswing, on its rollercoaster ride, from one administration to another. Relations reached a low period after five years of improvement under the Ikeda regime. Sato's visit to Taiwan in 1967 to improve Japan-Taiwan relations was seen as a direct insult to the PRC; hostilities increased in Southeast Asia with the American intervention in Vietnam; and most importantly the Cultural Revolution in China led by Mao Zedong changed the face of China. All of these factors contributed to the slow decay of Sino-Japanese relations.

The People's Republic was in an era of disorder as China looked inward to seek out the counterrevolutionary forces in the political structure, consequently isolating themselves indefinitely from the outside world, both diplomatically and economically. As the Cultural Revolution reached a high point
in 1967, and reformists such as Liu Shaoqi and Deng Xiaoping were ousted from power, the Chinese "Red Guards" went on a rampage against foreigners in China. As China was already irritated with the Japanese and especially Prime Minister Sato, seven members of Japanese trading firms based in Beijing were arrested on charges of spying and were not released until 1969. Sato's separation of politics and economics lacked any basis as due to the political tensions, LT trade was frozen, as a consequence of both Sato's anti-China policy and China's harsh position regarding foreign relations.

In pursuing his interests in maintaining close ties with the U.S. through the position of recognizing Taiwan as the legitimate Chinese state, Sato released a joint communiqué with President Nixon, which further damaged relations with Beijing.

"Mutual security interests of the U.S. and Japan could be accommodated withing arrangements for the return of the administrative rights over Okinawa to Japan....the security of the ROK was essential to Japan's own security and the maintenance of peace and security in the Taiwan area was also a most important factor for the security of Japan."
The communique refers to the return of Okinawa to Japan, as the island was used as a base for the American military following the war and especially during the Korean War. The Chinese reaction to the statement and the return of Okinawa was quite forceful. It is evident that the Chinese reaction would be negative as the return of Okinawa signalled the revival of "Japanese militarism in Asia under the guise of American imperialism." For China, the scenario resembled the early period of Japanese imperialism in their attempt to create a 'Greater East Asia Co-prosperity Sphere'.

The sensitivity felt on the part of the PRC government in linking Taiwan and South Korea to Japanese security interests was threatened even further as Sino-Japanese trade ended in April 1970. Zhou Enlai responded by issuing his "Four Principles on Trade". The PRC would no longer trade with Japanese firms that: traded with South Korea or Taiwan; had large capital investments in these same two countries; supplied weapons to American military in Indochina; and had large amounts of American capital invested in them. With these four new rules of trade, both political and economic relations between the two nations reached a seriously low period.
THE SOVIET FACTOR

Although the emphasis so far has been on the struggle for dominance in East Asia, between Japan, China and the United States, the Soviet Union is a crucial factor in understanding the nature of politics in the region. Early Japan-Soviet relations reflect a history of misunderstanding and distrust evident in their modern day relationship. In the late 1800's the Russian Empire was forced to look away from Europe and focus on the developments in Asia that ensued after Japan's victory over China in 1895. Japan, as already mentioned, acquired a substantial foothold on the East Asian mainland at this time. The Anglo-Japanese alliance in 1902, clearly aimed at hindering Russian influence in Asia, was also a cause for alarm in Russia.53

Russia was also busy acquiring territory such as Port Arthur and the southern Liaotung Peninsula (1898), and pressuring Japan by pushing deeper into Southern Manchuria and northern China after the Boxer Rebellion in China (1900).54 The rivalry for territory on the Asian mainland culminated in "the first Pearl Harbour" as Japan attacked Port Arthur in 1904, and defeated the Russians in the Russo-Japanese War.
Japan also played a significant role in the Siberian intervention (occupation) of 1918-25 by placing thousands of troops at strategic locations, when Western powers attempted to oust the Russian Bolshevik government. This type of threatening behaviour, perceived by the Russians as Japanese imperialism, continued into the 1930's when Japan declared the establishment of the state of Manchukuo in 1931.

Japan-Soviet relations were as vulnerable to the cold war as were all the bilateral relations in the region. In the post-war years, the Soviet Union occupied the Northern Islands, a series of islands that lie between Japan and the Soviet Far East. Stalin announced that the Soviet Union desired to fortify the islands to turn them into "veritable bastions forming a screen of steel" to protect the Soviet Far East.55 The Treaty of San Fransisco (1951), once signed by Japan "renounced all rights, title and claims to the Kurile Islands and to that portion of the Sakhalin and the islands adjacent to it" officially making the passing of ownership out of Japanese hands.56

Upon the normalization of relations between Japan and the Soviet Union in 1956, Moscow stated that the two islands of Shikotan and Habomai would be returned to Japan once a treaty had been signed officially ending World War II between them.
(the Soviets hadn't signed the San Fransisco Treaty). However, continued Japanese security ties with the U.S. during the height of the cold war period, and especially the Japan-U.S. security treaty of 1960 forced the Soviets to retract their offer.57 Reflecting the nature of the U.S.-Soviet conflict, the Soviets demanded that American forces in Japan must leave before the islands were returned, leaving Japan in constant stress between relations with the Americans and relations with the Soviets.

Aside from attempting to reduce American political and military influence in East Asia, especially with respect to Japan, the Soviet Union's foreign policy in the cold war period was to contain China. For a brief period after World War II, both China and the Soviet Union were bonded by their shared resentment of American imperialism. Due to the failure of the Soviet economic model in China, ideological differences, territorial disputes and increasing rivalry in the Third World, their relationship began to break down in the 1960's, culminating in open border conflicts by the end of the decade.58 Moscow now had to contend with China's increasing power in the region as well as the continued American and Japanese domination of the Far East.
NORMALIZATION BETWEEN JAPAN AND CHINA: TOWARDS A RELATIONSHIP BETWEEN EQUAL STATES

On July 15, 1971, President Nixon announced that Kissinger had secretly spoken with Premier Zhou Enlai and that he, the President, would visit the People’s Republic of China in 1972. Premier Zhou and Mao Zedong decided to seek rapprochement with the United States in an effort to balance out what was perceived to be a growing threat from the Soviet Union after several incidents of fighting and growing Soviet military strength on the Sino-Soviet border. On the part of the American government, Nixon wished to increase American leverage in the Strategic Arms Limitations Talks (SALT) with the Soviet Union and to acquire China as another ally in the East, as their actions in Indochina were creating much protest at home and abroad.

Nixon's decision had a great impact on Japan and was no doubt received with shock by Sato, primarily because Japan did not recognize China as a result of Japan's support of the American policy of non-recognition; and secondly by the simultaneous surtax adopted by the United States of Japanese goods. President Nixon had acted independently with no prior consultation with Japan, therefore the trust and good faith with which relations between Japan and the U.S. had flourished under the Sato administration was seriously
thwarted. Japan now needed to review its policy towards the two China's which had become inconsistent with American intentions as well as reassess the character of its political leadership, more specifically Prime Minister Sato. Hostility towards the Sato administration is best represented through the "Joint Statement of China-Japan Friendship Association of China and Visiting Delegation of the Japanese Dietmen's League for Promoting Restoration of Japan-China Diplomatic Relations on October 2, 1971:

"The Japanese side deeply regrets that the Sato cabinet, in disregard of opposition by public opinion, has acted as a co-sponsor for the reverse important question and complex dual representation draft resolutions (with respect to the recognition of Taiwan). The Chinese side points out that the Sato government which follows its own bigoted course and stubbornly pursues the policies of following the U.S. and of hostility to- will meet with irretrievable defeat." 60

Prime Minister Tanaka Kakuei took office with a newly appointed cabinet in July 1972. Tanaka had no choice but to follow a position that would bring forth the normalization of Japan-China relations due to both pressures from the United States and the fate of the Sato administration, and this was made clear upon his acceptance of leadership of the LDP and the consequent role of leader of the government. China's response to the new Japanese leadership was favourable, for the first time since the Ikeda administration as plans were
made for a meeting between Tanaka and Zhou to formalize relations between the PRC and Japan. At a dinner on September 18, 1972, in honour of the visit of Premier Tanaka to the PRC, Zhou Enlai spoke of future relations between the two nations:

"At present tremendous changes are taking place in the world situation. After assuming office, Prime Minister Tanaka resolutely put forward a new policy towards China, stated that the normalization of relations with the People's Republic of China would be expedited and expressed full understanding of China's three principles for the restoration of diplomatic relations and has, to this end, taken practical steps." 61

Tanaka opened diplomatic relations with China in September 1972, with a visit to the PRC. On September 29, 1972, both Zhou Enlai and Tanaka Kakuei signed a joint communique normalizing relations between the two nations that had for so long been in political conflict. Japanese motives for the establishment of peaceful relations was further symbolized in the announcement that the Peace Treaty with Taiwan that was signed in 1952 was no longer valid and all diplomatic relations would be suspended. Japan now recognized the PRC as the legitimate government of China, while maintaining unofficial, non-governmental trade relations with Taiwan.
In concluding this chapter there are a few important points to note. First, Japan's early relationship with China (before World War II) was characterized by a foreign policy that was aggressive and forceful. The reason behind this is that Japan had little or no foreign pressures from the west with regards to its China policy. Even after the establishment of the puppet regime of Manchukuo, when China appealed to the League of Nations, no member of the League took any action against Japan. Foreign policy was, however, vulnerable to internal pressures that mounted once the military gained power within the ranks of the foreign policy-making apparatus. It was the split between the civilian leadership, military leaders and the minority military hardliners that gave way to a vacuum, giving the military hardliners an opportunity to be assertive in their fierce approach toward China in the late 1920's up to the end of the Second World War.

