

CHINA AND JAPAN

MANAGING A COMPLEX RELATIONSHIP

Tsuneo Nishida

CHINA IS EMERGING as a global power and not just a regional one—in the sense that it has become both a huge economic market with some of the world's top manufacturing capability and a politico-military giant. It is an amazing phenomenon that this historically and geographically great country—which previously suffered from suppression, poverty, and disparity within its borders—has become a major player on the world stage in such a short period.

China's miracle appears to be more eye-catching than the one that took place in Japan in the 1970s and 80s, but there also exists a more fundamental difference between the two. The Japanese case was a truly unprecedented transformation of a completely defeated country into the second largest global economy, while during the same period becoming a close ally of the dominant

world power, namely the United States. Therefore, the Japanese miracle had more of a trade and economic impact on the world order, and less of a politico-military one.

CHINA'S UPS AND DOWNS

China is one of the world's oldest civilizations, along with India and Egypt, and has been a major player on the global scene since its first appearance in history. First of all, it should be noted that China is huge in terms of land, population, the number of ethnicities, languages, and so on. Thus, the top priority for the rulers of China has been, and remains, how to rule minorities and unite the entire country. China has produced many strong and sometimes cruel leaders, with the oldest merit-based bureaucracy serving as a strong pillar of national administration. China has directly and indirectly

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A China Marine Surveillance vessel cruises past Japan Coast Guard ships near the disputed Senkaku islands in April 2013

governed many smaller and lesser developed neighboring countries by force and wealth. Japan was one such country, paying tributes and receiving civilizational advancements in the form of arts, skills, religion, and city building.

In the Age of Discovery, Europe initially crossed the Silk Road to encounter a powerful and affluent China in pursuit of mainly commercial interests. Later, the First Opium War (1840–1842) led to the era of China's semi-colonization: the Chinese humiliation. Colonial powers from Europe, as well as the United States and Russia, exploited and humiliated China excessively. And Japan followed as a colonial power.

WORLD WAR II VICTOR

When World War II was over, China suddenly emerged as a victor alongside the United States, the Soviet Union, Great Britain, and France. It then participated in a series of meetings to decide on the new world order that was designed and delivered by the United States. Immediately after the end of the war, the Chinese Communist Party (CCP) took over, expelling Chiang Kai-shek from the Mainland and legitimizing its rule by calling itself the force that had defeated Japanese Militarism. The CCP aimed to tackle enormous internal challenges, which included consolidating its power and authority, unifying the people un-

der its rule, and kick-starting economic and social development.

During the Cold War, Japan successfully grew into a major economic power and endeavored to be a generous neighbor not only in Asia, but also globally, serving as the biggest official development assistance donor together with the United States. Japan was the only Asian member of the Organization for Economic Co-operation and Development (OECD) for a long time, until South Korea joined the rich men's club in 1996.

During that period, China was a poor developing country with huge economic, social and infrastructure needs. It desperately needed help from Japan; the CCP had no other choice.

Hence, Japan emerged as the top donor and trade partner of China during that period. Japan was the big brother, with China serving as the junior partner. Very few people—including the Chinese leaders themselves—anticipated that this relationship would soon change.

JAPAN IN TROUBLE

Japan suffered from an unprecedentedly long stagnation after our economic bubble exploded in the early

1990s. During the two decades of economic slump that followed (the 'Lost Decades'), Japan lost its self-confidence, not only in terms of economic management, but also in the overall "Japanese Way" that was once believed to be perfect and likely to last forever.

When Japan finally emerged from this period, the landscape had changed. Twenty years had gone by and the scene had become completely different from the one Tokyo was accustomed to seeing. The new world had information technology, emerging economies such as BRICS, and rampant terrorism and extreme violence. Globalization was the game-changer, and the world had turned into a competitive and wild

place that was not necessarily friendly to Japan.

China had also become different from the country that Japan had previously encountered. Over this same period, China had become a powerful and aggressive major regional and global player, rather hostile to its formerly generous neighbor. Japan could not comprehend what had happened and what was wrong; it could not accept the change.

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ECONOMIC INTERDEPENDENCE

Over time, the two economies (China and Japan) became so interdependent that they almost merged into one, making separation inconceivable. China has become Japan's top trade partner, and Japan is the leading investor in the Chinese market, with more Japanese companies operating in China than anywhere else.

