From the “1972 System” to “Strategic Mutual Benefits”—
Japan’s Foreign Policy toward China*

Ryosei Kokubun
(National Defense Academy of Japan)

Introduction
During the 20-plus years since the end of the Cold War, the Japan-China relationship seems to have en-
tered a long, dark tunnel that obscures the future. As is well known, the two sides at times seem to be in
competition over how low each can take its view of the other. As Figure 1 demonstrates, over 70 percent
of the Japanese indicate on a long-term basis that they do not feel any affinity for China, and there are few
signs of improvement in this trend. The major influence behind this deterioration is bilateral political
problems. For instance, they would include the crisis in the Taiwan Strait around the mid-1990s and the
redefinition of the US-Japan security relationship, a renewed sense of history since President Jiang
Zemin’s visit to Japan in 1998, and early in the 21st century, Japanese prime minister’s visit to Yasukuni
Shrine to pay respects to the war dead commemorated there, the attempts by North Koreans fleeing their
country to take shelter in the Japanese consulate in Shenyang, China’s opposition to Japan’s membership
in the UN Security Council, gas field development by China in the East China Sea, food poisoning
caused by frozen dumplings from China, two Japanese patrol boats’ collision with a Chinese trawler off
the Senkaku Islands, a landing conducted in the Senkakus by Hong Kong activists, and the Japanese gov-
ernment’s purchase of the Senkakus.

Such incidents have been widely reported by the mass media, amplifying their effect in each coun-
try and contributing to a mutual decline in image. Since the 1990s, with the arrival of the IT revolution,
individuals have come to vent their feelings toward these numerous developments across the Internet,
producing a snowballing effect. The concept of a mutually beneficial relationship based on common
strategic interests was introduced in 2006 to stop this vicious cycle but as one generation of politicians
has been replaced over time by the next, the political network has been weakened and the new arrange-
ment has had little or no effect on blocking further deterioration.

The overall Japan-China relationship, however, has shown a very different picture, corresponding
to the broadening and deepening in interdependence in the bilateral economic relationship. Since the
end of the Cold War, the Japan-China economic relationship, swept along by the waves of globalization,
has taken on a new and different appearance. As shown in Figure 2, despite growing opinions around the
world about the potential threat from China, Japanese investment in China began to pick up toward the

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middle of the 1990s, and while there was a gradual decline thereafter, investment once again began to expand rapidly with the start of the 21st century, undeterred by the worsening of bilateral relations over the Yasukuni visit. Despite the establishment of a mutually beneficial relationship based on common strategic interests in 2006, the results of that new setup faltered somewhat, but rapid growth began again even after the serious bilateral problems in the Senkakus. We can reasonably observe that such political problems do not seem to be useful variables in explaining the course of Japanese investment in China.

The investment in China by Japanese enterprises can be easily explained if looked at in terms of economic rationality. During the first half of the 1990s, China called itself a socialist market economy, substantially taking steps toward becoming a market economy. As a result, companies from around the world started to enter China. The Asian currency crisis which occurred during the second half of that decade also came as a heavy blow to Japan, which had been on the economic upturn, and investment in China fell. In 2001 China joined the World Trade Organization (WTO), which brought a shift toward China by foreign companies, and Japanese enterprises followed suit. The sharp slowdown in the US economy in the wake of the subprime mortgage crisis and the Lehman Brothers bankruptcy there around 2007 and 2008, and the accompanying European economic crisis, resulted in international investment in China going from growth to just marking time. Japanese companies’ investment in China briefly declined during this period, but given the abnormal strength of the Japanese yen, a steady stream of companies, manufacturers mainly but others as well, found themselves with little course but to increase investment in China. There were, however, a good number of companies who sensed that Chinese investments would prove unstable in the future, so that investment in ASEAN also grew rapidly.

As a rule, when economic interdependence grows, it also becomes easier for frictions to appear, but it is believed that such frictions are also steadily absorbed by the mutual dependence. In the Japan-China relations, however, the friction is increasing with no sign of abating. At one point the saying *sei rei kei netsu* was popular in Japan to describe the Japan-China relations—“cold political relations but hot economic relations.” The “20 lost years” and more have passed since the collapse of Japan’s bubble economy, and with the 30th year quickly approaching, that is by no means favorable. Japan-China relations have worsened, and when anti-Japan demonstrations break out on the streets of China, it is Japanese-capital enterprises which are threatened and damaged. The source of Japan’s strength lies in its economic power, and if exercise of that economic strength is blocked by the two sides’ political relationship, Japan’s echo-
Looking back, we can see that a variety of frictions had already appeared in the Japan-China relationship during the 1970s and 1980s. Some examples would include the Japan-China air transport agreement, the bilateral Peace and Friendship Treaty, the Senkaku Islands, plant cancellations, problems with school textbooks, the question of official visits to Yasukuni Shrine, trade frictions, the Koka Dormitory court ruling, the Tiananmen Square incident, and so on and so on. Despite such frictions, these problems left no major damage to the bilateral relationship as they were either resolved or reduced to minimal proportions or simply set aside. And that was even before the relationship of economic interdependence had taken on substantial form. This process of having political and economic relations develop interconnectedly actually contributed to the stable development of the bilateral relations. So, what happened after the Cold War to lead to the breakdown of this relatively smooth development in the relationship? In this article, we will attempt an explanation through reference to Japan’s diplomacy toward China. We must of course include reference to China’s policies toward Japan to reach any comprehensive conclusions, but we will reserve that subject for another examination.

If we look back on the development of Japan’s diplomacy toward China following the Second World War, we can see a number of periods based on what standards are taken for judgment, but it would seem effective to use the following three periods. Just by coincidence, each of these periods covers about 20 years. First would be 1952 to 1972. During this period, Japan restored diplomatic relations with the Republic of China on Taiwan (which we’ll just refer to as “Taiwan”) and had no diplomatic relations with the People’s Republic of China on the mainland (hereafter “China”). Relations with China were limited to the private sector and consisted primarily of economic interchanges. The second period would be 1972 to 1992, during which Japan normalized and expanded its relations with China, including both a treaty of peace and friendship as well as a number of working agreements. At the same time, however, historical problems and new developments such as the Tiananmen Square incident caused frictions. In 1992, China set itself on the road to economic growth via a socialist market economy, and the Japanese Emperor visited China, two factors representing a kind of turning point in Japan’s diplomacy toward China. From
1992 to the present would represent the third period. In 1993, the Liberal Democratic Party (LDP) lost its singlehanded grasp on the government for the first time since 1955, and since then, Japanese governance has undergone a variety of changes and lost a great deal of stability. As the world has undergone ever greater globalization following the end of the Cold War, China has experienced very rapid economic growth and has expanded its national capabilities, making itself a presence to be reckoned with on the international scene; in contrast, Japan continues to find itself unable to completely recover from the bursting of the economic bubble. During this period, the Japan-China relationship has been beset by frictions, and despite establishment of mutually beneficial relationship based on common strategic interests as a new framework for Japan-China relations in 2006, the relationship today remains in the dark regarding its future path.

The focus of this article will be on the third period, the post-Cold War period. A full appreciation of Japan's diplomacy toward China, however, requires an understanding of its historical background. In particular, without an understanding of true nature of the relationship established through normalization of ties in 1972 and of the international and domestic aspects of that relationship—the “1972 system”—it would be impossible to pursue the nature and problems of the relationship today. A number of considerations of the 1972 system have been conducted (Kokubun, 2001), and in general, while Japanese scholars appreciate the historical significance of the 1972 system, they have strongly tended to point to its limitations since the 1990s and in particular since the end of the Cold War, Chinese scholars tend to stress the universal significance of the 1972 system (Mori, 2006). Here, consideration will first be given to the normalization of relations during the second period so as to shed light on the 1972 system and the various preconditions which supported (regarding the first period, refer to the article by Masaya Inoue) (Inoue, 2013).


Setting up the “1972 system”

On September 29, 1972, Prime Minister Kakuei Tanaka and Premier Zhou Enlai exchanged a joint Japan-China communiqué and normalized diplomatic relations between the two countries. Regarding Taiwan issue, the communiqué took the position that Japan was “normalizing” rather than “realizing” its relations with the People’s Republic of China, since Japan had already “restored relations” with the Republic of China in 1952. In addition, Japan recognized the government of the People’s Republic of China as the sole legal government of China and attested that it fully understood and respected the stand by the People’s Republic of China that Taiwan was an inalienable part of the territory of the People’s Republic of China. At the press conference following the release of the joint communiqué, Foreign Minister Ohira declared a break in relations with Taiwan, stating that the peace treaty between Japan and the Republic of China had lost its rationale for continuing and had been brought to an end (Kazankai, 2008, materials 7). In addition, before Prime Minister Tanaka’s visit to China, Shinya Etsusaburo, one of the leading members of the LDP’s pro-Taiwan group, had been dispatched to Taiwan in an act of “farewell diplomacy” that laid the groundwork for continuing private-sector exchanges after the breaking of diplomatic relations.