Japan's postwar China policy was a victim of the global divisions between socialist states and capitalist states characteristic of the cold war period. External pressure was immense, Japan following the American lead after American led reforms and infusions of monetary and defense aid as well the granting of political legitimacy in the international arena. In addition, splits in the political arena between the
parties, divisions in the LDP, inconsistency in leadership and the contradiction between economic relations and diplomatic relations led Japan into a situation that was unclear, inconsistent, and damaging to future relations between the two nations.

In Chapter Three, Japan's policy towards China will be further examined through a discussion of the process of formalizing normalization in the 1970's and the nature of relations in the 1980's. In these two decades, as in the postwar decades, Japan's policy has been limited by factors both within Japan and outside. Again, factionalism will be presented as the most dominant force in constraining Japanese policy-making, however there is a shift in the 1970's from the United States to the Soviet Union as the most imposing external influence. In the 1980's, external factors become less prominent in Japan's policy (although they still exist), but internal constraints remain as Japan has attempted to separate diplomacy from foreign economic relations.
ENDNOTES


7. Ibid.


11. Ibid


25. Tagawa Seiichi, "Don't forget the well-diggers" in *Japan Quarterly* Jan-Mar 1979, p.23.


28. Ibid.

29. Tagawa Seiichi, "Don't forget the well-diggers," p.22.


33. Tagawa Seiichi, "Don't forget the well-diggers," p.25.
34. Ibid.
35. Ibid.
37. Tagawa Seiichi, "Don't forget the well-diggers," p. 30.
39. Ibid, p.89.
40. Langdon, Japan's Foreign Policy, p.78.
42. Langdon, Japan's Foreign Policy, p.7.
43. Ibid, p.4.
44. Ibid, p.98.
46. Tagawa Seiichi, p.30.
47. Langdon, Japan's Foreign Policy, p.103.
48. Ibid.
51. Mueller, China and Japan, p.118.


59. Mueller, *China and Japan*, p.120.


CHAPTER THREE

JAPAN'S CHINA POLICY AFTER NORMALIZATION:
RELATIONS BETWEEN EQUAL STATES
NEGOTIATING A TREATY: THE PEAK IN REACTIVE POLITICS

"China and Japan are neighbouring countries separated only by a strip of water, and there was a long history of traditional friendship between them. The two peoples ardently wish to end the abnormal state of affairs that has hitherto existed between the two countries. The termination of the state of war and the normalization of relations between China and Japan—the realization of such wishes of the two peoples will open a new page in the annals of relations between the two countries."1

On August 12th, 1978, the Japan-China Treaty of Peace and Friendship was signed, initiating a new era in Sino-Japanese relations. The treaty was completed after six years of negotiations, following the renewal of official Sino-American relations in 1972 and the subsequent Zhou-Tanaka Joint Communiqué (1972) which called for a treaty to be concluded based on Japan's recognition of China as the sole legitimate government of China; Japan's recognition that Taiwan is a part of the PRC; the establishment of Embassies in both Tokyo and Beijing; the PRC's renunciation of any war indemnities from Japan; neither country should seek hegemony in the region or support any nation that does; and normalization would not be directed against any third country. The six year delay in concluding the treaty can be explained as a result of political instability in China; and
also factional disagreements within the LDP on the direction of Japanese foreign policy matters and on the content of the treaty itself and political scandal.

In his text, *The Fragile Entente*, Dr. Robert Bedeski attributes the reasons for signing the treaty in 1978 to four critical factors which not only determined the character of the treaty but also the timing. First, President Carter's plan to remove troops from the Republic of Korea and all ground forces from Vietnam created a situation in which the strong role of the United States in East Asia remained uncertain for the future. If the United States left the region, it can be assumed that the possibility exists that the Soviet Union may make an attempt to fill the vacuum that is left. In such a case the Peace and Friendship Treaty (hereafter referred to as the PFT), would contribute to the stability of the region by strengthening Sino-Japanese relations to counter a Soviet threat.

The second factor underlying the PFT was that China needed foreign assistance to repair the damages of the Cultural Revolution. During this time, Mao had virtually closed off China from the outside world in an attempt to concentrate on domestic political struggles and as a result the economy had suffered terribly. Thirdly, as there was no change in the Northern territories issue, the Japanese participation in
such a treaty may have been used as a tactic to get the Soviets to follow a more moderate line and negotiate with the Japanese government. And finally, in light of the declining fortunes of the LDP as a result of economic stagnation and Japan-U.S. trade hostility, the PFT would provide Japan with an expanded market. These and other factors will be examined further but it is necessary to first assess the political situations in both China and Japan that caused the delay in reaching a final agreement.

As discussed in Chapter One and demonstrated in Chapter Two, from the beginning of the LDP rule in 1955, the party was divided into several factions. The LDP became a coalition of various blocs formed under the leadership of a Diet member who was kept in office out of loyalty, obligation and personal gain rather than by political stance. Generally the LDP was and still is ideologically conservative, but in the sphere of foreign policy decision-making, their opinions differ considerably, especially with regards to the issue of China. In the 1970's the dominant factions were the Ishi faction, the Sato faction, the Fukuda faction, the Murakami faction, Nakasone faction and the Miki faction, some of whom supported a pro-Taiwan stance and others a pro-normalization position.
When Tanaka Kakuei became prime minister in 1972, neither he or his newly appointed Foreign Minister, Ohira Masayoshi, belonged to any of the LDP's pro-PRC or pro-Taiwan groups within the party. This non-alignment left them both in a situation to further the process of normalization. When he came to power, it was evident that Japan could move only in the direction of better relations with China, as former Prime Minister Sato had proposed a "one China" policy in reaction to the new American position as well as to ensure stable relations with the U.S.

Tanaka's campaign had been based on the slogan "Don't miss the boat to China." Such a slogan would suggest that he would take a significant step in putting the wheels in motion towards a clearer and more assertive policy towards China. However, distracted by the factional conflicts within the party over the Nixon shocks and over the divisions between Tanaka's faction and that of the Fukuda faction (Fukuda was Sato's choice as successor), Tanaka passed on the China policy to the Ministry of Foreign Affairs. It should be kept in mind that the "Gaimusho" (Ministry of Foreign Affairs) was as divided over the China issue as the party itself, creating restraints on any possibility of a speedy treaty. Its division was based on those loyal to the Guomindang regime in Taiwan and those who envisioned normalization with China.
As internal constraints played an important role in the nature of treaty-making in Japan, so did external influences, most significantly that of the Soviet Union. In early 1972, Foreign Minister Gromyko visited Tokyo and renewed prospects for the resolution of the longstanding Northern Territories issue between the Soviet Union and Japan. However, when Tanaka came into power there was no mention of negotiations. Japanese Foreign Minister Ohira visited Moscow in the fall of 1972 to discuss the Northern Territories issue, however the Russians were reserved in their position, resulting in the hardening in Tanaka's position.5

At the same time the Chinese attempted to use the territorial issue to their advantage in relations with Japan. Zhou Enlai announced that China supported Japan's claims to the Kurile islands and would "fight alongside the Japanese against the Russians."6 This was obviously an attempt to counter any threat from a joint Japanese-Soviet Alliance. By 1973, after Nixon's visit to China, Gromyko refrained from using the now familiar expression "the matter has been settled" when dealing with the Northern Territories issue.7 In not saying this, there was a strong hint that the Soviets were not unshakeable in their position, a possible attempt to prevent Japan from moving closer to China, as the United States had done. The Soviets at this time were well aware of the Japanese movement toward better relations with China, which
further hardened the Soviet stance in the mid-1970's. This was the situation given that Beijing continued to emphasize its support of the Japanese claim to the islands, with such statements as "the Japanese people's demand that the Soviet social imperialism return to them the four Northern Islands en bloc and unconditionally is the legitimate right of the Japanese nation..." It was in this triad, in which both the Soviet Union and China attempted to finalize an alliance with Japan, using ploys such as the Northern Territories issue on the part of the Soviets and the Soviet threat and American alliance on the part of the Chinese, that Japan's policy towards China became entangled.

Internally, by the mid-1970's Tanaka became entrenched in political struggle. In July 1974, the House of Councillors election produced a situation in which the LDP was only able to remain in power by exploiting the divisions in their opposition. Tanaka was forced to resign as prime minister as he was charged with improper dealings in both political funds and his own personal assets. Subsequently in 1976, he was arrested for receiving bribes from the Lockheed Aircraft Corporation.

After Tanaka's resignation, Miki Takeo formed a new Cabinet in December 1974. His Cabinet was weak against the stronger
Fukuda, Ohira and Nakasone factions that opposed his attempt at reform to eradicate corruption from the party. In light of his faction's weakness in size and support, Miki could not complete a treaty with China. His Cabinet was under severe restraints, not only by the nature of domestic economic crisis but also by pressure from other factions that were weary of Soviet reaction to the treaty as well as Taiwan's response to the same.\textsuperscript{11}

By 1976, Miki's faction was replaced by the Fukuda faction and Fukuda Takeo became Prime Minster in December of that year. This change in leadership presented a further delay in negotiations with China, as Fukuda's faction was pro-Taiwan and Fukuda himself "remained resentful of Tanaka's use of the China issue against him in his defeat in 1972."\textsuperscript{12} These constant upheavals in political leadership in Japan explain, in part the delay in forming a treaty with China.

