A. Lecture Notes

Lecture 4

Reform and Opening-up since 1978:
China’s Modernization and
its Relations with Japan

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1. Introduction: Post-war China and Japan

The 1930s marked a decade of wars. Japan invaded China in July 1937, commencing a war of resistance that lasted for eight years. Germany and Italy also directed a series of aggression which led to the outbreak of the Second World War in September 1939. Following this, Japan not only launched an attack on Pearl Harbour, the American naval base, on 7 December 1941, but also occupied several Southeast Asian countries, resulting in the emergence of the Pacific War across Asia. In September 1943, Italy surrendered; Germany surrendered unconditionally on 8 May 1945 and Japan followed suit on 15 August, thus bringing an end to the Second World War.

To understand the development of the East Asian region in the years following the end of the war, first, we have to know the development of modern China, starting from the Chinese Civil War, the establishment of the People’s Republic of China (PRC), the “Resist U.S. Aggression and Aid Korea” (Korean War), to the ‘Five Principles of Peaceful Coexistence’ in Chinese diplomacy; and second, the situation in post-war Japan, namely the “Supreme Commander of the Allied Powers” (SCAP) and “Post-war reforms”; the “Asking for Peace” and the “1955 system” as well as the Japanese relations with the other countries after the war. In addition, there should be some understanding of Asian economy which includes the post-war economic development in Japan, the ‘Four Asian Tigers’ and the Reform and opening up in China since 1978.

1.1 Post-war China

In the early post-Second World War period, unresolved political differences, in spite of peace negotiations efforts including the signing of a truce, between the Kuomintang and the Communist Party resulted in civil war. On 1 October 1949, the PRC was formed. By the end of 1949, the Kuomintang retreated to Taiwan.
In 1950, the Korean War broke out between North Korea and South Korea. With the United States in the lead, the Allied Army was formed on 7 July to assist South Korea, and on 15 September, U.S. troops landed at Incheon. In turn, China launched the “Resist US Aggression and Aid Korea” and organized her own voluntary army which arrived at the front line on 25 October. Within half a year, both sides engaged in five military confrontations and on 27 July 1953, after more than two years of negotiations, the ‘Korean Armistice Agreement’ was signed in Panmunjom in Korea thus bringing an end to the war.

The principles of Chinese diplomacy, or the ‘Five Principles of Peaceful Coexistence’ were first conceived in an agreement between China and India in 1954, with the major content as follows: 1) mutual respect for each other’s territorial integrity and sovereignty; 2) mutual non-interference of the other countries’ internal affairs; 3) mutual non-aggression; 4) equality and mutual benefit; 5) peaceful co-existence. The aforementioned principles were offered by Zhou Enlai at the 1955 Bandung Conference and were well-received by participating nations. These five principles were elaborated and incorporated into the Final Communique of the Bandung Conference, making up to ten principles. It was then with these existing principles that China began cordial relations with a number of Asian and African countries.

1.2 Post-war Japan

Post-war Japan came under the occupation of the Allied Powers led by the United States of America. As an advisory body, the general headquarters of the Allied army in Tokyo came under the supervision of General Douglas MacArthur, Supreme Commander for the Allied Powers (SCAP). Initially, the Americans focused on demilitarizing and democratizing Japan so that Japan would no longer be a threat to world peace and security in the future. This would allow Japan to carry out its economic, military, cultural and political reforms.

In 1951, the Treaty of San Francisco was signed by the USA, Japan and more than 40 states, ending American occupation and restoring independent status to Japan. Following this, the Security Treaty between the United States and Japan was signed, legitimizing the continued presence of U.S. military bases in Japan for Japanese security purposes, whilst permitting the latter to build her national military defense.

The diplomacy of post-war Japan can be divided into four periods: 1) 1945-1956: Japan’s war defeat, entry into the United Nations (UN) and return to the international scene 2) 1957 to 1971: Despite Japan’s claim of UN-centred diplomacy, she continued to follow US policy. In 1970 the Japan-US Security Treaty was extended without date of termination 3) 1970-1980: multi-lateral diplomacy; 4) 1990-present: her emergence as a ‘political power’ by actively participating in international affairs.
Starting from the 1970s, there were changes in Sino-American relations which affected Sino-Japanese relations. The more important events are listed below:

1. In 1972 the cabinet of Eisaku Satō resigned and was succeeded by Kakuei Tanaka;

2. Japan was caught in a difficult position between China, the United States and the Soviet Union after the Second World War. In 1975, Japan served as the “Asian spokesman” at the G-7 Summit of seven western countries. Its importance was just second to the UN;

3. In 1977, Prime Minister Takeo Fukuda and U.S. President Jimmy Carter discussed the possibility of a “US-Japanese relationship focusing on world peace”; also, the Treaty of Peace and Friendship between Japan and the People’s Republic of China was signed in view of the worsening Soviet-Japanese relations;

4. In 1978, Prime Minister Masayoshi Ōhira initiated the idea of a Pacific Rim community, emphasizing Asian Pacific diplomacy, attempting to strengthen Japanese relations with the United States and resisting the Soviet Union; economic cooperation in the Pacific was also propelled by the Japanese;