Regarding historical problems, the joint communiqué noted that “the Japanese side is keenly conscious of the responsibility for the serious damage that Japan caused in the past to the Chinese people through war, and deeply reproaches itself,” in regard to which China declared that “in the interest of the friendship between the Chinese and the Japanese peoples, it renounces its demand for war reparation from Japan” (Kazankai, 2008, materials 6). The fact that the communiqué renounced the “demand for reparations” rather than “the right to demand reparations” was due to Japanese insistence that since the Republic of China had already renounced the right to demand reparations, the People’s Republic no
longer had such a right.

Regarding the developments during this period, Ryuji Hattori describes the political leadership of Kakuei Tanaka, the political negotiating abilities of Masayoshi Ohira, and the support which these received from Ministry of Foreign Affairs personnel such as treaties bureau director Masuo Takashima, China division director Hiroshi Hashimoto, and treaties division director Takakazu Kuriyama (Hattori, 2011). Masaya Inoue argues that in the course of such negotiations, while the two sides achieved “agreement” on historical factors and Taiwan, or in a more ambiguous sense on some issues including the Senkakus, what they achieved was actually agreement to disagree (Inoue, 2010). It’s related that during the talks, Tanaka asked Zhou, “What do you think about the Senkakus?” Zhou is said to have replied, “I don’t want to talk about that now. It’s not good for us to talk about that now” (Ishii et al., 2003). Some have insisted that there was a tacit understanding that there was a problem involving the Senkakus, but the Japanese government holds that the problem has not been formally recognized.

Whatever the case, the Japan-China 1972 system which was set up at this time took, from Japan’s viewpoint, a perception of history and Taiwan as its two fundamental principles and was based on, first, the changes that had come to pass in the international environment forming an encircling net around the Soviets as the United States and China came ever closer as a result of the electrifying policies followed by the Nixon administration since 1971 and, second, the domestic Japanese sense that an increasingly important China should be welcomed into the international community and, third, Japanese domestic political agreement to that goal. As is frequently pointed out, an important role was played by highly individual politicians such as Kakuei Tanaka, Masayoshi Ohira, and Yoshikatsu Takeiri, but the most important actor in the normalization of diplomatic relations was public opinion during that era as it was broadly aroused throughout society by politicians, bureaucrats, business leaders, academics, and the mass media. That normalization of relations permitted an opening of channels between the governments of the two countries, so that Japan’s foreign policies toward China thereafter was to be led mainly by the ministry of foreign affairs.

China’s path to modernization and Japan’s diplomacy

Following the normalization of diplomatic relations between Japan and China, Prime Minister Tanaka turned his attention to improving relations with the Soviet Union, but in 1974 Tanaka’s own financial affairs came into question, and those problems triggered his retirement. In December 1974 the Takeo Miki cabinet was formed. During that period a number of government-to-government agreements had been reached primarily through bilateral diplomatic channels on fishing and air transport, and since the adoption of the civil air agreement sparked much disagreement about aircraft from Taiwan landing in Japan, it was finally decided that China would use Narita International Airport and Taiwan would use Haneda.

This series of governmental agreements was followed by a start to negotiations for a Japan-China treaty of peace and friendship, but the Lockheed scandal set Japanese politics on its heels, resulting in the July 1976 arrest of former prime minister Tanaka. In December of that year, Takeo Fukuda replaced Prime Minister Miki, and China faced the last stages of the Great Cultural Revolution with the deaths of Zhou Enlai and Mao Zedong and the arrest of the Gang of Four among other occurrences. These situations delayed negotiations on a peace treaty, and the main points of contention were over reference to “anti-hegemony.” The Chinese side argued that including an “anti-hegemony” clause was appropriate since it appeared in the joint communiqué, while the Japanese side insisted that such language could not be included so long as it might be interpreted as aimed at the Soviet Union. The treaty negotiations were delayed, but when Deng Xiaoping came to power, the pace picked up greatly; in August 1978 Foreign Minister Sunao Sonoda visited China on order of Prime Minister Fukuda, and the treaty was concluded.
In the end an “anti-hegemony” clause was included after it was agreed that Article 4 of the treaty would carry a third-party clause, i.e., language specifying that this treaty was not directed at any third-party nation (Tanaka, 1991).

At this stage in the Japan-China relationship, it was relatively simple on the Japanese side for relations to be guided by politics, given the LDP’s hold on the government and the political balance among the various factions. This was true on the Chinese side as well; although the government faced a period of confusion as the Great Cultural Revolution ran its course, its policy toward Japan was consistently driven by political leadership under both Zhou Enlai and Deng Xiaoping. In April 1978, a large number of Chinese trawlers intruded on the waters of the Senkaku Islands, but Deng immediately withdrew the vessels and indicated the intention to put the problem on the back burner for the next generation to deal with. It is theorized that the invasion of the Japanese territorial waters was actually the work of remnants of the Cultural Revolution supporters, but this is still unclear.

Subsequently the Japan-China relationship entered its honeymoon period. Economics in particular began to pick up. This was largely the influence of the bilateral Long Term Trade Agreement concluded in February 1978. This agreement seemed to be a typical north-south arrangement, where China would export raw materials such as petroleum while Japan provided advanced science and technology, but it provided a step toward greater economic cooperation with China by Japanese financial circles. Because of China’s long years of political contention, its economy was not highly built up, and perhaps it was impatience with the economic development that spurred the Hua Guofeng government to adopt a highly ambitious ten-year plan for economic development which called for constructing a momentous 110 categories of projects, with Japan-China trade at their core. Deng Xiaoping, who visited Japan himself, saw the reality of modernization there and took Japan as China’s model for development. The Baoshan iron and steel plant (nicknamed the Baogang plant) built outside Shanghai with the full cooperation of Nippon Steel was viewed as a symbol of Japanese and Chinese friendship.

Such ambitious plans, however, were frustrated by China’s shortage of foreign exchange and problems increasing oil production. Hua Guofeng faltered amidst the struggle for political power and was made to bear the burden of blame for those problems. Domestically, the rapid transition to construction for the purpose of modernization made the shortage in financial resources suddenly very evident, and it became unavoidable for China to adopt economic adjustment policies in spring 1979. Early in 1981, China began to cancel a variety of projects contracted with Japanese and West German companies among others. Pessimistic attitudes toward the Chinese market began to surface in Japan, and surprised by this reaction, Deng Xiaoping approved a full return to projects based on loans denominated in Japanese yen.

Turning to official development assistance (ODA) provided to China, in December 1978 Prime Minister Fukuda resigned and was followed in office by Masayoshi Ohira, who had worked in tandem with Tanaka on diplomacy toward China, and under Ohira’s direction, more substantive attention was paid to ODA. This resulted in the first yen-denominated ODA loan for China, a five-year loan announced during Ohira’s visit to China in December 1979 amounting to ¥330.9 billion. Japanese ODA for China is frequently pictured as a means of atonement for China’s dropping demands for reparations, but nothing can be found in any official government documents to back up such a claim. The rationale presented in official statements by Ohira and others was that by providing support for the Chinese modernization policies so recently instituted, Japan was keeping China from retreating to a period like that of the Cultural Revolution (Suh, 2004; Xu, 2011). This came shortly before the United States established diplomatic relations with China, meaning that Japan was a step ahead of the United States in diplomacy toward China, and given the rapid pace of Japanese economic growth at that time, there were worries on the part of the United States and other countries that Japan might monopolize economic relations with China.
For this reason, Japan in particular took such US and European anxieties into account when providing China with ODA and stressed that the aid was “untied,” with no strings attached.

The heyday of Japan-China relations
Looking back, we can see that the 1980s was the heyday of the Japan-China relationship. During that decade, Japan was recording the world’s greatest economic growth, as typified by Ezra Vogel’s bestseller Japan as Number One, and some even ventured to call the 21st century Japan’s century. Factional strife had become the norm in domestic politics, but nevertheless, the LDP had a stable hold on government. Prime Minister Ohira’s sudden death brought Zenko Suzuki to that office, followed by the long-term administration of Yasuhiro Nakasone which, starting in November 1982 and lasting until November 1987, represented the most stable direction for the LDP under a single party head. At the end of the Nakasone government, Noboru Takeshita took office in November 1987, and Sosuke Uno became prime minister for a mere two months in June 1989, but he stepped down in the wake of a personal scandal and the losses suffered by the LDP in the House of Councillors elections, bringing in the cabinet of Toshiki Kaifu. During this period, Japan’s trade with China consisted largely of importing petroleum and other primary products and exporting iron and steel, machinery, electronic goods and the like, and all this trade grew rapidly during those years. Investment in China increased as well in keeping with the opening up policies. During the Nakasone years, contracts were signed in 1984 alone for secondary yen-denominated loans amounting to ¥840 billion over six years. The Plaza Accord reached in 1985 gave greater momentum to a strong yen and weak dollar, and Japanese enterprises were left with little choice than to relocate abroad. The yen loans to China thus stood as a sort of Japanese national guarantee for such Japanese enterprises’ move to China.