Fukuda's main opposition to the treaty itself originated in the "anti-hegemony clause" (Article II):

"The contracting parties declare that neither of them should seek hegemony in the Asia-Pacific region or any other region and that each is opposed to efforts by any other country or group of countries to establish such hegemony." \textsuperscript{13}
The word "hegemony" was used initially in 1972 in both the Sino-American Shanghai communique and then in the Sino-Japanese joint statement made later that year. The terminology of the clause was interpreted by the Soviets to mean "anti-Soviet" and was one of the reasons for the six-year delay in the signing of the treaty between Japan and China. The clause was perceived by the Soviets as a Chinese tactic to enlist Japan in an anti-Soviet united front, in a period when Sino-Soviet relations were at its lowest. Moscow accused Japan of submitting to Beijing, although it was aware of the danger of including the clause which was openly anti-Soviet and served the interests of the Chinese leadership. Moscow added that the treaty was designed to enable China to "widen its sphere of influence in Asia." Fukuda was not willing to sign the treaty with the anti-hegemony clause, in fear of worsening relations with the Soviet Union. His position was enhanced as Foreign Minister Kiichi Miyazawa visited the Russian occupied Northern Territories, the first time that a foreign minister had inspected the disputed area. This visit created more stress in the Japan-Soviet relationship as it was not an official visit, leading Fukuda to place improvement of relations with the Soviets as one of his top priorities. By signing the treaty with China he would most definitely jeopardize Japan's
already sensitive relationship with the Soviets.

China's final tactic in convincing the Fukuda government to reach an agreement was one of economic gains. After the death of Mao Zedong in 1976, and the consequent elimination of the "Gang of Four" (radical faction leaders and Mao supporters: Wang Hungwen, Zhang Chungiao, Jiang Qing, Yao Wenyuan) an ideological constraints on trade and development were lifted in the Chinese economy. Mao's successor, Hua Guofeng, upon his initiation as premier presented an economic plan known as the "Outline of the Ten-Year Plan for the Development of the National Economy." 16 As China attempted to reconstruct its economy after the Cultural Revolution and Japan sought a larger market, trade became a central issue in the prospects for a new Japan-China relationship.

Hua's new economic plan used as its basis Zhou Enlai's proposals of the "Four Modernizations" which focused on the modernization of agriculture, industry, national defense, and science and industry.17 To finance this extensive program, China required substantial amounts of capital, and the most obvious sources were Japan and the U.S. (due to their economic strength and recent positive diplomatic moves towards the PRC). For Japan, importing Chinese oil would be cheaper than imports from the Middle East, and the foreign
currency that China would acquire from such sales would enable the Chinese to buy Japanese products. The Japanese business community saw in China, a new market, an enormous supply of labour, and a vast source of natural resources.

It is here that one sees the role of big business as a significant influence in the formation of foreign policy in Japan. In February 1978, the Long-Term Trade Agreement (LTTA) between China and Japan was concluded and marked the significance of the separation of economic policy and diplomatic relations in Japanese foreign policy-making. Although the LTTA was not an intergovernmental agreement, but rather a non-governmental pact, it laid the foundation for the conclusion of the Sino-Japanese Treaty.

The LTTA was mainly a Japanese initiative led by Inayama Yoshihiro, the vice-president of the Keidanren (Japanese Federation of Economic Organizations) and President of Nippon Steel Corporation. In China, Liu Xiwen, the Chinese vice minister for trade, negotiated a private agreement with Inayama, in which Japan and China were committed to approximately $20 billion over a period of eight years. The agreement was based on the complimentary nature of the Chinese and Japanese economies, China's natural resources fueling Japan's resource poor economy, and Japan promoting
China's modernization efforts through trade of manufactured goods, technology and the transfer of foreign exchange. In 1978, China's total imports from Japan was higher than $3 billion and Chinese exports to Japan, mainly oil was more than $2 billion (figures have steadily increased since 1978 to reach more than $8.2 billion in Chinese imports and $7.4 billion exports in 1987).20

With increases in trade and the relaxation of the trading atmosphere, by September of 1978, the LTTA was extended by the Minister of International Trade and Industry (MITI), Komoto Toshio, and Vice Premier Li Xiannian. The LTTA was now in effect until 1990, an extension of five years, increased the total amount of trade to $60 billion.21 In light of the negotiations and the strength of new economic relations between the business community in Japan and the Chinese government, as well as the involvement of the bureaucracy (ie. MITI), Prime Minister Fukuda had little choice but to reach an agreement regarding diplomatic relations between the two nations.

Fukuda's main reservations, as discussed earlier, rested in his disapproval of Article Two, the "Anti-hegemony clause" due to its possible interpretation as an anti-Soviet clause. In order to conform to the positive evolution of economic relations, although not official on the Japanese side, Fukuda
attempted to find a way to accept the treaty. Fukuda's 'way-out' was his insistence on the inclusion of Article IV (the third country clause) in the Peace and Friendship Treaty (PFT). It states:

"The present treaty shall not affect the position of either contracting party regarding its relations with third countries."

Both the anti-hegemony clause and the third country clause were products of concessions by both governments. In Article II, both Japan and China renounce any form of hegemonic action in the East Asian region by either of the two nations. The Article, as indicated earlier, will not stand by any hegemonic action of any other country or group of countries. For China, this "other country" implies the Soviet Union, however for Japan, in order not to provoke any negative sentiments from the Soviet Union, leaves this part of the clause vague. By including the third country clause into the treaty, if the Soviet Union does take some "hegemonic action" (or what the Chinese perceive to be hegemonic), China can demand Japan to take a response based on Article II, however Japan can refuse to take action by using Article IV, to defend its prior relations with a third country, the Soviet Union. It is also important to note that the Chinese wanted the PFT to have a date of expiration on the treaty, whereas the Japanese did not want to have any time constraints, as
that would be similar to a military type of treaty and the
Japanese were already being cautious so as to avoid further
discontent from the Soviets.

In August 1978, the Japan-China Treaty of Peace and
Friendship was signed. It is evident that during the six
years between the normalization of Sino-Japanese relations in
1972 and the actual conclusion of an official treaty, many
factors, both internal and external worked against the speedy
finalization of the PFT. In Japan, factional conflicts and
the crisis of political legitimacy due to scandal and
economic stagnation hindered the LDP government from creating
a clearly defined policy towards China. Constant struggles
between factions after the resignation of Tanaka, left Japan
in a period of political instability and unable to make any
firm decisions regarding foreign policy initiatives. In
China, factional and policy struggles intensified and reached
their peak after the deaths of Mao Zedong and Zhou Enlai in
1976, the purge of the Gang of Four, and the emergence of a
new leadership that centred around Hua Guofeng, Deng
Xiaoping, Li Xiannian, and Ye Jianying. It was not until the
5th National People's Congress in early 1978, that Deng
Xiaoping established himself as the dominant figure in the
Chinese political structure and the crisis of leadership came
to an end.
Externally, it was the Soviet Union that had the greatest influence on Japan's foreign policy decision-making, taking the place of the United States. Japan's concern with maintaining stability in the region, good relations with both the Soviet Union and China, as well as regaining the disputed Northern Territories, left Japanese decision-makers in a very delicate situation. The eventual compromise, to satisfy both the Chinese and Soviet governments and to protect Japan's relations with each was the inclusion of both Articles II and IV in the final treaty with China. Although this compromise did result in the signing of the PFT it is essential to note the effect of both the business community in Japan and the bureaucracy, in promoting relations between Japan and China by signing the LTTA. As political stability followed the demonstration of economic stability between the two nations, the LTTA and PFT reflect Japan's foreign policy initiatives in the 1980's, that of foreign economic policy versus diplomatic relations.
"Japan and the PRC appear to have achieved a degree of political rapport and economic interaction radically different from the situation that prevailed a few decades ago, but one should not exaggerate the current situation. Inflated expectations in certain economic circles have faced along with extensive romanticism attending the initial era of Sino-Japanese diplomatic relations in the 1970's. Japan expects to play a major role in China's industrial revolution, but it also recognizes that China's modernization will be protracted and accompanied by many problems."23

Japanese policy towards China in the 1980's has been characterized by the Japanese concept of "Seikei Bunri," which essentially means that Japan has attempted to maintain a policy in which economic relations is separate from political relations. Although this separation has persisted, there have been instances in which the two paths have crossed. Although elements of internal political conflict in Japan and external pressure from Japan's relations with the U.S. and the Soviet Union, still influence foreign policy-making in Japan to some extent, they are overshadowed by two other elements that constrain Japanese action. Japan's foreign relations with China in the eighties has been directed by Japanese economic motivations, and secondly by the historical nature of their relationship itself. This section will focus on the main events that influenced Sino-Japanese events in the 1980's: the Baoshan Issue (1981); the
textbook controversy (1982 and 1986); and the Tiananmen Square Massacre (1989). Although these are not the only events that took place in the 1980's they are used in this section because they best describe the environment of Sino-Japanese relations in this period, especially the notion of 'seikey bunri'.

The Baoshan Issue

Following the death of Mao Zedong and the rise of reformers Hua Guofeng and Deng Xiaoping, the Chinese economy opened up to international trade and "China fever" raged through Japanese business and industry, as markets for trade and sources of raw materials became available. A flood of commitments were made by Chinese officials and value trade grew from $3.4 billion in 1977 to $10.3 billion in 1981.24

The LTTA was signed in 1978, valuing trade at $20 billion over 5 years. Trade was primarily based on Chinese exports of crude oil and coal. The Chinese expected that oil production would increase from 7000 to 15,000 tons per year by 1982, and coal from 500 tons to 37,000 per year.25 In return Japan was to sell $7-8 billion in plants and technology plus $2-3 billion in construction material and machinery to China in an attempt to aid the Chinese program of economic reform. By the
end of 1978 in an atmosphere of good diplomatic relations after the signing of the PFT, over 48 contracts were normalized between Japanese firms and the Chinese government, the biggest project being a steel plant to be built in Baoshan, near Shanghai. Baoshan was to provide the Japanese with steel that was produced much cheaper than it would have been in Japan itself.