Japan's major department stores have survived thanks to the influx of Chinese shoppers. For example, if one travels to Kyoto, which is the most renowned ancient capital of Japan, one can see a large number of tour buses filled with Chinese visitors wearing Japanese kimonos. In addition, Chinese students now represent the largest number of international students, learning the Japanese language at many colleges and universities. Moreover, if one boards a metro in Osaka, one can see directions written in Chinese, followed by Korean and English. The Chinese presence in Japan is both enormous and visible, and is broadly accepted.

This is not a one-way phenomenon. Despite the recent disturbing events between the two countries, China remains the top destination for Japanese tourists. In addition, Chinese remains the second foreign language (after English) among Japanese students.

It may not be an exaggeration to say that, looking over more than 3,000 years of history, the two countries have never been as deeply intertwined with each other in economic and social terms as they are now.

TOUGH TIMES

It may be historically true that the relationship between neighbors is the most difficult to manage—for example, Britain and France, Germany and Russia, India and China, and so on. In most cases, neighbors both need and hate each other in equal measure, simply because they are neighbors.

If one neighbor is much more powerful than the other, relations can be less complicated.

When both neighbors believe themselves to be equally strong, they tend to compete for the upper hand, instead of recognizing the necessity of making a fair deal. In fact, a given bilateral relationship can get much more complex, and even ugly, if the relative power-balance between the two players fluctuates and is volatile within a short period.

UNSTABLE POLITICS IN JAPAN

As I have already noted, recent relations between Japan and China have changed dramatically in favor of the latter. Most Japanese people have found this reality difficult to accept and

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have tended to ask how the change happened and who was responsible. After a long and difficult period of introspection, Japan lost confidence in the “Japanese Way”, while being confronted with the harsh new reality of China as the Big Power. Japan underwent divisions and instability in terms of political direction.

Japan first dismissed the old political party that had enjoyed a virtual monopoly on power since the end of World War II. The new Democratic Party of Japan was swept into government, bringing high expectations of a new era, namely the realization of the long dreamed two-party system, as seen in the United Kingdom and the United States. After having experienced deep disappointment with them soon thereafter, the Japanese people simply punished them by returning to power the leaders they had expelled just three years previously—but this time with strong conservative elements added. While they were in power, the Democrats were not ready to govern the country and indulged in party infighting. In addition, Japan was hit by the March 2011 Tohoku Earthquake.

“Get back the strong and prosperous Japan” became the national political agenda. It had two major objectives. First, to boost the slow economy by pushing unprecedented monetary relaxation policies. Second, to strengthen

defense capability by revising the interpretation of the Peace Constitution and bearing more military responsibility. Apparently, the message was clear and simple: Japan did not want to be overshadowed by China.

CHINA LOOKS TO AMERICA

Since Deng Xiaoping opened up China’s market by adopting a “socialist market economy,” China has been growing consistently and is a rapidly developing market, becoming the world’s biggest factory. Due to its huge and cheap labor force, China has been able to attract trade and investment partners from all over the world. In 2010, China surpassed Japan and became the second biggest economy, after the United States, thanks to 10 percent annual growth from the year 2000.

With economic expansion accompanied by rising confidence in the ‘Chinese way’, China has transformed itself from an emerging economy, and part of BRICS, into a political and military power that aims solely to catch up with America. While the Beijing authorities have constantly changed their official slogans—recent examples include “Peaceful Rising,” “New Relations between Big Powers,” and “New Normal”—China has never been hesitant in working to climb up the political ladder of world hegemony. After China had overtaken Japan, which was once the de facto model of

economic development, it concentrated all its efforts on becoming an equal partner with the United States.

CHINA’S FUNDAMENTAL CHALLENGES

China has harbored many problems, including a few fundamental ones. Some experts maintain that China has learned a lot from the Soviet Union’s experiences—particularly the disastrous perestroika and its aftermath, namely the collapse of its empire. Others argue that it is too early to tell whether China is a smart student that has managed to learn a lot from a bad teacher. In my view, China—in successfully postponing its much needed structural reforms—has just waived on its homework assignments.

Some of the fundamental questions about China’s rising status include:

First, is it possible to maintain the monopoly on political power enjoyed by the CCP while opening up the country through the adoption of a “socialist market economy” and connecting to the global economy?

Second, can China handle its emerging middle class, which shares totally different views and values from the espoused doctrines of the CCP?

Third, in the short term, what kind of reforms can be undertaken by the state-owned enterprises, which have clearly become a burden on the growth of the Chinese economy?