Under Deng Xiaoping, China had just taken its first steps toward economic “reform and opening up” to the outside world and was vitalizing its economy via the many twists and turns as it adopted a market economy even as it maintained socialist system.

To move these efforts forward, China promoted a policy of opening itself to the outside world. Hu Yaobang played a central role in these efforts, having been named Chinese Communist Party general secretary at the 12th CCP National Party Congress in September 1982. Against the strong objections of party conservatives, Hu actively pursued economic reform and opening. Further, the two national leaders, Nakasone and Hu Yaobang, used the ties of personal trust they had established to agree to set up the Japan-China Friendship Committee for the 21st Century and promote bilateral youth exchanges among other activities to consolidate the friendly relations between their two countries. Hu was removed from office in January 1987 on claims that he had been overly tolerant toward student demands for democratization, but he was followed by reformer Zhao Ziyang, so that this change had relatively little influence on the Japan-China relationship. Later, students took the death of Hu Yaobang as an opportunity to increase their demands for democracy, and the Tiananmen Incident of June 1989 threw China into international isolation. During this same period, the waves of democratization in other regions brought the Cold War to an end and moved the Soviet Union toward dissolution in 1991.

“History” and “Taiwan” raise their heads again
It is undeniable that Japan-China relations experienced occasional problems during the 1980s. The first would involve school textbooks. In June 1982, during the Suzuki administration, a disagreement arose between Japan and China over descriptions in senior high school history textbooks, but the problem was finally resolved by releasing remarks by Chief Cabinet Secretary Kiichi Miyazawa that thereafter Japan would pay more attention to the position of its neighbors. A similar textbook problem appeared in 1986
During Nakasone's term, and 1985 saw contention between Japan and China over the first official visit to Yasukuni Shrine by a sitting prime minister. Prime Minister Nakasone did not conduct an official visit the following year, 1986, and the problem died away. Nakasone himself noted that the reason for not visiting was that such visits had presented a dilemma by opening General Secretary Hu, whom Nakasone viewed as a strong partner, to attack from Chinese conservatives (Hattori, 2012).

Another major point of contention arising during the 1980s was the question of who owned the Koka Dormitory in Kyoto, where Chinese students lived. Since 1952, this dormitory was owned by the Republic of China, but since the students living there included a group supporting the mainland, in 1967 the ROC government brought suit to have those students evicted from the dormitory. In 1972 Japan switched diplomatic recognition from the ROC to the People's Republic of China, the courts in Kyoto denied Taiwan's claim in 1977. In 1982, however, the Osaka High Court responded to an ROC appeal and ordered that the denied claim be returned to the Kyoto courts. In February 1986 the court in Kyoto repeated its earlier decision and denied the claim, but in February 1987 the higher court in Osaka handed down a decision that Taiwan owned the dormitory. China vigorously criticized that decision, but the Japanese government did not respond, insisting on the principle of separation of powers among the three branches of government (Kojima, 2012).

During the Nakasone years, 1984-85 saw considerable shaking in the political world. That shaking represented ruptures in the LDP Tanaka faction, which had played the key role in Japanese policy toward China. In 1984, Nakasone named Shin Kanemaru, who had been the “captain of the guard” in the Tanaka faction, as the LDP's chief cabinet secretary, a step which surprised Kakuei Tanaka. When Kanemaru set up an organization called the Soseikai in 1985 aimed at establishing Noboru Takeshita as Kanemaru's successor within the Tanaka faction, Tanaka got so angry that he suffered a stroke. In July 1987 the group was renamed the Keiseikai. This newborn group became the Takeshita faction, and Takeshita himself took office as prime minister in November. Later, large-scale bribery detected within the bureaucracy developed into the Recruit scandal and also led to the scandal involving illegal political contributions by the Tokyo Sagawa Kyubin trucking company. This marked the start of a breakup within the Takeshita faction and rearrangement in political circles, with the result that the LDP’s policies toward China lost coordination.

Contention in the Japan-China relationship during the 1980s centered on two major points, history and Taiwan, which supported the 1972 system. Such contention notwithstanding, the LDP's monopolistic control over Japanese politics provided a steady pipeline of communication to Deng Xiaoping, Hu Yaobang and others in China's leadership, which drove the enthusiasm in Japanese financial circles toward the Chinese market and at the same time provided substance to the Japan-US-China relationship which sought to form a surrounding net aimed at the Soviets. During this stage, ODA served as symbol of friendship between Japan and China, with new assistance frequently announced during Japanese leaders’ visits to China. Japan's public position was that for China, still a developing country, to be modernized and drawn into the international system would be in Japan's interest and benefit the world as a whole; very likely this was the private opinion of many as well. This situation showed its effectiveness most clearly during the Tiananmen Square Incident of 1989.

**Tiananmen, a southern inspection tour, and an Imperial visit**

A student movement demanding democracy for China seized the opportunity offered by the death of Hu Yaobang on April 15, 1989. Due partly to what was essentially support by Secretary General Zhao Ziyang, the participants of the movement rapidly increased to a million by mid-May. On May 20, however, Deng Xiaoping and the other top leaders placed Beijing under martial law and on June 4, in the so-called Tiananmen Incident, used force to clear Tiananmen Square of the students who had massed there,
resulting in clashes between the martial law troops and the students and citizens there. During that period the democracy movement was making headway in Eastern Europe, and in the Soviet Union as well, Gorbachev was pushing rapidly ahead with the *perestroika* reform policy, making China's reaction to a similar phenomenon just the opposite. As a result, China became isolated internationally.

The United States and many other Western countries were severely critical of China. Japan was no exception. It announced it would freeze plans for providing ODA. Compared to other countries, however, Japan's reaction was rather mild. This was because Japan as a whole and the Foreign Ministry in particular took a broadly consistent stand against isolating China from the international community. It was partly due to geographical proximity but more a product of programmatic realization that Japan would not be able to change the emerging power that was China solely through its own efforts, and that inclusive of China in the international community could solve China's systematic problems including human rights. At the Summit of the Arch held July 1989, while the other Western nations gave priority to human rights from their various domestic perspectives, Japan stressed hopes for support for China's reform and opening and the need to avoid putting China in isolation, with the result that such matters were included in the meeting's final declaration. Japan played the same role at the Houston Summit the following year, and in November 1990, Japan decided to remove the freeze from tertiary yen loans.

Perhaps due to some extent to such approaches from the outside, China launched itself on a path decided by Deng Xiaoping for audacious reform and opening up. Those policies were pronounced by Deng during his "southern inspection tour" in 1992 and in later declarations on a socialist market economy. That represents the moment when China determined to strengthen its foundation for such development, making the decision to participate actively in the market economy which constituted the international system based on the lesson drawn from the Soviet Union's collapse. This became the greatest inducement for investment from around the world and ushered in an age of annual growth rates over 10 percent. In April General Secretary Jiang Zemin visited Japan, where he met with the Emperor, and gave Prime Minister Miyazawa a formal invitation for the Emperor to visit China.

The long-hoped-for Imperial visit to China materialized in October 1992. In advance of the visit, some strong opposing views were expressed in Japan that the visit would be used for political purposes, but it came off without problem. It is said that Deng Xiaoping himself had promised Japan that the Emperor's visit would be a success. When speaking at the welcoming banquet, the Emperor spoke of the historical friendship between Japan and China and of some personal thoughts on the matter, later noting that "In the long history of relationships between our two countries, there was an unfortunate period in which my country inflicted great suffering on the people of China. About this I feel deep sadness." (Kazankai, 2008, materials 156). To the Japanese side at least, that moment represented the closing of a curtain on the two countries' post-war relations.

During this period, China sought to cleanse itself of the aftereffects of the Tiananmen Incident and show a readiness to take active part in the international community, but at the same time, as shown in the process of drawing up the Law on the Territorial Sea and the Contiguous Zone (the “Territorial Sea Law”) in February 1992, China began to work to strengthen its maritime interests and increase its naval capabilities. The Territorial Sea Law naturally defined the Spratly (Nansha) and Paracel (Xisha) islands as Chinese territory but also did the same for the Senkaku Islands, which belong to Japan. During this period, Japan faced such distractions as the bursting of the economic bubble and political disruptions, so the territorial issue was not made into a major problem.
2. Post-Cold War diplomacy with China—1992 to the present

The bursting of the bubble and redrawn political lines

During the latter half of the 1980s and in particular after the Plaza Accord, Japan found itself in a roiling bubble economy of rising asset prices centering on real estate. This situation did not last long, however; with 1989-92 as a peak, the sharp tightening of credit brought plummeting stock prices, and after the 1991-92 period, there was no way to put the brake on the precipitous decline in land prices and sudden increase in bad debts. Despite such developments, an overly optimistic outlook meant that government policy was slow to address these issues, setting off the move toward recession. All of Japan's financial institutions found themselves faced with failures and reorganizations into the second half of the 1990s. Japan went from a golden age in the 1980s into its 20 lost years. Following Deng's "southern inspection tour" of 1992, however, China suddenly found a foothold for a market economy and went all out to launch itself on the path to growth.