In February 1979, after the first phase of the Baoshan plant had started, the Chinese government informed Nippon Steel Corporation that the project would be suspended because of a shortage of funds. Chinese oil and coal production didn't increase as projected and foreign exchange earnings didn't meet prior expectations. In total, the Chinese suspended close to thirty contracts with Japanese manufacturers, a total of $2.5 billion worth in 1979 alone, and another $1.6 billion in 1980-81, the Baoshan plant losing $1.3 billion in Japanese orders as the Japanese business community was shocked and furious at the Chinese behaviour. 

Due to increasing domestic pressure from the business community and MITI, the Japanese government sent a trade representative, former Foreign Minister Saburo Okita, to China on February 10, 1981, to discuss the issue of economic relations with Chinese leaders. Seven months later, in order
to salvage some of the contracts made in 1978 and calm the uproar in Japan's business and industry circles, the Japanese government gave a loan to China to continue production to meet the already signed contracts with Japanese firms, including those signed with Baoshan.

Japan's foreign policy at this time was clearly biased towards the maintenance of a productive economic relations. There is no clear indication of any major upheaval in diplomatic relations, being influenced by the crisis in trade relations. In fact the decision to give a substantial loan to China to continue construction of the plants that were to later trade with Japan, indicates that the Japanese government supported economic means of resolving an economic problem rather than bringing it into the political arena, that may have later harmed trade relations between the two nations. "Seikei bunri" is the guiding factor in foreign policy formulation towards China during this period.

THE TEXTBOOK CONTROVERSY

On June 26, 1982, various prominent Japanese newspapers claimed that the Ministry of Education had forced the
revision of high school history textbooks with respect to the discussion of the Second Sino-Japanese War (1937-1945). Specifically, reports said that the word "aggression" was being changed to "advancement." Such a change would evidently undermine the violent and forceful nature of Japanese expansion into Mainland China and Southeast Asia, during this period. However, soon after these statements were made in the newspapers, apologies were printed, as there had, in fact, been no changes made in any of the textbooks. Although the apologies appeared throughout the country, the incident had already affected Japan's diplomatic relations with China. The Foreign Ministry declared:

"the incident was the worst since normalization and set back friendly relations by 10 years." 27

The incident was quite humiliating, not only for the Ministry of Foreign Affairs, but also for then Prime Minister Suzuki Zenko who was scheduled to visit Beijing in September to celebrate 10 years of Sino-Japanese normalization. Of course the Chinese reaction was loud and fierce. CCP (Chinese Communist Party) officials called the Japanese "a handful of rightists who are trying to revive militarism in Asia." 28 During Suzuki's visit, he spent a great deal of time with Premier Zhao Ziyang discussing the issue to reassure the Chinese government that this was an error on the part of the
Ministry of Education and should not affect Sino-Japanese relations, as there was no truth in the claims.

The issue, not completely resolved resurfaced in 1986, when a book was produced for the conservative National Council for the Defence of Japan, by historians who were strongly opposed to a strong leftist bias in Japanese schoolbooks. Then Prime Minister Nakasone, due to both Chinese pressure and concern from opposition groups within the LDP, asked Fujio Masayuki, the Minister of Education to resign. It should be noted that Fujio Masayuki was a member of a pro-Taiwan faction in the LDP, therefore his resignation from the party reflected a pro-PRC stance of the Nakasone regime to the Chinese, as well as calmed Chinese hostility.

According to Japan scholar Chalmers Johnson:

"The textbook controversy demonstrates that Beijing continues to exhibit concern as to whether bad elements achieve power in Japan—in reference to individuals such as Kishi and others with whom the PRC did not have good relations." 29

Besides demonstrating the prevalence of opposing forces within the Japanese political structure and the effect of internal contradictions on Japan's relations with China, the
textbook also reflects two other important factors. First, Japan-China relations have been shaped by and constrained by Japanese expansion and aggression in China in the pre-1945 period. Japan's recognition of its actions and its regret the effects of the war against China and China's fear of Japanese remilitarization, provide the setting for cautious diplomacy in the Sino-Japanese relationship.

Secondly, the textbook controversy, demonstrates once again the dichotomy in Japanese foreign policy in its separation of political matters from economic matters. The use of such an approach can be traced back to Prime Minister Ikeda's domestic policy of the 1960's, which consisted mainly of pacifying the political opposition through economic growth. The textbook issue did not seem to have any effect on trade, in fact, trade increased from $8.8 billion in 1982 to $18.8 billion in 1985.30

JAPAN AND THE TIANANMEN SQUARE MASSACRE

The Tiananmen Incident is the most recent event that has had a significant impact on Japan's relations with China. It is also a major event that demonstrates the crossing of diplomacy with economic policy. The Japanese response to the Tiananmen Square Incident on June 4, 1989, has been the
subject of criticism, both within Japan and in the international community. The Kaifu administration has been accused of pursuing a "vassalizing and ambivalent policy predominantly governed by economic motives." 31

The democracy movement in China lasted from April to June 1989 and its armed suppression in Tiananmen Square had a large impact on both the Chinese domestic political situation and its foreign relations. The main cause of the June 4th Incident can be attributed to the negligence of ideological and political education in the post-Mao years, and then a series of strict measures taken by the CCP to strengthen ideological and political education in schools and workplaces, compulsory military training for University freshmen and the reexamination and registration of CCP members, as well as discontent with the rate of economic reforms. In opposition, students staged hunger strikes in the square, and acquired both domestic support in their demonstrations, as well as international support from international media that were present in Beijing for the Sino-Soviet summit meeting between Chinese leaders and the visiting Gorbachev.

On June 4th, 1989, with orders from the CCP leadership, the People's Liberation Army of China, swept through the square
with tanks and gunfire and killed an uncertain amount of students and supporters. The incident, covered by international media, led to serious foreign opposition to the steps that the Chinese government had taken to deal with the problem of the demonstrators. Most Western nations immediately issued statements of opposition and announced that strict measures would be taken against the PRC government.

Prior to the Tiananmen Incident, Sino-Japanese relations had been generally stable and positive. Since 1978, Japan had made commitments to an active role in China's modernization process through its numerous trade contracts and ODA. In 1988, Prime Minister Takeshita Noboru visited Beijing as had his predecessors since normalization, Ohira, Suzuki, and Nakasone. During this visit Takeshita signed the third yen loan agreement with the Chinese government and committed 810 billion yen ($5.5 billion) for 1990-95 and stated:

"Japan will extend as much assistance as possible to China to further develop its economy as the nation continues to modernize and open up its doors to other countries."

In April of 1989, shortly after a visit made by Chinese leader Li Peng to Tokyo, to stress the importance of continued Japanese economic cooperation, Prime Minister
Noboru Takeshita resigned. He announced, on April 25th, that he would step down as prime minister after the Diet passed the nation's 1989 budget. A *Japan Times* report stated that:

"Takeshita said that he had to resign after considering all of the developments of recent months, including the low showing of his Cabinet in public opinion polls, its failure to pass the budget on time and the relevations about his and his associates' receipt of some 200 million Yen in funds from Recruit sources." 33

The timing of Takeshita's resignation due to the Recruit Cosmos scandal was crucial in Japan's reaction to the Tiananmen Incident, as his successor Prime Minister Uno Sousuke, succeeded him on June 2nd, only two days before the massacre on June 4th.

Japan's immediate reaction to the massacre was one of careful observation. Considering that trade was the core to bilateral relations between the two nations, Japanese concern remained in the way in which the incident would effect China's modernization efforts. The new prime minister and his Cabinet hesitated to take any action against China in protest of the thousands of Chinese students and demonstrators who had been killed or wounded. On June 7th, Uno made a statement to the Diet:
"As the situation of the country is in a state of confusion, with the government, troops and students involved, I'd rather avoid making a black-and-white judgement [and justified it by saying that] the special nature of Sino-Japanese relations which are still overshadowed by the war and Japan's invasion of Manchuria."34

At the same time Deputy Foreign Minster, Murata Ryohel informed Chinese Ambassador to Japan that:

"Japan had no intention of interfering in the internal affairs of China but it wanted China to observe self-restraint in dealing with students"35

Relative to the reaction of the rest of the world, Japanese policy towards the Chinese actions were lacked assertiveness. In contrast on June 5th, President Bush announced a number of measures aimed at stopping military supplies and freezing high level contacts with the PRC.36 Japan in contrast had not done anything.

Afraid of being the subject of further foreign and domestic criticism, Japanese officials met with the U.S. administration before the G-7 Paris Conference meeting on July 14, 1989. Later that month, Foreign Minister Mitsuzuka Hiroshi made a trip to Washington and argued that the isolation of China would lead to imbalance in the security structure of East Asia and that modernization may turn into "anti-foreignism." It is evident that Japan's primary concern
was the maintenance of secure and stable economic relations with China based on a stable political situation and military rule was definitely more stable than constant demonstrations. However, Japan had to take some action so as not to offend its G-7 partners. Japan opted to pursue a policy towards China that had two distinct levels, one based on the suspension of economic assistance to China, to appease the American critics, and the other of economic relations at a lower level, maintained through trade delegations and private business, to assure the Chinese of the security in their economic relationship.