These and similar questions have been discussed many times by Western experts, but have been left unanswered for a long time. Presently, only China has been successful in overcoming the global economic crisis, while the rest of the world has been desperately

struggling to deal with economic malaise. It appears awkward to even ask such questions, but the reality cannot be hidden by economic statistics.

The truth is that a big gap has been spreading across the whole country: the gap between the big cities and rural areas, the rich and the poor, different ethnicities, and so on.

It is not by chance that Xi Jinping started his anti-corruption campaign on an unprecedented scale immediately after he came to power. This was partly to consolidate his power-base, but that is not the only reason: the contradictions currently faced by China as it assumes big power status are too profound to be postponed for another decade. Thus, once this anti-corruption campaign started, it

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seemed to progress on an ever larger scale. While this remedy is not strong enough to cure the chronic disease of China, it can prevent the disease from spreading rapidly. Most likely, Xi's rule will be remembered as one continuous anti-corruption campaign.

XI'S FOREIGN POLICY

Another characteristic of the Xi government is its boldness in straightforwardly demonstrating assertive big-power nationalism, including its reliance on military use where necessary.

It is said that China has one hundred faces, like some ancient goddess statues—the benevolent Goddess of one hundred faces and thousands of hands to embrace people. When this concept is applied to external relations, one sees that Chinese foreign policy has always been multifaceted. Whenever China encounters a stronger foreign country, it responds with great hospitalities so as to avoid confrontation. When Henry Kissinger met Zhou Enlai in 1971 to prepare for the groundbreaking 1972 summit between Richard Nixon and Mao Zedong, he saw a polite and obedient China. On the other hand, when China deals with weak countries, it never hesitates to be arrogant and aggressive. This dual approach

can help explain why China has too often been disproportionately aggressive *vis-à-vis* its Asian neighbors, but simultaneously maintains a cordial relationship with the EU and the United States.

JAPAN-CHINA RELATIONS

As I have already noted, the intense tensions between Japan and China are not just a temporary mismatch between the two nationalistic governments; rather they are structural in nature. It is a complex relationship with many intertwined factors, such as historic heritages, the shift of power balance, and economic interdependence.

The relationship harbors different elements that have been significantly deteriorating due to rapid economic

interdependence and the uncontrolled influence of social media. Not only do political leaders in Japan—where the principle of freedom of the press is established—pay attention to public opinion, but those in China must also pay more attention to the voice of the people—at least in the Chinese way. Presently, governments try hard to influence public opinion, only to come to the conclusion that they have to be more attentive to the rather emotional and volatile voices coming from various popular quarters.

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China has transformed from being a poor, undeveloped Asian country with a centralizing tradition into a regional and global power because of its expansive geography and huge population. This process has been unprecedentedly fast, not only in Asia, but also across the world, and its impact has been almost threatening.

EUROPEAN RESPONSE

After the Cold War was over, Europe slowly began to shift its focus to Asia, due to the emerging Chinese economy. However, Europeans' interest has been limited to selling their goods to the huge number of Chinese consumers. Most European countries enjoyed a brief peaceful period after the disappearance of the Soviet menace, free from any concern about the potential strategic implications of an emerging China in the Asia-Pacific region and beyond. They rushed to the new frontier, naïve enough to sell even weapons; this led to difficult conversations with the Japanese and Americans, who are permanent residents in the region.

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For the Japanese and Americans, a rich and prosperous China could be something that is welcome, so long as China remains a peaceful and stable neighbor. However, history shows that every economic power eventually and unavoidably becomes a political and military one. Unfortunately, China cannot be an exception. This shared Japanese and American understanding was considered carefully by the Chinese leaders when they adopted the “Peaceful Rising” slogan to try to defuse such concerns, buying time by so doing.

“HISTORY ISSUES”

The “history issues” are one more additional but serious aspect of Japan-China bilateral relations. China remains convinced that these issues are a helpful tool for its leadership in many ways. Firstly, it has claimed the CCP led the war against Japanese militarism and built the foundations of a strong

and prosperous China under its rule. Secondly, it claims not only legitimacy domestically, but can also claim to be one of the privileged architects of the

world order, as understood in the context of the United Nations, due to the fact that China sits among the Permanent Members of the Security Council, based on the result of a just war.

On the world stage, China again uses many faces: 1) P-5 country (aristocrat), 2) non-aligned nation, and 3) leader of developing countries.