The economic impasse in Japan caused political divisions. The Tokyo Sagawa Kyubin political contributions scandal came to light in 1992 during the Miyazawa administration, shaking up Japanese political circles. The scandal began with the discovery of ¥500 million in under-the-table political contributions to Shin Kanemaru, but that was just the tip of the iceberg. It triggered Kanemaru's unwilling resignation from the Diet, and in the struggle over who would then head the Keiseikai group which served as the Takeshita faction, Ichiro Ozawa and Seiroku Kajiyama found themselves in contention. Takeshita proposed Keizo Obuchi for the position, supported by Kajiyama, and as a result, in December 1992, Ozawa joined with Tsutomu Hata, Kozo Watanabe and others in forming Reform Forum 21. This development split the Takeshita faction, the biggest faction in the LDP. The opposition parties launched a no-confidence motion against the Miyazawa cabinet in June 1993, which passed with support from Ozawa and Hata, and Miyazawa dissolved the Diet's House of Representatives.

Amidst all this, Masayoshi Takemura and others left the LDP and formed the Shinto Sakigake (New Party Sakigake, also called the New Harbinger Party). Triggered by this, Ozawa and others also left the LDP to set up the Shinseito (Japan Renewal Party). In general elections the following July, great gains were recorded by the Shinseito and the Shinto Sakigake as well as the Nihon Shinto (Japan New Party) which had been formed in 1992 centering on Morihiro Hosokawa, and in August 1993 these three parties put together a coalition government with Hosokawa as prime minister. This brought a close to the LDP's 55 years singlehandedly heading the government. Contention later grew between Chief Cabinet Secretary Takemura and Ozawa over the national welfare tax, and this confusion was compounded when Prime Minister Hosokawa suddenly resigned office in April 1994. Hata then became prime minister, but when the LDP introduced a motion of no confidence in his cabinet, the cabinet resigned en masse in June, less than two months after taking office. In the subsequent election to name a new leader, the LDP threw its votes to Tomiichi Murayama, chairman of the Socialist Party, resulting in a defeat for the Shinshinto (New Frontier Party) which had been set up by Ozawa as a coalition of opposition parties. (The party dissolved in December 1997.) The Shinto Sakigake joined up as well, allowing the formation of a three-party (LDP-Socialist-Sakigake) coalition and giving birth to the Tomiichi Murayama administration, headed by a socialist.

We can see that policies designed to handle the situation since the bubble burst have been delayed by the political confusion. At the same time, foreign diplomacy cannot be decided by political leadership, so there is no choice but to rely on the Foreign Ministry for diplomacy. In the past, policy toward China had been guided by the Tanaka faction of the LDP, the party's largest faction. The chaos within the Keiseikai, however, and the resultant structural weakening of the LDP took away a strong foundation for
China policy. Nakasone had already lost an important channel of communication when Hu Yaobang left the scene. The exposure of scandals such as that involving Recruit in 1988 and Tokyo Sagawa Kyubin in 1992 brought rigid enforcement of the laws already in place involving political contributions, making people again clearly aware of such regulations, and Japan thereafter moved toward requiring political groups to reveal their assets and forbidding companies from making political contributions. The cleansing of politics moved forward and also worked toward removing that predisposition toward coziness between bureaucrats and companies, which served as a step toward splitting politics from economy in Japan’s foreign relations. Beset by the post-bubble economy and the recession caused by the high yen, Japanese enterprises did relocate abroad, but this was not the result of any strategies tying the economy to politics.

**New guidelines and the Taiwan Strait crises**

The Hosokawa cabinet took a clear stand regarding historical issue. In his 1993 general policy speech, Hosokawa called the Sino-Japanese War an invasion and offered an apology. China welcomed these statements, but during the Hata administration which took over after Hosokawa’s resignation, Justice Minister Shigeto Nagano called the Nanjing Massacre a “fabrication” and was forced to resign for the characterization. This and other occurrences rocked the Japan-China relationship. In 1995, the 50th anniversary of the end of the war, Prime Minister Murayama of the Socialist Party sought a Diet resolution renouncing war, but the proposition made little headway and turned into a discussion which touched on historical issues (Yakushiji, ed., 2012). This was preserved as Murayama’s statement “On the occasion of the 50th anniversary of the war’s end.” Here, Murayama said, “During a certain period in the not too distant past, Japan, following a mistaken national policy, advanced along the road to war, only to ensnare the Japanese people in a fateful crisis, and, through its colonial rule and aggression, caused tremendous damage and suffering to the people of many countries, particularly to those of Asian nations. In the hope that no such mistake be made in the future, I regard, in a spirit of humility, these irrefutable facts of history, and express here once again my feelings of deep remorse and state my heartfelt apology. Allow me also to express my feelings of profound mourning for all victims, both at home and abroad, of that history.” (Kazankai, 2008, materials 158).

Earlier, the Murayama cabinet had to face the problem of Chinese nuclear testing. In June and October 1994, China conducted two underground nuclear tests, doing so again in May and August of the following year. These tests took place somewhat hurriedly as if China wanted to get them out of the way before it signed the Comprehensive Test Ban Treaty. China’s hard-line position generated strong opposition in Japan, bringing much criticism of a fourth round of yen-based loans to China.

During 1993-94, the suspicions that North Korea was developing nuclear weapons made Japan starkly aware of the need to restructure its post-Cold War security arrangements, bringing the Japan and the United States to make a joint reaffirmation of their security commitment. This reaffirmation took place during the Ryutaro Hashimoto administration which replaced Prime Minister Murayama’s government after Murayama’s resignation in January 1996. During Hashimoto’s discussions with President Clinton in April, the two leaders agreed on the need to elevate the Guidelines for Japan-US Defense Cooperation which had been agreed upon in 1978 for use in a Japanese emergency; the goal of the revised guidelines would be to appropriately define the forms US-Japan cooperation could take during other emergencies in the area surrounding Japan. It was also about this same time that conditional agreement was reached on relocation of facilities from the Futenma airfield in Okinawa.

In September 1997, the new Guidelines for Japan-US Defense Cooperation were released after approval from the two governments, and the Diet was presented with drafts for revising the laws needed to
put the new guidelines into practice, including the *Shuhen Jitai Hou*, known in English as the Law Concerning Measures to Ensure the Peace and Security of Japan in Situations in the Area Surrounding Japan, and the revised Self-Defense Forces Act. The *Shuhen Jitai Hou* was particularly important and generated considerable discussion of the sections defining "situations in the area surrounding Japan." The government did not view this as a geographical concept but rather focused on the nature of the situations concerned. Much was made in the media of speculation that the rather ambiguous wording employed in such sections was related to the Taiwan problem. North Korea was clearly a problem for Japan, but Taiwan was a much more nuanced matter. In addition, the democratization in Taiwan was making progress during this same period under President Lee Teng-hui, and Taiwan's first popular presidential election had taken place in March 1996. As a threat to Taiwan for these developments, China had conducted military exercises in 1995 and 1996 just before the presidential election, including missile tests.

China reacted strongly to the movement toward a set of new US-Japan guidelines, seeing them as policies for the joint defense of Taiwan. After the Taiwan Strait crisis, China was perhaps wary of setting off discussion not only in Japan but internationally as well about a "threat from China," and it went on the offense diplomatically to deal with a post-Cold War world where the United States alone was predominant. China was able to bring about the 1997 visit to the United States by President Jiang Zemin and President Clinton's visit to China in 1998, building up a "strategic partnership." Since Clinton's visit to China covered almost ten days but did not include even a short stop in Japan, an old American ally, the visit resulted in discussion of whether it was a form of "Japan passing."

Jiang Zemin visited Japan in November 1998. The Japanese prime minister position at that time had switched from Hashimoto to Keizo Obuchi, and the Jiang visit proved quite displeasing to the Japanese (Kokubun, 2000). This was because Jiang took every opportunity, including a banquet at the Imperial Palace, to criticize Japan's past militarism and otherwise unnecessarily raise questions of Japan's history. In China, the level of trust in socialism and the Communist Party had fallen after its adoption of a socialist market economy; beginning around 1994 Jiang had raised calls for education in patriotism, also using the 50th anniversary of the end of the war in 1995 to stress the importance of the anti-Japanese war which testified to the legitimacy of the Communist Party's authority in China. Japan considered that after the Emperor's visit to China and Prime Minister Murayama's statement on the occasion of the 50th anniversary of the war's end, historical issues had more or less been put to rest, but to the contrary, on the Chinese side historical issues seemed to remain in the leadership's thoughts and grow to new dimensions. On April 2, 2000, Prime Minister Obuchi collapsed partway into his term of office and died on May 14. Obuchi had been aware of the trends toward globalism and regionalism since the end of the Cold War, and even as regionalism was picking up momentum in Europe and North America, Obuchi was also sensitive to the trend toward regionalism in Asia. It was Obuchi who had promoted a framework consisting of ASEAN and the Japan-China-Korea triad. The personal relations that grew up between Obuchi and President Kim Dae-jung of South Korea played an important role during the Obuchi administration, and summit conferences among Japan, China, and South Korea became regular events. It was also Obuchi who decided to hold summit conferences in Kyushu and Okinawa.