The Japanese government froze the 810 billion Yen loan to China planned for 1990 and most major Japanese trading houses that were based in China withdrew representatives from Beijing due to the declaration of martial law. By June 14th, only 10 days after the massacre, 20 businessmen who were temporarily been called home, returned to Beijing. Japan was severely criticized for this move, especially by the Americans as the Japanese were accused of filling a vacuum created in China by the withdrawal of foreign businesses.37

In November of 1989, six months after the massacre, Chinese Prime Minister Li Peng asked Japan to end its suspension of official loans to China which took effect in June of that year. The request was made at a meeting between Chinese
government officials and members of the Keidanren (Federation of Economic Organization) on November 12th. Japanese loans, however were not resumed until January of 1990, after the lifting of martial law on January 10.

It is important to recognize three key factors in Japan's slow and relatively weak response to the Tiananmen Incident in China. First of all, Prime Minister Uno was very new in office and was in a difficult political position as the legitimacy of the LDP's position was being questioned. The party was at its lowest level in popularity, and was tainted by the Recruit Scandal. Uno was in no position to take any independent or assertive action with respect to China or any other issue for that matter.

Secondly, Japan was once again influenced by its relation with the United States. The timely G-7 meeting, may have created fear in the minds of Japanese officials, because the situation in China would most definitely be discussed at the meeting.

Finally, and most consistent with this section of the paper, Japan hesitated to take any strong action against the Chinese government as Japanese bilateral economic relations with the PRC had grown in the 1980's to the extent that it was the core of Sino-Japanese relations. Any severe retaliation by
the Japanese against Chinese actions may damage trade relations between the two nations. However due to foreign pressure it was evident that the paths of foreign economic policy and diplomacy would cross.

THE EFFECT OF LDP SCANDAL ON FOREIGN RELATIONS

Since Nakasone came into power in 1982, perceptions of a relative decline of the bipolar system of global relations, have led to calls for an increasingly activist international role by Japan. The call from foreign sources, especially the United States and Western Europe and domestic critics has stressed a goal to match Japan's political strength with its increasing economic strength. Nakasone clearly believed that Japan's role as an "economic giant and political dwarf" must give way to a more activist foreign policy:

"It is now time Japan played a more positive role in international society and took more responsibility in supporting and maintaining the international, economic and political order, needless to say in cooperation with the U.S. and with the U.S. as number one." 38

Prime Minister Takeshita, who took over from Nakasone in 1987, projected a similar line for Japanese foreign policy in the 1990's. His administration stated that:
"Japan intends not only to expand its contribution in the economic field but also to embark on new forms of contributions in the political and diplomatic fields."

The problem was that both Nakasone and Takeshita found it difficult to expand Japan's role within the world system and in the Asia-Pacific region, unsure of what that role should be or how it should be achieved. Any attempts at an increased strategic or defense role had already proved impossible as reflected in Nakasone's attempts to increase military spending and increase their defense role in East Asia after a visit to Washington in 1983. In his desire to undo the impression that Japan was politically passive, he raised the issue of lifting the 1% ceiling on military spending. However, as briefly discussed in the first chapter, Nakasone faced strong opposition within the party, from the other parties, public opinion, as well as China and Southeast Asia, who criticized Japan in reference to the legacy of war in the early 20th century.

Takeshita's main opposition came, not on foreign policy issues but rather on domestic issues that led to his eventual resignation from the party. His involvement in political scandal not only ruined his career, but also had a negative
affect on Japanese foreign policy initiatives during that period. A *Japan Times Weekly* article stated:

"With regards to foreign policy on trade issues and foreign economic policy in general the government budget plan for the current fiscal year that began April 1st, must still be cleared by the Diet; and Diet business is stalled by the confrontation between the ruling and opposition parties over the Recruit Affair."40

This hold up in the process, due to the scandal, had a negative effect on foreign economic policy (the basis for most of Japan's bilateral relations in the 1980's) because an early passage of the budget was needed to maintain stable economic growth in the longterm. Internal scandal damages the reputation of the government and their readiness to meet growing foreign demands in areas of trade, investment and development assistance. In the context of diplomatic relations, Japanese political leadership's credibility came into question.

The situation within the LDP was further magnified by the resignation of P.M. Uno, less than two months after he had taken over from Takeshita, after he was accused of having an affair with a Geisha. The party became more caught up in its domestic reputation and focused less on issues that took place in international relations, especially as the LDP was
defeated in a Diet by-election by the JSP, during Uno's term in office.

According to Professor Yves Mallette, Kaifu Toshiki was chosen to lead the LDP, as he represented a faction that had not been smeared by scandal. 41 Although Kaifu came from the smallest of the LDP factions, he brought a 'clean' image to the party. In an effort to strengthen the reputation of the LDP, Kaifu has tended to avoid any major steps in advancing Japan's role in the international arena. Instead, Kaifu has concentrated his efforts on the area of domestic reforms. In the summer of 1991, Kaifu and his Cabinet drafted a bill on political reform that focused on "a package of political reform bills meant to overhaul Japan's decades-old election system." 42 As a result, Kaifu's international role has been dependent on the decision-making of others, while he focuses on domestic issues.

It is evident in this final chapter, as it has been in the two previous chapter, that foreign policy decision-making in Japan has been moulded by forces within Japan as well as outside. In the 1970's, clear factional divisions in the LDP, Japan's attempt to maintain a civil relationship with the Soviet Union, and political instability in China dominated the process of reaching a conclusion to the Peace and
Friendship treaty between Japan and China.

Later, in the 1980's, Japanese foreign relations were the Japanese attempt to separate diplomatic relations from foreign economic relations, a situation which has caused Japan to incur a great deal of criticism. A crisis in foreign policy-making in Japan in the 1980's can also be attributed to the nature of leadership during the decade. Scandal within the party and factional disunity, has left the LDP in a position where domestic issues take precedence over foreign policy issues, leaving the question of Japan's future role in the world, as well as with China, open to debate.
ENDNOTES


12. Johnson, *Japanese-Chinese Relations*, p.120.

13. Refer to Appendix in Bedeski, *The Fragile Entente*.


22. Tagawa Seiichi, "Don’t forget the well-diggers" in *Japan Quarterly* Jan-Mar 1979, p.18.


36. Ibid.


41. Lecture by Professor Yves Mallette, Concordia University, March 1991.

CONCLUSION
"The relationship between China and Japan is of crucial importance to the future development of the international community. After a long period of neglect, Western governments have become increasingly aware of the Asia-Pacific region as a dynamic centre of world economic power, as a theatre of world political events and as a potential crisis zone. President Ronald Reagan has called the twenty-first century the Pacific Era, and the idea of a Pacific Community was adopted by General Secretary Mikhail Gorbachev in his Vladivostok speech in July 1986. Relations between the two major regional powers [Japan and China] will inevitably affect the political and economic development of the entire region, with ...repercussions for the global economy and the international security order." 1

Japan's relations with China in the postwar era can be easily summarized as being inconsistent, limited, and at times quite vague. As discussed in the first chapter of this paper, Japanese foreign policy decision-making is vulnerable to and easily influenced by various factors within the domestic structure of policy-making, as well as by outside constraints. The nature of Japan's relations with China consistently demonstrates this "reactive" character of Japanese foreign policy since 1945.

On reviewing the chapters as a whole, both the internal and external factors which have caused Japan's relative dependent and passive foreign policy moves, are evident throughout the
years of Japan's relationship with China. However, it is essential to note that some inhibiting factors play a more prominent role than others, and also different factors emerge at different periods in history. The one factor that seems to dominate Japan's agenda with regards to China, is the factionalism that runs through the LDP. Factional divisions overshadow all other restricting forces in decision-making. From the pre-war divisions between civil and military actors in Japan to the post-war divisions between pro-America/Taiwan and pro-PRC factions, these internal conflicts caused a great deal of inconsistency and often hypocrisy in the history of Sino-Japanese relations.

A second factor that dominated the relationship is that of Japan-U.S. relations. The nature of Japan's emergence into the international order of the postwar years, was built around Japan's dependency on the United States for financial and military support as well as trade and political legitimacy. In order not to jeopardize their relations with the United States, most Japanese administrations between 1945 and 1972 followed the American policy stance towards China, one of non-recognition.

detente, the U.S. factor became less dominant in Japan's relations with the PRC. Japan-Soviet relations, instead was the main external factor, which alongside factional divisions in the LDP, caused the six year delay in finalizing a formal treaty between Japan and China.

By stressing these three abovementioned factors, it is not to say that other factors do not play an important role. Throughout the relationship other factors have influenced Japan's PRC policy. The business community, in their efforts to encourage trade between the two nations, created the basis for economic relations in the 1960's and perhaps also served as a catalyst in the conclusion of the PFT. In conjunction with this, Japan's reliance on foreign sources of raw materials created a conditions for a complimentary relationship between China which had the resources and Japan which had the capital and technology. And finally, most recently the attempt on the part of the Japanese to separate economics from politics has become a guiding force in Japanese foreign relations with China and the world. This dichotomy is, however, the source of much criticism over Japan's future role in the international community. It is essential to point out that although Japanese foreign policy in general is influenced by all of these factors, they are most significant in Japan's China policy because of the major
conflict between opposing international forces, as well as the strategic and economic importance of China to Japan. Therefore, the use of China as a model, supports the hypothesis of this paper that Japanese foreign policy decision-making is reactive.

While writing this paper, Prime Minister Kaifu Toshiki resigned from his position as President of the Liberal Democratic Party, and on November 5, 1991 was replaced by Miyazawa Kiichi. Prospects for Japanese foreign policy initiatives seem hopeful with the new leadership. First of all, Prime Minister Miyazawa is a member of the third largest faction in the LDP, plus he also has the support of the largest faction, the Takeshita faction. This strong factional support will enable Miyazawa to be more assertive in his decision-making as he is faced with less opposition than former Prime Minister Kaifu, who was not only from the smallest faction, but only a member, not a leader of that faction.