Whenever Japan tries to challenge the status quo, China refers to the “history issue” and calls upon the alleged public opinion of the world. Even for the United States—a close ally of Japan—this issue is too delicate to allow it to openly support Japan.

At the end of the day, expatriate Chinese are everywhere—particularly in the Asia-Pacific region, North America, and Africa. The “history issue” also functions as an effective and emotional cause to mobilize Chinese migrants abroad.

ABSENCE OF GLOBAL GOVERNANCE

As pointed out previously, Xi Jinping has conducted a pretty high-handed foreign policy, ranging from advancing territorial claims in the East and South China Seas to cyber-attacks. Apparently, the Chinese believe that there is no need to curb

this boldness, notwithstanding America’s openly expressed disapproval. China has blatantly ignored repeated diplomatic appeals by neighboring countries, including Japan, which stress the need to resolve problems peacefully and through negotiations based on international law.

It seems that the world is trapped in a pitfall of its own creation. Things are getting more and more turbulent. This can be seen in at least two ways.

First, big powers able to regulate the international system are almost gone.

The Soviet Union has collapsed, and Russia cannot afford to be its successor as a world power. The United States has become tired of its world monopoly position. Notwithstanding its huge potential,

China so far lacks appealing messages to international society—especially to young generations.

Second, the international regime designed by the Americans after World War II has lost its usefulness over time, and shows no capacity or readiness to reform itself.

The Chinese and Russians have taken quite different diplomatic approaches in the past. Russia was eager to become

a member or partner of American-made exclusive clubs, such as the G7, the WTO, the OECD, and even NATO. This is, for the most part, no longer a priority for Moscow. China was, and remains, cautious about being deeply involved in Western groups, instead maintaining some distance from them.

CHINA-RUSSIA ALLIANCE

This apparent cautious approach is another good example of Chinese diplomacy. As long as China remains inferior and weak, it avoids the risk of being swallowed up by the big countries. Instead, it waits patiently for a time when it is strong enough to rise to the surface. This pattern seemed to change when the Obama Administration declared its Asian “pivot” policy a few years ago, signaling its intention to shift more assets to the Far East.

China has become more defiant and more confrontational-sounding, while at the same time openly approaching Putin’s Russia. Russia has also become more defiant against the United States and the EU, because of the situation in former Soviet bloc countries like Georgia and

Ukraine. Beijing and Moscow have seemingly agreed that it is definitely in their common strategic interest to create and strengthen the anti-Western alliance in both Europe and Asia.

At this point, the geopolitical map has changed substantially, and it looks as if a second Cold War is coming back globally.

There were a few recent indicators that suggested this was happening, such as nuclear proliferation problems in Iran and North Korea. China supported Russia in the Iran case, and Russia endorsed China in the North Korean one—but in a more subtle way. Right now, however, both countries are more open and provocative; they do not hesitate even to use military means to protect their perceived geopolitical interests, including the doctrine of “spheres of interest.”

Both China and Russia seem to pay much less attention to either Europe or Japan. They are apparently only ready to make an eventual deal with the United States—and nobody else. China does not regard Japan as its strategic rival any longer, for better or for worse.

Russia has invaded and occupied Crimea and continues to effectively control half of Ukraine. China strengthens territorial claims by sending ships and constructing military bases in disputed waters.

In so doing, both China and Russia seem to pay much less attention to either Europe or Japan. They are apparently only ready to make an eventual deal with the United States—and nobody else. China does not regard Japan as its strategic rival any longer, for better or for worse.

FOOTNOTES

It is still too early to undertake a definite evaluation of whether the Asian Infrastructure Investment Bank initiative is a new game-changer which challenges the existing American-led global governance framework, or whether it is just another attempt to forestall the American “pivot” by further consolidating China’s economic presence in Asia.

However, it is clear that the recent tensions in China-Japan relations should not be regarded as transitional frictions between two major players in the context of bilateral rivalry. This is because the power balance between them has shifted significantly in the

most dynamically developing regions of the world.

At this point, it is important to recall three simple but substantive facts:

First, China’s change cannot remain regional, due to its geographic, demographic, and economic size.

Second, Japan is still the most important democratic ally of the United States in Asia, sharing universal values such as freedom and human rights.

Third, the China-Japan relationship should be analyzed against a global backdrop, with a view to figuring out how to address the realignment of power constellation.

We should endeavor to craft a much-needed new global governance mechanism, one suited to the challenges faced by the modern world—a full seven full decades after the end of World War II. ●