**The Koizumi administration period**

When Obuchi fell ill, he was replaced as prime minister by Yoshiro Mori, but given his various slips of the tongue and inappropriate statements, Mori resigned in April 2001 after about a year in office. After Mori's resignation, Junichiro Koizumi entered the election for the head of the LDP in what was actually a head-to-head battle with Hashimoto; Koizumi won and became prime minister. Koizumi had belonged to the old Fukuda faction and understood quite well the difficulties of a small, weak grouping, and so he
sought to dissolve the party's factional politics with calls to “break up the LDP” putting pressure in particular on the Keiseikai. In the election he gained the support of the Japan War-Bereaved Families Association, and at that time he promised that he would officially visit Yasukuni Shrine on August 15, the anniversary of Japan's surrender (Yomiuri Shimbun Political Section, 2006).

Perhaps to avoid creating a commotion, or perhaps to try to lessen sharp criticism from China and South Korea even a little, Koizumi made his visit to Yasukuni early, on August 13. China of course criticized the visit. But then, less than two short months later, Koizumi made a day trip to Beijing and visited the Anti-Japanese War Memorial Hall at the Marco Polo Bridge (Lugouqiao). There, he expressed his heartfelt apology and regrets to all the people of China who became victims in Japan's invasion (Kazankai 2008, materials 217). Koizumi had clearly been entertaining plans for a visit to Yasukuni, and it is likely that persons in the foreign affairs community in each country, acting in advance of the visit, planned an early call on China as a form of damage control. In short, at this level the situation was open to management by the foreign ministry personnel in the two capitals. In November, Koizumi visited Shanghai to participate in an unofficial APEC summit, and while there he met with Jiang Zemin. Further, on April 12, 2002, Koizumi was invited to attend the Boao Forum for Asia, a gathering seeking status as a Chinese Davos. Even though it was not to be a meeting at the national leader level, Koizumi decided to attend himself.

Very shortly after he returned home, however, on April 21, 2002, Koizumi unexpectedly visited Yasukuni. Koizumi had intended his attendance at the Boao Forum and other similar gestures to demonstrate in advance to the Chinese the attention he was paying to their country, but China seemed to view the Yasukuni visit as a betrayal. The foreign ministries in the two countries had little they could do about this event since they had had no advance notice. It was this second visit to Yasukuni, even more so than the first, which turned Yasukuni into a real point of contention (Yomiuri Shimbun Political Section, 2006; Kokubun, 2010). Prime Minister Koizumi conducted further visits to Yasukuni Shrine on January 14, 2003, January 1, 2004, October 17, 2005, and, shortly before his resignation, August 15, 2006.

Domestically, viewpoints were divided regarding the appropriateness of such visits to Yasukuni Shrine, and during the five years from 2001 to 2006, Japanese society seemed to have nothing else to occupy its attention than Yasukuni. Globalization of the international economy moved on apace, and countries around Asia came more and more to the fore, with China in particular starting to emerge during this stage both politically and economically. Koizumi's diplomacy toward the United States was delivering great results, but his diplomacy with other Asian countries was merely marking time. Domestically, however, Koizumi was extremely popular, and in the September 2005 general elections, called the "Koizumi Theater" by some, the LDP made the most of the single-seat constituency system and attention to the privatization of the postal service to bring home a major victory.

During March and April of 2005, the question of reform of the UN Security Council, in particular the expansion of the number of permanent members of the Council, sparked large anti-Japan demonstrations around China every weekend, and the police, anxious to keep the demonstrators from having cause for major violence, stood by and allowed the demonstrations. During this period, summit-level talks were being held during regularly scheduled international meetings and similar events, but they had no success in improving relations. The Japan-China relationship was thus at an impasse and in the United States, the Bush administration especially after the 9/11 attacks in 2001 was greatly concerned about a possible worsening of Japan-China relations and began to hope for some stabilization.

Economic relations, however, fared just the opposite to political relations, and Japan rapidly leaned more and more toward China. One major reason for this trend was China joining the WTO in December 2001. Japan played an important role in China's membership. This was in keeping with Japan's policy of encouraging China's internationalization by inviting its active participation in the international
community. As Figure 2 above indicates, despite the Yasukuni problem and virtually unaffected by it, Japanese investment in China grew rapidly beginning in 2001. This was Japanese companies’ way of responding to how China’s membership in the WTO had influenced other countries to increase the pace of their entry into the Chinese market, and it also was a reflection of the problems caused for Japanese companies by the strong yen. This separation of political and economic affairs was indeed an example of the saying sei rei kei netsu—“cold political relations but hot economic relations.”

During the Koizumi administration, the problem of resource development in the East China Sea became a steadily more intense element in the Japan-China relationship. Following the establishment of the Territorial Sea Law in 1992, China began to greatly step up its oceanographic surveys so as to expand its maritime interests. A system was set up in February 2001 for advance notice of plans to conduct oceanographic survey activities, but soon after taking shape, this system began to shift toward empty formality. In 2003 China began to develop natural gas fields near the mid-point between Japan and China in the East China Sea, and while Japan rigorously objected, it could do nothing to stop these activities. In addition, China continued to modernize its military and conduct its own foreign aid, raising growing doubts and criticisms in Japan over ODA for China. Prime Minister Koizumi announced in 2004 that China had “graduated” from receiving yen-based loans, and the two countries’ governments later agreed that the loans would aim for completion by the 2008 Olympic Games in Beijing. It was at this point that the two countries’ relations ceased to be a North-South relationship.

Reviving summit-level interchange and a strategic mutually beneficial relationship
Koizumi resigned in September 2006, and the search for his successor narrowed down to his chief cabinet secretary, Shinzo Abe. Even before rising to prime minister, Abe had had given the job of coordinating the Japan-China relationship to Vice-Minister for Foreign Affairs Shotaro Yachi. Within the Foreign Ministry and elsewhere in the foreign policy community, considerable criticism was directed at the “China School,” the China hands with a background in China and the Chinese language, and Yachi tried to handle foreign policy toward China himself. At this time, an important role was played by the comprehensive foreign policy dialogue (a strategic dialogue) between Vice-Minister Yachi and Dai Bingguo, a vice minister in the Ministry of Foreign Affairs who had direct access to Hu Jintao. These dialogues were held from time to time starting in May 2005, in anticipation of developments after Koizumi’s departure. Against the background of such behind-the-scenes diplomacy, soon after Abe became prime minister on September 26, 2006, he paid visits to China and South Korea October 8-10. As a result, the visit to China by Abe served to improve the damaged bilateral relationship in a single stroke. During this “ice breaking” visit to China, the Japanese remained ambiguous about Yasukuni, not touching on whether a visit had or hadn’t been paid to the shrine, and not commenting on whether visits would or would not be made in the future. Needless to say, the decision were made by Prime Minister Abe on the Japanese side and on the Chinese side President Hu Jintao, who was able to keep the hardliners at bay, but behind the scenes were the unobtrusive efforts by Yachi and Dai (Kokubun, 2008).

The results of the visit were presented in a joint press statement. Here was the first appearance of reference to a mutually beneficial relationship based on common strategic interests as a new stage in the Japan-China relationship. Such a relationship was somewhat different from the neighborly friendly relations between Japan and China, in other words the 1972 system, that had been pictured for the two countries since the normalization of relations. More than a bilateral approach with the emphasis on the past, in the form of pledges to deal with the issues of history and Taiwan, the new approach turned toward the future as indicated by using the term “strategic.” It expressed a more multilateral approach of dealing together with affairs in the region which further uses the expression “mutually beneficial” to
symbolize that emphasis is being placed on real profits for each side. Where problems of history were involved, the emphasis came to be placed on giving Japan rightful credit for its peacefulness and development since the war rather than on the pre-war situation.

The next year, in April 2007, Premier Wen Jiabao visited Japan. Dubbed an “ice-melting” trip, this visit’s highlight was an address to the Diet. In his speech, Premier Wen made minimal reference to history or Taiwan and lauded Japan’s post-war peacefulness and development, also positively highlighting the fact that the Japanese government had repeatedly apologized for problems in history. This visit also gave more substance to the meaning of a strategic mutually beneficial relationship, with agreement reached on such areas as expanded exchanges between the leadership, high-ranking officials, youth and other groups, promotion of a security dialogue and joint research into history, and greater interchange involving finance, agriculture, energy, environmental protection, intellectual property, and telecommunications.