Secondly, Miyazawa maintains a strong link between the party and the bureaucracy as he began his career in the finance ministry and was also Minister of Foreign Affairs during the Miki administration (1974-76). P.M. Miyazawa's former role as Minister of Foreign Affairs may be an asset in Japan's search
for identification in the post-Coldwar international order. His experience in international relations, his fluency in English, and his ties to the Foreign Affairs Ministry would indicate a more assertive international role for Japan.

It is in the area of Japan's relations with China, that the future is not as certain as in the global arena. Of course, Miyazawa's support within the party allows for less inhibiting circumstances in decision-making, and Japan-U.S. and Japan-Soviet ties are less influential as prior to the 1980's. However, the course of Japan-China relationship may be influenced by another factor, that of history. Specifically, Miyazawa Kichii's position towards China and his statements against China during his term as Foreign Minister. In 1976, Miyazawa made a statement to Mike Mansfield expressing Japanese fear that an American switch of diplomatic relations from Taiwan to China might "deal a serious blow to the balance of power in Asia." Of course this was not taken lightly by the Chinese, as they charged Miyazawa with going against the Japan-China joint statement of 1972. At that time, Miyazawa was a member of a pro-Taiwan faction that opposed the normalization of relations with the PRC. However it is quite possible that Miyazawa's statements will be put aside by the Chinese administration.
Whether historical relations between Miyazawa and the Chinese will effect present relations will be interesting to observe. With other factors, both internal and external under control or less dominant, perhaps history will perpetuate the constrained and "reactive" character of Japan's China policy in the 1990's.
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APPENDIX A

**POSTWAR JAPANESE PRIME MINISTERS**

<table>
<thead>
<tr>
<th>YEARS</th>
<th>PRIME MINISTER</th>
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<tbody>
<tr>
<td>1945</td>
<td>Higashikumi Naruhiko</td>
</tr>
<tr>
<td>1945–46</td>
<td>Shidehara Kijure</td>
</tr>
<tr>
<td>1946–47</td>
<td>Yoshida Shigeru</td>
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<tr>
<td>1947–48</td>
<td>Katayama Tetsu</td>
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<td>1948</td>
<td>Ashida Hitoshi</td>
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<td>1948–54</td>
<td>Yoshida Shigeru</td>
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<td>1954–56</td>
<td>Hatoyama Ichiro</td>
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<td>1956–57</td>
<td>Ishibashi Tan'zan</td>
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<td>1957–60</td>
<td>Kishi Nobusuke</td>
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<td>1960–64</td>
<td>Ikeda Hayato</td>
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<td>1964–72</td>
<td>Sato Eisaku</td>
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<td>1972–74</td>
<td>Tanaka Kakuei</td>
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<td>1974–76</td>
<td>Miki Takeo</td>
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<td>1987–89</td>
<td>Takeshita Noboru</td>
</tr>
<tr>
<td>1989</td>
<td>Uno Sosuke</td>
</tr>
<tr>
<td>1989–1991</td>
<td>Kaifu Toshiki</td>
</tr>
<tr>
<td>1991–</td>
<td>Miyazawa Kiichi</td>
</tr>
</tbody>
</table>
# Factions Within the LDP

## In the 1950's

<table>
<thead>
<tr>
<th>(1956)</th>
<th>(1957)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ogata</td>
<td>Ishi</td>
</tr>
<tr>
<td>Yoshida</td>
<td>Ikeda</td>
</tr>
<tr>
<td>Kishi</td>
<td>Sato</td>
</tr>
<tr>
<td>Ono</td>
<td>Kishi</td>
</tr>
<tr>
<td>Hatoyama</td>
<td>Ono</td>
</tr>
<tr>
<td>Kono</td>
<td>Ishibashi</td>
</tr>
<tr>
<td>Miki</td>
<td>Kono</td>
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<tr>
<td></td>
<td>Miki</td>
</tr>
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</table>

## In the 1960's

<p>| | |</p>
<table>
<thead>
<tr>
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<tbody>
<tr>
<td>Ishi</td>
<td></td>
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<tr>
<td>Ikeda</td>
<td>Sato</td>
</tr>
<tr>
<td>Sato</td>
<td>Kawashima</td>
</tr>
<tr>
<td>Fukuda</td>
<td>Ono</td>
</tr>
<tr>
<td>Kono</td>
<td>Miki</td>
</tr>
</tbody>
</table>

## In the 1970's

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
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<tbody>
<tr>
<td>Ishi</td>
<td></td>
</tr>
<tr>
<td>Maeo</td>
<td></td>
</tr>
<tr>
<td>Sato</td>
<td></td>
</tr>
<tr>
<td>Kawashima/Fukuda</td>
<td></td>
</tr>
<tr>
<td>Funada/Murakami</td>
<td></td>
</tr>
<tr>
<td>Mori/Nakasone</td>
<td></td>
</tr>
<tr>
<td>Miki</td>
<td></td>
</tr>
</tbody>
</table>

## In the 1980's

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Tanaka</td>
<td></td>
</tr>
<tr>
<td>Suzuki</td>
<td></td>
</tr>
<tr>
<td>Fukuda</td>
<td></td>
</tr>
<tr>
<td>Nakasone</td>
<td>Independent</td>
</tr>
<tr>
<td>Komoto</td>
<td></td>
</tr>
</tbody>
</table>

## In the 1990's

Takeshita Faction—most powerful faction now run by Kanemaru Shin (named after P.M. Takeshita)

Mitsuzuka Faction—2nd largest

Miyazawa Faction—led by present Prime Minister Miyazawa Kiichi

Watanabe Faction—former P.M. Nakasone's faction now run by Watanabe Michio

Komoto Faction—smallest faction from which came former P.M. Kaifu Toshiki.

## APPENDIX D:

### TABLE 1

**Sino-Japanese Trade 1950–1969**  
*(in thousands of dollars)*

<table>
<thead>
<tr>
<th>YEAR</th>
<th>CHINESE IMPORTS</th>
<th>CHINESE EXPORTS</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Amount</td>
<td>Percentage Change from Previous Year</td>
<td>Amount</td>
</tr>
<tr>
<td>1950</td>
<td>19,633</td>
<td></td>
<td>39,328</td>
</tr>
<tr>
<td>1951</td>
<td>5,828</td>
<td>29.7</td>
<td>21,606</td>
</tr>
<tr>
<td>1952</td>
<td>599</td>
<td>10.3</td>
<td>14,903</td>
</tr>
<tr>
<td>1953</td>
<td>4,539</td>
<td>757.8</td>
<td>29,700</td>
</tr>
<tr>
<td>1954</td>
<td>19,097</td>
<td>420.7</td>
<td>40,770</td>
</tr>
<tr>
<td>1955</td>
<td>28,547</td>
<td>149.5</td>
<td>80,778</td>
</tr>
<tr>
<td>1956</td>
<td>67,339</td>
<td>235.9</td>
<td>83,647</td>
</tr>
<tr>
<td>1957</td>
<td>60,485</td>
<td>89.8</td>
<td>80,483</td>
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<tr>
<td>1958</td>
<td>50,600</td>
<td>81.7</td>
<td>54,427</td>
</tr>
<tr>
<td>1959</td>
<td>3,648</td>
<td>7.2</td>
<td>18,917</td>
</tr>
<tr>
<td>1960</td>
<td>2,726</td>
<td>74.7</td>
<td>20,729</td>
</tr>
<tr>
<td>1961</td>
<td>16,639</td>
<td>610.4</td>
<td>30,895</td>
</tr>
<tr>
<td>1962</td>
<td>38,460</td>
<td>231.1</td>
<td>46,020</td>
</tr>
<tr>
<td>1963</td>
<td>62,417</td>
<td>162.3</td>
<td>74,599</td>
</tr>
<tr>
<td>1964</td>
<td>152,739</td>
<td>244.7</td>
<td>157,750</td>
</tr>
<tr>
<td>1965</td>
<td>245,036</td>
<td>160.4</td>
<td>224,705</td>
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<tr>
<td>1966</td>
<td>313,150</td>
<td>128.6</td>
<td>306,327</td>
</tr>
<tr>
<td>1967</td>
<td>288,324</td>
<td>91.5</td>
<td>269,439</td>
</tr>
<tr>
<td>1968</td>
<td>325,439</td>
<td>112.9</td>
<td>224,185</td>
</tr>
<tr>
<td>1969</td>
<td>390,803</td>
<td>120.1</td>
<td>234,540</td>
</tr>
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</table>

### TABLE 2

**Sino-Japanese Trade, 1970–1982**  
*(in thousands of dollars)*

<table>
<thead>
<tr>
<th>YEAR</th>
<th>CHINESE IMPORTS</th>
<th>CHINESE EXPORTS</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Amount</td>
<td>Percentage Change from Previous Year</td>
<td>Amount</td>
</tr>
<tr>
<td>1970</td>
<td>568,878</td>
<td>145.6</td>
<td>253,818</td>
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<tr>
<td>1971</td>
<td>578,188</td>
<td>101.6</td>
<td>323,172</td>
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<tr>
<td>1972</td>
<td>60,721</td>
<td>103.3</td>
<td>481,116</td>
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<tr>
<td>1973</td>
<td>1,039,194</td>
<td>170.7</td>
<td>974,010</td>
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<tr>
<td>1974</td>
<td>1,984,475</td>
<td>199.9</td>
<td>1,304,768</td>
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<tr>
<td>1975</td>
<td>2,258,577</td>
<td>113.8</td>
<td>1,531,076</td>
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<tr>
<td>1976</td>
<td>1,662,568</td>
<td>73.6</td>
<td>1,370,915</td>
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<tr>
<td>1977</td>
<td>1,938,643</td>
<td>116.6</td>
<td>1,546,902</td>
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<tr>
<td>1978</td>
<td>3,048,748</td>
<td>157.3</td>
<td>2,030,292</td>
</tr>
<tr>
<td>1979</td>
<td>3,698,670</td>
<td>121.3</td>
<td>2,954,781</td>
</tr>
<tr>
<td>1980</td>
<td>5,078,335</td>
<td>137.3</td>
<td>4,323,374</td>
</tr>
<tr>
<td>1981</td>
<td>5,095,452</td>
<td>100.3</td>
<td>5,291,809</td>
</tr>
<tr>
<td>1982</td>
<td>3,510,825</td>
<td>68.9</td>
<td>5,352,417</td>
</tr>
</tbody>
</table>

**SOURCE:** Lee Chae-jin, *China and Japan: A New Economic Diplomacy*  
APPENDIX E:

-137-

Letter from Prime Minister
Yoshida Shigeru to John Foster Dulles,
December 24, 1951*

Dear Ambassador Dulles:

While the Japanese Peace Treaty and the U.S.-Japan Security Treaty were being debated in the House of Representatives and the House of Councillors of the Diet, a number of questions were put and statements made relative to Japan's future policy toward China. Some of the statements, separated from their context and background, gave rise to misapprehensions which I should like to clear up.