In September of that year, Prime Minister Abe abruptly resigned for health reasons, and Yasuo Fukuda was installed after him. Fukuda had a well-developed pipeline of contacts with China and worked hard to strengthen that relationship. He paid a formal visit to China December 27-30 and sought to speed up progress toward realizing that sort of strategic mutually beneficial relationship, focusing in particular on improving relations through cooperation on the environment and energy and through youth exchanges. On the East China Sea, it was announced that it could be made “a sea of peace, cooperation, and friendship.” This visit, by the way, was christened Fukuda’s “ringing in the spring” trip.

From May 6 through 10, 2008, President Hu Jintao made a state visit to Japan. This allowed completion of a cycle of visits by heads of state and was in turn christened Hu’s “warm spring trip.” Because Hu was a state visitor, he met with the Emperor three times, a welcoming call on the Emperor, a state banquet in the Imperial Palace, and a farewell meeting. The visit to Japan was marked by release of a “Joint Statement between the Government of Japan and the Government of the People’s Republic of China on Comprehensive Promotion of a ‘Mutually Beneficial Relationship Based on Common Strategic Interests’” which laid out in more detail some specific measures to further such a relationship. This arrangement would serve as a contribution to matters of bilateral importance, including promotion of mutual trust in political areas through exchanges of visits by the countries’ leaders and a security dialogue, exchanges between the public media and youth as well as cultural exchanges, and cooperation for the common good in energy and the environment, food safety, trade and investment, and East China Sea resources development, and to concerns of global significance as well, including climate change, energy security, poverty, and infectious diseases.

Actually, during this visit Hu gave China’s agreement to joint development with Japan on natural gas fields in the East China Sea near the half-way mark between the two countries, resources on which China was already at work. This was not announced at that time, however, due to strong Chinese domestic resistance and was only made public in June. The great Sichuan Earthquake, 8.0 in magnitude, took place on May 12, just two days after Hu Jintao’s return to China. China permitted emergency assistance teams from a wide range of countries to enter China, but at Hu’s personal direction, the team from Japan was the first admitted. Chinese media reported prominently on the Japanese emergency team’s activities. This was one fruit of the strategic mutually beneficial relationship.

On a daily, working-level basis, however, the Japan-China relationship declined in ways seemingly unconnected to this sort of accommodation at the very top. One example was the food poisoning from frozen dumplings which occurred in January 2008, where food products manufactured in China’s Hebei Province contained the organic phosphorous insecticide methamidophos, which poisoned several families in Japan’s Chiba and Hyogo prefectures which had eaten these products. The incident provoked the temporary disappearance of all Chinese frozen foods from Japanese supermarkets. Another example
involved the Olympic sacred flame relays through various countries leading up to the 2008 Beijing Olympics; protest demonstrations were held internationally by Tibet independence movement groups, and protest demonstrations were also held in Japan timed to the Hu visit. Each of these two examples led to a deterioration in China’s image. In short, the strategic mutually beneficial relationship agreed upon at the governmental level did not contribute to improvement in Japan’s image of China.

Birth of a DPJ administration and Chinese trawler collisions near the Senkakus

The Olympics were held in Beijing in August 2008. This was an opportunity for China to enhance its national prestige, and it also outranked the United States in the number of gold medals captured. It was a moment when one could imagine that China’s day had arrived at last. Very shortly thereafter, beginning September 15, the world economy suddenly went into a dive—the much-discussed “Lehman shock.” China, acting like the big power it saw itself as, immediately declared that would lay out four trillion yuan (roughly ¥56 trillion or US$586 billion) to support the economy. China not only felt its international presence was growing stronger, it was trying to match its words and actions to the ever more obvious picture it presented of itself as an international power. In contrast, while Japan was attempting to recover from its recession, it once again fell into stagnation and was seeing a decline in its prestige. Then in 2010, Japan's GDP was surpassed by China’s to fall to third internationally. It was said that in 2000 Japan’s GDP had been four times that of China, in just about ten years.

After Koizumi’s resignation, Japan’s LDP administrations changed at yearly intervals. From Abe the office went to Fukuda, then in September 2008, falling support rates caused Fukuda to resign, and Taro Aso was installed as prime minister. The different factions all shared the common concept that foreign policy toward China should seek a strategic mutually beneficial relationship, so that goal stayed in focus despite the changes in leadership. Foreign policy in the Aso administration envisioned an “arc of freedom and prosperity” and tried to strengthen relations with India. This approach at one point caused China to worry that Japan was seeking to encircle it, but Aso himself was aware of the importance of attention to China, which he supplied by active visits there among other gestures. Prime Minister Aso, however, put off domestic general elections, and because of problems of some unfortunate statements during this period, popular support for Aso plummeted.

General elections were at long last held on August 30, 2009, and Aso’s LDP was far outpaced by the Democratic Party of Japan. But rather than being a major victory for the DPJ, this was the result of the voters’ sense of disappointment in the LDP as reflected through the single-seat constituency system. Still, the DPJ government also had to face a variety of problems, such as intra-party discord and lack of experience and the disastrous results of the March 2011 Great East Japan Earthquake and the subsequent accident at the Fukushima Number 1 nuclear reactor, as well as the party's inability to provide stable government management as represented by the annual shift in prime minister from Yukio Hatoyama to Naoto Kan to Yoshihiko Noda. There was no change in a strategic mutually beneficial relationship as the premise of foreign policy toward China, but the Japan-China relationship still deteriorated greatly. And bilateral contention shifted from history and Taiwan to the Senkakus.

Hatoyama’s DPJ administration, coming into power atop the great LDP failure, tried to thoroughly disavow the pattern and style of policy under the LDP. One example was the way in which it tried to limit involvement by bureaucrats, putting matters thoroughly under political leadership from the very start. Important government policy formation, including foreign relations, excluded bureaucrats, and regularly-scheduled meetings of deputy-level administrative vice ministers were halted. Plans were scrapped for reducing the burden on Okinawa by relocating the Futenma airfield to Henoko, Nago City, replaced by calls for locating the facilities outside of Okinawa Prefecture. At the November summit talks with
President Obama, Prime Minister Hatoyama asked Obama to “trust me” to find a solution by the following May, even though he had no particular course in mind.

In foreign relations, the DPJ government invoked a "spirit of fraternity (yuai)" and stressed the ties to China and South Korea, also urging an East Asian community. China and South Korea of course expressed their welcome for these ideas, but in combination with the Futenma problem, US lack of trust in Japan grew and the stability of US-Japan alliance were questioned. DPJ policies, both domestic and international, seemed out of touch with reality, and as growing attention was directed to the party’s own pronounced political fundraising problems, support for the Hatoyama administration fell sharply. On June 2, 2010, in a joint meeting of DPJ Diet members from both houses, Hatoyama announced his resignation as prime minister; on the 4th an in-party election for a new DPJ leader selected Naoto Kan, who was sworn in as prime minister on June 8.

On September 7, the Kan administration ran up against a major problem in relations with China. Chinese fishing vessels entered Japanese territorial waters off the Senkaku Islands and began operating illegally there. When Japan Coast Guard patrol boats warned them off, a Chinese trawler deliberately collided with a Japanese vessel. The Coast Guard arrested the captain of the trawler for interference in official duties, whereupon the Chinese government immediately demanded the release of all crewmembers. Under direction of Chief Cabinet Secretary Yoshito Sengoku, all the crew members except the captain were returned to China on the 13th and the trawler was also released. At first it was decided to keep the captain in custody for a longer period, but then, on the 24th, the Naha public prosecutor’s office released the captain without indictment and returned him to Fujian Province. During this period China engaged in retribution, such as limiting Chinese tourism to Japan, restricting rare earth exports to Japan, and taking four personnel from the Fujita Corporation into custody. Protest demonstrations broke out in both countries during October, further complicating the relationship, but on October 30, Prime Minister Kan and Premier Wen briefly held talks during the East Asian summit conference in Hanoi, and Kan also met briefly with President Hu Jintao on November 13 during the Yokohama APEC conference, confirming that the two countries had returned to a strategic mutually beneficial relationship.

**Setbacks for the DPJ, revival for the LDP**

On March 11, 2011, the Great East Japan Earthquake struck, and Japan was forced to respond to the consequences of the subsequent major tsunami, and the accident at the Fukushima I Nuclear Power Plant. Chairman Hu Jintao sent the Emperor a telegram expressing China’s sorrow and condolences, as did Premier Wen to Prime Minister Kan, and they also offered to send an international aid team. Premier Wen inspected the site of the destruction while in Japan for the May bilateral summit conference. Prime Minister Kan, who had been severely criticized for his response to the earthquake and the nuclear plant accident, resigned on August 26, and on the 29th, the DPJ leadership elections selected Yoshihiko Noda as its leader and giving birth to the Noda administration. Counting from Prime Minister Abe, Noda was the 6th prime minister in five years.

The Noda administration got off to a good start with China, visiting there in December and repeatedly holding summit talks while attending various international conferences. Eventually, however, Noda was beset by the situation in the Senkakus. In April 2012, while visiting Washington, DC, Tokyo Governor Shintaro Ishihara unexpectedly announced that the Tokyo metropolitan government planned to buy Uotsurishima, Kitakojima, and Minamikojima islands in the Senkakus. The Noda administration watched the situation and eventually, in July, decided for the country to make those purchases. During this period, criticism by the Chinese Ministry of Foreign Affairs was relatively softer, perhaps thanks to the foreign ministry working level talks held intermittently, but when activists from Hong Kong landed
in the Senkakus on August 15, China exploded with criticism on the Internet, and anti-Japanese demonstrations also took place around China every weekend. When the Japanese government made the official purchase on September 11, anti-Japanese demonstrations took throughout the country every weekend during September. The demonstrations became violent, and some Japanese businesses and products were destroyed.

Prime Minister Noda also had a brief talk with President Hu Jintao on September 9 at the APEC summit conference in Vladivostok. Tang Jiaxuan, a former State Councillor, complained that it had been impolite to make the purchase immediately after the earlier talks, but it is said that the Japanese side’s interpretation had been that China had already been informed of the plans for the purchase and had taken part in the talks right before the fact only so as to drive home its point.

The problem is why the Chinese reaction, which at first had been relatively restrained, suddenly became so pronounced after the middle of August. The answer is closely tied to Chinese domestic politics. China had its 18th CCP National Party Congress in the fall of that year, and a fierce internal struggle for power was going on behind the scenes. It appears that Bo Xilai, Party Secretary at Chongqing, was thought likely to be promoted to standing member of the CCP Central Committee Politburo, but something major occurred in February 2012 which led to his downfall, and Hu Jintao was able in the process to consolidate his own authority. The list of seven Politburo standing members at this point is thought to have consisted almost completely of members with roots in the Communist Youth League, Hu's power base. Since Hu at the time had been engaged in developing a conciliatory approach to Japan, his advantaged position in CCP circles may have made him unwilling to put much emphasis on the Senkakus. During the first half of August, however, the annual party summer meeting was held in Beidaihe where CCP personnel matters were given a final adjustment, including matters affecting elder statesmen. There, conservatives centering on Jiang Zemin and Zeng Qinghong had been able to reclaim authority, and in a stroke, the name list of the seven members of the Politburo Standing Committee changed to people close to the conservatives. It is thus very likely that this development largely undercut Hu Jintao’s power base, and his conciliatory policies toward Japan such as joint development of East China Sea resources came under criticism.

The Noda cabinet, while trying to deal with the confusion in the political situation, also had to respond to such great difficulties. The relations between Prime Minister Noda and the bureaucratic structure of the Foreign Ministry and other agencies did improve greatly, and the prime minister was able to keep his position and policies in focus. However the Chinese gave up attempts to conduct talks with Prime Minister Noda and instead seemed to start looking to discussions with whatever new administration followed Noda after the general elections. Prime Minister Noda dissolved his cabinet on November 16, 2012, as promised, and general elections were held on December 16. The result was disaster for the DPJ and a resounding victory for the LDP. An election for party president had already been held in the LDP, with Shinzo Abe winning over such candidates as Shigeru Ishiba, and the general election results meant that Abe was made prime minister on December 26. The second Abe cabinet was formed in coalition with the Komeito.

3. From the “1972 system” to a “strategic mutually beneficial relationship”

As touched on earlier, tracking the course taken by Japan's policies toward China reveals that while interdependence in economics and other areas has deepened, there has also been a negative correlation in that political friction has also grown. Economic interdependence does not provide support for a political relationship. Rather, friction between Japan and China grew along with progress toward interchange and globalization in the various areas of contact, beginning with economics. In short, that is because the
relationship does not include any stabilizing mechanism which can prevent the various types of friction from arising as bilateral contact grow, or at least to hold the friction to the smallest possible level. Looking back, we can see that at least until the 1980s, such a function was being performed despite the fact that interdependence was not growing.

Why did that mechanism cease to work? It is possible to find an answer to that question in terms of the limits to the 1972 system and the immaturity of the mutually beneficial relationship based on common strategic interests which was agreed upon to take over from the earlier system. As discussed earlier, the 1972 system as seen from the Japanese viewpoint consisted of two fundamental principles, the perceptions of history and of Taiwan. It was premised upon changes in an international environment where the growing closeness of the United States and China was taking on the form of a net to encircle the Soviet Union, on Japan's domestic awareness that as China became more important it should be welcomed into the international community, as well as on agreement in Japan's domestic politics on that latter point.

**Phases of historical issues and the Taiwan problem**

We can conclude that there has been no change in the basis for these two fundamental principles. Looking at the perceptions of history, Japan has not changed its basic position regarding the wars and aggressions of the past, and Murayama's statements on the 50th anniversary of the end of the Second World War still stand. To the Japanese, Murayama's public statements and the Emperor's visit to China in 1992 marked an end to an era on the issue. To the Chinese, however, due to growing lack of trust in the Communist Party and other domestic circumstances as well as the Taiwan problem, or even just because of an individual leader's personal preferences, the war against Japan again became a topic of attention. As a result, the Japanese side came to feel tired of patriotic campaigns by the Communist Party expanded by using domestic sentiments or playing the Japan card.

This phenomenon came to a peak with the visits to Yasukuni Shrine right during the Koizumi years. Domestically, there are arguments in Japan on both sides of the question of the political leadership visiting the shrine, but there was a spreading aversion to how China was interfering with Japanese internal affairs. Right after Koizumi's retirement, the Abe government was born, and its ability to reach a kind of historical accommodation with Hu Jintao freed the bilateral relationship from the spell cast on it in the past; this was because of the intention to sublimate a mutually beneficial relationship based on common strategic interests with an eye to the future and the overall situation. While resistance from the Jiang Zemin faction, which maintained a very unsparing attitude toward Japan, continued to be strong, Hu Jintao continued to try to avoid references to historical problems and adopt a magnanimous, conciliatory policy toward Japan which focused on Japan's peacefulness and development since the war. There are a number of rationales offered for why Hu adopted this approach. For example, some say that Hu Jintao's attitude had to have been related to how, as the person responsible for carrying out General Secretary Hu Yaobang's youth exchange during the mid-1980s, he made repeated trips to Japan. In that sense, an important topic for future attention will be just how Xi Jinping, the successor to Hu Jintao, will deal with historical matters and promote the strategic mutually beneficial relationship.

Looking at the positioning of the Taiwan problem as confirmed under the 1972 system, even today Japan continues to support the One China principle and has firmly maintained its stance of not supporting independence for Taiwan. There have, however, been some great changes in Taiwan between 1986 and the present. Taiwan during the Chiang Kai-shek and Chiang Ching-kuo days was under dictatorial rule of the Kuomintang, but from around 1986, toward the end of Chiang Ching-kuo's time in office, Taiwan suddenly entered a period of democratization, which took on more momentum with the start of the Lee Teng-hui era in 1988. As a result, the democratization of Taiwan—which actually was a
“Taiwanization” of the ROC—developed rapidly, switching in 1996 to a democratic system where the president was chosen through popular elections. This development did not bring changes in the fundamental structure of relations between Japan and Taiwan, but in addressing the question of Taiwan, Japan has come to emphasize that the future of Taiwan should reflect the will of the people.

Lee Teng-hui spoke positively about the past when Taiwan was under Japan’s control. Jiang Zemin was incensed by this, categorizing it as Japanese aggression against China and as part of the historical problem. Later, during the Hu Jintao years, Taiwan played a much smaller role in the mutually beneficial relationship based on common strategic interests, due to progress made on concepts such as “maintaining the status quo” and “dialogue.” We can now watch to see whether the Taiwan problem will be kept at this relatively low level under Xi Jinping. Or will Xi’s administration, which has been emphasizing the unity and superiority of the Chinese people, once again raise the Taiwan problem to a priority theme?

Shifts in the international environment

Japan’s post-war diplomatic engagement with China started in a Cold War framework. The Yoshida government, which had just so recently secured independence for Japan, could not turn its back on its ally, the United States, and it was against such a backdrop that Japan gave priority to its diplomatic relationship with the Republic of China on Taiwan. The fact that the normalization of relations in 1972 became possible was also a result of the US-China rapprochement. In other words, it was wholly natural under the Cold War structural setup that Japan should stay in step with the United States. This all means, in short, that the 1972 system was due to coordination among Japan and China and the United States and represents the design of a relationship to resist the Soviet Union.