The Japanese Government desires ultimately to have a full measure of political peace and commercial intercourse with China which is Japan's close neighbor.

At the present time it is, we hope, possible to develop that kind of relationship with the National Government of the Republic of China, which has the seat, voice and vote of China in the United Nations, which exercises actual governmental authority over certain territory, and which maintains diplomatic relations with most of the members of the United Nations. To that end my Government on November 17, 1951, established a Japanese Government Overseas Agency in Formosa, with the consent of the National Government of China. This is the highest form of relationship with other countries which is now permitted to Japan, pending the coming into force of the multilateral Treaty of Peace. The Japanese Government Overseas Agency in Formosa is important in its personnel, reflecting the importance which my Government attaches to relations with the National Government of the Republic of China. My Government is prepared as soon as legally possible to conclude with the National Government of China, if that Government so desires, a Treaty which will reestablish normal relations between the two Governments in conformity with the principles set out in the multilateral Treaty of Peace. The terms of such bilateral treaty shall, in respect of the Republic of China, be applicable to all territories which are now, or which may hereafter be, under the control of the National Government of the Republic of China. We will promptly explore this subject with the National Government of China.

As regards the Chinese Communist regime, that regime stands actually condemned by the United Nations of being an aggressor and in consequence, the United Nations has recommended certain measures against that regime, in which Japan is now concurring and expects to continue to concur when the multilateral Treaty of Peace comes into force pursuant to the provisions of Article 5 (a) (iii), whereby Japan has undertaken "to give the United Nation every assistance in any action it takes in accordance with the Charter and to refrain from giving assistance to any State against which the United Nations may take preventive or enforcement action." Furthermore, the Sino-Soviet Treaty of Friendship, Alliance and Mutual Assistance concluded in Moscow in 1950 is virtually a military alliance aimed against Japan. In fact there are many reasons to believe that the Communist regime in China is backing the Japan Communist Party in its program of seeking violently to overthrow the constitutional system and the present Government of Japan. In view of these considerations, I can assure you that the Japanese Government has no intention to conclude a bilateral Treaty with the Communist regime of China.

Yours sincerely,
Yoshida Shigeru
APPENDIX F:

TREATY OF PEACE BETWEEN JAPAN AND NATIONALIST CHINA, TAIPEI, 28 APRIL 1952

Japan and the Republic of China,

Considering their mutual desire for good neighborliness in view of their historical and cultural ties and geographical proximity;

Realizing the importance of their close cooperation to the promotion of their common welfare and to the maintenance of international peace and security;

Recognizing the need of a settlement of problems that have arisen as a result of the existence of a state of war between them;

Have resolved to conclude a Treaty of Peace and have accordingly appointed as their Plenipotentiaries,

The Government of Japan:

Mr. Isao Kawada;

His Excellency the President of the Republic of China:

Mr. Yeh Kung Chao;

Who, having communicated to each other their full powers found to be in good and due form, have agreed upon the following articles:

ARTICLE I

The state of war between Japan and the Republic of China is terminated as from the date on which the present Treaty enters into force.

ARTICLE II

It is recognized that under Article 2 of the Treaty of Peace signed at the city of San Francisco in the United States of America on September 8, 1951 (hereinafter referred to as the San Francisco Treaty), Japan has renounced all right, title and claim to Taiwan (Formosa) and Penghu (the Pescadores) as well as the Spratly Islands and the Paracel Islands.

ARTICLE III

The disposition of property of Japan and its nationals in Taiwan (Formosa) and Penghu (the Pescadores), and their claims, including debts, against the authorities of the Republic of China in Taiwan (Formosa) and Penghu (the Pescadores) and the residents thereof, and the disposition in Japan of property of such authorities and residents and their claims, including debts, against Japan and its nationals, shall be the subject of special arrangements between the Government of Japan and the Government of the Republic of China. The terms nationals and residents whenever used in the present Treaty include juridical persons.

ARTICLE IV

It is recognized that all treaties, conventions and agreements concluded before December 9, 1941, between Japan and China have become null and void as a consequence of the war.

ARTICLE V

It is recognized that under the provisions of Article 10 of the San Francisco Treaty, Japan has renounced all special rights and interests in China, including all benefits and privileges resulting from the provisions of the final Protocol signed at Peking on September 7, 1901, and all annexes, notes and documents supplementary thereto, and has agreed to the abrogation in respect to Japan of the said protocol, annexes, notes and documents.

ARTICLE VI
(a) Japan and the Republic of China will be guided by the principles of Article 2 of the Charter of the United Nations in their mutual relations.
(b) Japan and the Republic of China will cooperate in accordance with the principles of the Charter of the United Nations and, in particular, will promote their common welfare through friendly cooperation in the economic field.

ARTICLE VII
Japan and the Republic of China will endeavour to conclude, as soon as possible, a treaty or agreement to place their trading, maritime and other commercial relations on a stable and friendly basis.

ARTICLE VIII
Japan and the Republic of China will endeavour to conclude, as soon as possible, an agreement relating to civil air transport.

ARTICLE IX
Japan and the Republic of China will endeavour to conclude, as soon as possible, an agreement providing for the regulation or limitation of fishing and the conservation and development of fisheries on the high seas.

ARTICLE X
For the purpose of the present Treaty, nationals of the Republic of China shall be deemed to include all the inhabitants and former inhabitants of Taiwan (Formosa) and Penghu (the Pescadores) and their descendants who are of the Chinese nationality in accordance with the laws and regulations which have been or may hereafter be enforced by the Republic of China in Taiwan (Formosa) and Penghu (the Pescadores); and juridical persons of the Republic of China shall be deemed to include all those registered under the laws and regulations which have been or may hereafter be enforced by the Republic of China in Taiwan (Formosa) and Penghu (the Pescadores).

ARTICLE XI
Unless otherwise provided for in the present Treaty and the documents supplementary thereto, any problem arising between Japan and the Republic of China as a result of the existence of a state of war shall be settled in accordance with the relevant provisions of the San Francisco Treaty.

ARTICLE XII
Any dispute that may arise out of the interpretation on application of the present Treaty shall be settled by negotiation or by other pacific means.

ARTICLE XIII
The present Treaty shall be ratified and the instruments of ratification shall be exchanged at Taipei as soon as possible. The present Treaty shall enter into force as from the date on which such instruments of ratification are exchanged.

ARTICLE XIV
The present Treaty shall be in the Japanese, Chinese and English languages. In case of any divergence of interpretation, the English text shall prevail.

IN WITNESS WHEREOF, the respective Plenipotentiaries have signed the present Treaty and have affixed thereto their seals.

Done in duplicate at Taipei, this 28th day of the fourth month of the Twenty Seventh year of Showa of Japan (corresponding to the 28th day of the fourth month of the Forty First year of the Republic of China and to the 28th day of April in the year One Thousand Nine Hundred and Fifty Two.

For Japan: (signed) ISAO KAWARA
For the Republic of China: (signed) YIH KING CHAO
PROTOCOL.

At the moment of signing this day the Treaty of Peace between Japan and the Republic of China (hereinafter referred to as the present Treaty), the undersigned Plenipotentiaries have agreed upon the following terms which shall constitute an integral part of the present Treaty:

1. The application of Article XI of the present Treaty shall be subject to the following understandings:

(a) Whenever a period is stipulated in the San Francisco Treaty during which Japan assumes an obligation or undertaking, such period shall, in respect of any part of the territories of the Republic of China, commence immediately when the present Treaty becomes applicable to such part of the territories.

(b) As a sign of magnanimity and good will towards the Japanese people, the Republic of China voluntarily waives the benefit of the services to be made available by Japan pursuant to Article 14(a) of the San Francisco Treaty.

(c) Articles 11 and 13 of the San Francisco Treaty shall be excluded from the operation of Article XI of the present Treaty.

2. The commerce and navigation between Japan and the Republic of China shall be governed by the following Arrangements:

(a) Each Party will mutually accord to nationals, products and vessels of the other Party:

(i) Most-favored-nation treatment with respect to customs duties, charges, restrictions and other regulations on or in connection with the importation and exportation of goods; and

(ii) Most-favored-nation treatment with respect to shipping, navigation and imported goods, and with respect to natural and juridical persons and their interests—such treatment to include all matters pertaining to the levying and collection of taxes, access to courts, the making and performance of contracts, rights to property (including those relating to intangible property and excluding those with respect to mining), participation in juridical entities, and generally the conduct of all kinds of business and professional activities with the exception of financial (including insurance) activities and those reserved by either Party exclusive to its nationals.