In that sense, the end of the Cold War in 1989 held a more profound meaning when looked at in reference to international relations. The imaginary enemy that was the Soviet Union evaporated, and Japan, China, and the United States lost the Soviet Union as a common target which the three had shared. With the coming of the 1990s, situations such as the Taiwan Strait crises and China’s rapid economic growth raised the specter of a “Chinese threat,” and in response, China became wary of the strengthening of the Japan-US alliance. This situation, in reality reflected the flux in the international environment which followed the Cold War. As the 21st century began, China displayed an even stronger orientation toward modernization of its economic power, and its military might as well, a phenomenon which added momentum to the situation.

Against a background of globalization of the economy since the start of the 1990s, with the exception of the Asian currencies crisis of 1997, there has been more and more of a leveling effect for Asia’s economies as their growth rates increased, and in addition to China, South Korea and the ASEAN countries have rapidly increased their ability to make themselves heard. In addition, the growth of the Asian economy as a whole brought up a wide range of topics of common interest, including finance, the environment, energy, intellectual property, poverty, and contagious disease, and each country needed to find ways to deal actively with such concerns. This in turn created a background for Asia’s rapidly growing interest on the premise of globalization in regionalism, including free trade agreements and comprehensive economic partnership agreements.

A strategic mutually beneficial relationship between Japan and China was proposed to reflect these Asian realities. In short, the existing Japan-China relationship had each partner focused squarely on the other partner, with little interest in looking at the bilateral relationship more broadly to include Asia or the world. When Japan and China gave some thought to correcting this situation by placing more emphasis on how they, as the two largest powers in the region, could jointly contribute to such common concerns of the region and the world, the result was a mutually beneficial relationship based on
common strategic interests. Without a doubt, there were many topics of common regional concern, some of which had reached a stage calling for common action. Both Japan and China were able to recognize this. But it was not easy to shift from the inertia of bilateralism built up over the years, and there was still little concrete content to a strategic mutually beneficial relationship.

**From north-south relations to a level relationship**

If we look at the political system in China around the time of normalization of relations, we see that instead of being authoritarian, it was more of a sort of totalitarianism. Under the dictatorial rule of Mao Zedong, the Great Cultural Revolution devastated the country. That was, in the end, a war over authority. So how was it possible for relations with China to be normalized at this stage, followed by a sudden improvement in Japan’s domestic image of China? That is hard for us to imagine looking at the situation today. But as already mentioned, that was the vox populi of the day, the trend of the times.

It was in December 1978 that China had the opportunity to shift course from the revolutionary road to the path toward modernization and move toward a policy of reform and opening up. That was the time of the 3rd Plenum of the 11th CCP Central Committee. Provision of yen-denominated ODA to China had begun, with the goal of bringing China, which had just barely started its efforts at modernization, into the international community. Around that time China had taken Japan as its model of development and at a stroke was moving forward promoting trade and the import of technology. Under the long-term trade agreement concluded between Japan and China, Japan would provide China with science and technology, while China would give Japan petroleum and other basic resources and materials—a typical north-south arrangement between an advanced country and a developing one. This phase of relations continued from 1980s to 1990s. During this period China continued to decrease its production of oil until in 1993 it turned into a net importer of petroleum. It experienced rapid economic growth starting in 1992 with the shift to a market economy, presenting an opportunity for a flood of foreign capital seeking a cheap labor force in China. Such developments are not so different from such pattern.

Doubts about ODA for China started to appear in Japan after Tiananmen Square, and while it froze ODA at first, Japan did not want to isolate China and was quicker than other countries in restoring the aid. During the first half of the 1990s, while Japan suffered through the aftermath of its burst economic bubble, China celebrated its rapid economic growth. From around the middle of the 1990s, when China was conducting nuclear tests and sparking crisis in the Taiwan Strait, doubts began to appear over whether China could indeed be counted as a developing country. Later, as China continued on its course of military modernization and it became apparent that China itself had begun to assist developing countries, criticism of ODA for China rose to new levels. With the arrival of the 21st century, in the face of such occurrences as China’s unannounced start of resource development in the East China Sea, Prime Minister Koizumi began to allude to China having “graduated” from ODA. Later the two countries agreed to move toward ending ODA with the Beijing Olympics of 2008 as a goal.

In 2010, China outstripped Japan in GDP, becoming second internationally. China was already devoting twice Japan’s expenditures to national defense. China even now still considers itself a developing country, but the Chinese marketplace overflows with the world’s biggest companies, and it is the world’s largest holder of US national debt. It is increasing its presence on every economic stage around the world. In short, the relationship between Japan and China has shifted from a north-south relationship to a level one, and if China’s momentum and its political influence are taken into account, one might wonder whether the positions have been reversed. This phenomenon means that the two countries are entering into a difficult phase, where realizing “mutually beneficial” in their strategic mutually beneficial relationship presents a challenge.
Changes in agreement on policy (political, bureaucratic, financial)

If we look at the policymaking process regarding Japan's diplomacy toward China, we can see that over the 40 years since normalization, there have been some major changes. Before normalization, Japan did not have relations with China, and accordingly, the role of the Foreign Ministry and other bureaucratic institutions and of financial circles was relatively minor, with the top elite instead playing an overwhelmingly large role. The views of the elite toward China carried great weight. That is plain if we look at the periods identified with Yoshida, Kishi, Ikeda, Sato and others. In the normalization process itself, parties such as politicians including Tanaka and Ohira, bureaucratic institutions centering on the Foreign Ministry, and the members of financial circles who supported the Japanese economy as it grew were able to participate broadly and pretty much at will. This trend continued at least until Nakasone's years in power. We could even say that during this period, political leadership, bureaucratic institutions, and Japan's economic growth represented a unified “trinity” of their own.

Following the 1990s, however, as the Cold War ended and the bubble economy collapsed, the political scene in Japan fell into confusion. Internal divisions in the LDP resulted in its fall from power in 1993. While the Hosokawa coalition government did take office, it proved unstable, which resulted in an LDP-Socialist Party coalition government. That coalition was dissolved, but the LDP was incapable of exercising a monopoly on forming a government. With Japan's entry into the 21st century, the Koizumi government did last for a long period, but it was followed by reappearance of a situation where the administration changed annually.

Then in 2009 a Democratic Party government was born, and the LDP was again removed from power. The prime minister, however, changed annually from Hatoyama to Kan and then to Noda, and after that the LDP bloomed again in December 2012 and the second Shinzo Abe administration was born. During this period there was a string of political scandals and examples of political corruption which brought a tightening of the laws restricting political contributions to block the relationship between money and politics. In the relationship with China, the links between politics and Business community have been weakened and a separation of politics and economics have continued and bureaucracies no longer shine as brightly as they once did. As the once powerful trinity has collapsed, attention is somehow still continuing to be paid to the so-called mutually beneficial relationship based on common strategic interests, but efforts to make these words into reality are lagging behind.

Conclusion

When we consider Japan's diplomacy toward China, we need to keep in mind three factors, Japan's domestic situation, the international environment, and the situation in China in terms of a feedback function. Here, we have conducted an analysis based on Japanese domestic circumstances and the international environment, excluding the situation in China. We have placed the focus on Japanese domestic circumstances. What is most important in foreign relations is to have enough political stability to permit a cool analysis of the world and the situation in the other country along with one's own standpoint, then to formulate specific foreign policies based on both a grand vision and strategic considerations and carry that out. This is because foreign policy is an extension of domestic politics. It bears repeating that such fundamentals must not be forgotten.

Looking back, the international environment factor seems to have played a relatively small role in Japanese foreign policy toward China. Conditions in the world economy or China's economy were indeed major background factors influencing corporate activities within economic circles, but the US factor was overriding influence toward the political aspects of Japan's foreign policy toward China. That fact of
course does not explain all that took place, but the fundamental structure of that foreign policy has not changed from the immediate post-war period to the present. In that sense, the Japan-China relationship in an international context essentially was the Japan-US-China relations. The reason that the influence of the international environment was relatively small in the Japan-China relationship was that the weight of history was an ever-present underlying factor in the relationship, including that with Taiwan. So long as the Chinese Communist Party in particular maintains its political control over China, pre-war history and particularly the CCP’s role in the war against Japan will preserve the legitimacy of its authority. China continues to insist that Japan is belittling its unfortunate history, and in Japan, distrust of China continues to grow as the Japanese wonder how long China intends to continue to pursue anti-Japanese education. That fact in particular explains why it is difficult to bring changes in the 1972 system and its emphasis on bilateralism.

The significance of a strategic mutually beneficial relationship lies in how it includes the possibility of an escape from that sort of vicious cycle. It has become possible to give a formal name—“a mutually beneficial relationship based on common strategic interests”—to the framework to which Japan and China will return in the end. What remains is the question of how to move forward steadily creating something to fill in that framework. The essential elements for Japan and China will be a sense of reality and a broad perspective.

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