(b) Whenever the grant of most-favored-nation treatment by either Party to the other Party, concerning rights to property, participation in juridical entities and conduct of business and professional activities, as specified in sub-paragraph (a)(ii) of this paragraph, amounts in effect to the grant of national treatment, such Party shall not be obliged to grant more favorable treatment than that granted by the other Party under most-favored-nation treatment.

(c) External purchases and sales of government trading enterprises shall be based solely on commercial considerations.

(d) In the application of the present arrangements, it is understood:

(i) that vessels of the Republic of China shall be deemed to include all those registered under the laws and regulations which have been or may hereafter be enforced by the Republic of China in Taiwan (Formosa) and Penghu (the Pescadores); and products of the Republic of China shall be deemed to include all those originating in Taiwan (Formosa) and Penghu (the Pescadores); and

(ii) that a discriminatory measure shall not be considered to derogate from the grant of treatments prescribed above, if such measure is based on an exception customarily provided for in the commercial treaties of the Party applying it, or on the need to ensure that Party's external financial position or balance of payments (except in respect to shipping and navigation), or on the need to maintain its essential security interests, and provided such measure is proportionate to the circumstances and not applied in an arbitrary or unreasonable manner.
APPENDIX G:


Japan and the United States of America,
Desiring to strengthen the bonds of peace and friendship traditionally existing between them, and to uphold the principles of democracy, individual liberty, and the rule of law,
Desiring further to encourage closer economic cooperation between them and to promote conditions of economic stability and well-being in their countries,
Reaffirming their faith in the purposes and principles of the Charter of the United Nations, and their desire to live in peace with all peoples and all governments,
Recognizing that they have the inherent right of individual or collective self-defence as affirmed in the Charter of the United Nations,
Considering that they have a common concern in the maintenance of international peace and security in the Far East,
Having resolved to conclude a treaty of mutual cooperation and security,
Therefore agree as follows:

Article 1

The Parties undertake, as set forth in the Charter of the United Nations, to settle any international disputes in which they may be involved by peaceful means in such a manner that international peace and security are not endangered and to refrain in their international relations from the threat or use of force against the territorial integrity or political independence of any state, or in any other manner inconsistent with the purposes of the United Nations.

The Parties will endeavour to concert with other peace-loving countries to strengthen the United Nations so that its mission of maintaining international peace and security may be discharged more effectively.

Article 2

The Parties will contribute toward the further development of peaceful and friendly international relations by strengthening their free institutions, by bringing about a better understanding of the principles upon which these institutions are founded, and by promoting conditions of stability and well-being. They will seek to eliminate conflict in their international economic policies and will encourage economic collaboration between them.

Article 3

The Parties, individually and in cooperation with each other, by means of continuous and effective self-help and mutual aid will maintain and develop, subject to their constitutional provisions, their capacities to resist armed attack.

Article 4

The Parties will consult together from time to time regarding the implementation of this Treaty, and, at the request of either Party, whenever the security of Japan or international peace and security in the Far East is
threatened.

Article 5

Each Party recognizes that an armed attack against either Party in the territories under the administration of Japan would be dangerous to its own peace and safety and declares that it would act to meet the common danger in accordance with its constitutional provisions and processes.

Any such armed attack and all measures taken as a result thereof shall be immediately reported to the Security Council of the United Nations in accordance with the provisions of Article 51 of the Charter. Such measures shall be terminated when the Security Council has taken measures necessary to restore and maintain international peace and security.

Article 6

For the purpose of contributing to the security of Japan and the maintenance of international peace and security in the Far East, the United States of America is granted the use by its land, air, naval forces of facilities and areas in Japan.

The use of these facilities and areas as well as the status of United States armed forces in Japan shall be governed by a separate agreement, replacing the Administrative Agreement under Article III of the Security Treaty between Japan and the United States of America, signed at Tokyo on February 28, 1952, as amended, and by such other arrangements as may be agreed upon.

Article 7

This Treaty does not affect and shall not be interpreted as affecting in any way the rights and obligations of the Parties under the Charter of the United Nations or the responsibility of the United Nations for the maintenance of international peace and security.

Article 8

This Treaty shall be ratified by Japan and the United States of America in accordance with their respective constitutional processes and will enter into force on the date on which the instruments of ratification thereof have been exchanged by them in Tokyo.
Article 9

The Security Treaty between Japan and the United States of America signed at the city of San Francisco on September 8, 1951 shall expire upon the entering into force of this Treaty.

Article 10

This Treaty shall remain in force until in the opinion of the Governments of Japan and the United States of America there shall have come into force such United Nations arrangements as will satisfactorily provide for the maintenance of international peace and security in the Region.

However, after the Treaty has been in force for ten years, either Party may give notice to the other Party of its intention to terminate the Treaty, in which case the Treaty shall terminate one year after such notice has been given.

IN WITNESS WHEREOF the undersigned Plenipotentiaries have signed this Treaty.

DONE in duplicate at Washington in the Japanese and English languages, both equally authentic, this 19th day of January, 1950.
APPENDIX H:

Joichi, Statement of the Government of Japan and
the Government of the People's Republic of China,
September 29, 1972

At the invitation of Premier Chou En-lai of the State Council of the
People's Republic of China, Prime Minister Tanaka Kakuei of Japan visited
the People's Republic of China from September 25 to 30, 1972. Accompany-
ing Prime Minister Tanaka Kakuei were Foreign Minister Ohira Masayo-
shi, Chief Cabinet Secretary Nikaidō Susumu and other government offi-
cials.

Chairman Mao Tse-tung met Prime Minister Tanaka Kakuei on Sep-
tember 27. The two sides had an earnest and friendly conversation

Premier Chou En-lai and Foreign Minister Chi Peng-fei had an earnest
and frank exchange of views with Prime Minister Tanaka Kakuei and
Foreign Minister Ohira Masayoshi, all along in a friendly atmosphere, on
various matters between the two countries and other matters of interest to
both sides, with the normalization of relations between China and Japan as
the focal point, and the two sides agreed to issue the following joint
statement of the two Governments:

China and Japan are neighboring countries separated only by a strip of
water, and there was a long history of traditional friendship between them.
The two peoples ardently wish to end the abnormal state of affairs that has
hitherto existed between the two countries. The termination of the state of
war and the normalization of relations between China and Japan—the realiza-
tion of such wishes of the two peoples will open a new page in the
annals of relations between the two countries.

The Japanese side is keenly aware of Japan's responsibility for causing
enormous damages in the past to the Chinese people through war and deeply
reproaches itself. The Japanese side reaffirms its position that in seeking to
realize the normalization of relations between Japan and China, it proceeds
from the standpoint of fully understanding the three principles for the restoration
deriplomatic relations put forward by the Government of the People's
Republic of China. The Chinese side expresses its welcome for this.

Although the social systems of China and Japan are different, the two
countries should and can establish peaceful and friendly relations. The
normalization of relations and the development of good neighborly and
friendly relations between the two countries are in the interests of the two
peoples, and will also contribute to the relaxation of tension in Asia and the
safeguard of world peace

(1) The abnormal state of affairs which has hitherto existed between
the People's Republic of China and Japan is declared terminated on the date of
publication of this statement.

(2) The Government of Japan recognizes the Government of the People's
Republic of China as the sole legal government of China.

(3) The Government of the People's Republic of China reaffirms that
Taiwan is an inalienable part of the territory of the People's Republic of
China. The Government of Japan fully understands and respects this stand
of the Government of China and adheres to its stand of complying with
Article 8 of the Potsdam Proclamation.

(4) The Government of the People's Republic of China and the Government of Japan have decided upon the establishment of diplomatic relations as from September 29, 1972. The two Governments have decided to adopt all necessary measures for the establishment and the performance of functions of embassies in each other's capitals in accordance with international law and practice and exchange ambassadors as speedily as possible.

(5) The Government of the People's Republic of China declares that in the interest of the friendship between the peoples of China and Japan, it renounces its demand for war indemnities from Japan.

(6) The Government of the People's Republic of China and the Government of Japan agree to establish durable relations of peace and friendship between the two countries on the basis of the principles of mutual respect for sovereignty and territorial integrity, mutual non-aggression, non-interference in each other's internal affairs, equality and mutual benefit and peaceful coexistence.

In keeping with the foregoing principles and the principles of the United Nations Charter, the Governments of the two countries affirm that in their mutual relations, all disputes shall be settled by peaceful means without resorting to the use or threat of force.

(7) The normalization of relations between China and Japan is not directed against third countries. Neither of the two countries should seek hegemony in the Asia-Pacific region and each country is opposed to efforts by any country or group of countries to establish such hegemony.

(8) To consolidate and develop the peaceful and friendly relations between the two countries, the Government of the People's Republic of China and the Government of Japan agree to hold negotiations aimed at the conclusion of a treaty of peace and friendship.

(9) In order to further develop the relations between the two countries and broaden the exchange of visits, the Government of the People's Republic of China and the Government of Japan agree to hold negotiations aimed at the conclusion of agreements on trade, navigation, aviation, fishery, etc., in accordance with the needs and taking into consideration the existing nongovernmental agreements.

(Signed) Chou En-lai
Premier of the State Council of the People's Republic of China

(Signed) Tanaka Kakuei
Prime Minister of Japan

(Signed) Chi Peng-Fei
Minister of Foreign Affairs of the People's Republic of China

(Signed) Ōhira Masayoshi
Minister for Foreign Affairs of Japan