5. From 1980 to the 1990s, Japan’s diplomacy tended to develop the country as a ‘political power.’;

6. In 1981, Prime Minister Zenkō Suzuki met with President Ronald Reagan in Washington, concluding for the first time with the Joint Communique recognizing the alliance between the United States and Japan. The issue of whether “military cooperation” should be included led to controversy inside Japan;

7. In 1983, Yasuhiro Nakasone emphasized the importance of developing Japan into a “political power,” and an “international country”;

8. Yasuhiro Nakasone visited France in 1985 and discussed the undertakings of ‘political powers.’;

9. In 1987, Japan’s per capita GDP reached USD 22,000, exceeding that of the United States’ for the first time. Takeshita Noboru further declared the three pillars of international cooperation: 1) peaceful cooperation; 2) expanding the Official Development Assistance (ODA); 3) strengthening international cultural interaction;

10. Dramatic transformations in the international scene took place in 1989 and the Soviet Union disintegrated in 1991. In 1993, the Liberal Democratic Party stepped down and was replaced by ruling coalition government. Since then, Japan has aimed at a new order centred on the United States, Japan and Europe in a global perspective;

11. From the 21st century onwards, Japan has strengthened her military alliance with the United States. In spite of Japan’s concerns for her relationships with neighbouring countries such as China, North Korea and South Korea, there was tension time and again because of the unstable circumstances.
1.3 Relations between Japan and the United States

The crucial period of relations between Japan and the United States came after the Second World War. In September 1951, the United States and Britain held a peace conference with Japan, resulting in the Treaty of San Francisco and the Security Treaty between the United States and Japan (28 April 1952). The Treaty of San Francisco was the peace treaty signed with Japan after the Second World War. It was the attempt of the United States to have an anti-Communist base in Japan. This treaty did not include the “Compromise on One Side” treaty, in which Communist countries were not involved. The Security Treaty between the United States and Japan, on the other hand, specified the military relations between the United States and Japan (i.e. it recognized the stationing of American troops in Japan.)

The Security Treaty recognized the stationing of American troops in Japan. The United States expected gradual increase of Japan’s military strength. The American troops could be deployed under three circumstances: 1) preservation of peace and security in the Far East; 2) suppression of riots and unrests in response to the Japanese government’s request; 3) protection of Japan against external aggression.

The equipments of the stationed American troops were to be jointly decided by the administration of the United States and Japan. The Security Treaty was signed because of the American policy at the beginning of Cold War and Japan’s strategic position during the Korea War. While the stationing of American troops and rearmament were deemed necessary, these would only be possible in individual treaty with Japan. It became an important part of the American military strategy in the Pacific. With the conclusion of the treaty, the United States was allowed to set up, expand and use military bases in Japan and Japan had to take on a relatively submissive role.

Whilst the Treaty of San Francisco allowed Japan to regain status of independence, the Security Treaty permitted the presence of an American military force in Japan. Therefore, Japan remained in a semi-independent status. It was seemingly that Japanese militarism tended to re-emerge with the establishment of the Ministry of Defense and the Japan Self Defence Forces (JSDF) in 1954. There was contradiction between Japan’s quest for rearmament and the demilitarisation pledges of the Japanese Constitution. The conservative power intended to amend the constitution but met with opposition. In 1955 the Liberal Democratic Party was established, affirming the system of a conservative dictatorship. In the late 1950s, Japan resumed relations with the Soviet Union and entered the UN. Japan was re-admitted into the international scene. She also experienced the first remarkable economic growth, with significant involvement in the Southeast Asian market. From October 1958 onwards, dialogue between Japan and the United States began to discuss the possibility of revising the Security Treaty.
As a result of Japan’s economic and military growth, the Security Treaty was eventually revised in 1960 which was known as the Treaty of Mutual Cooperation and Security between the United States and Japan. It aimed at confirming the US-Japanese military system and the military alliance between the two countries. Cooperation in political, economic and military aspects was put in more concrete terms. Since then Japan had to shoulder part of the US burden in Asia because defence obligation made Japan involve more in potential US warfare in Asia. This resulted in large scale protests from the Japanese which was known as, the ‘Opposition Movement against the Treaty of Mutual Cooperation and Security.’ In 1965, the Treaty of Basic Relations was signed between Japan and the Republic of Korea when the United States declared her involvement in the Vietnam War, allowing for greater joint development in military systems among the United States, Japan and South Korea.

The joint declaration in November 1969 activated U.S.-Japanese cooperation in their military alliance. In 1972, the United States restored Japanese governance in Okinawa; making Japan become more engaged in the U.S. policy in Asia. With the implementation of the Nixon Doctrine, the American troops began to retreat from the first line of defence because of the growing national defense of the Asian countries. Japan was keen to assure her status as a great economic power. The above situation not only opened the door for Japan’s economic activities in Asia but also paved the way for her increase in military strength and overseas military operations. Thus the revival of imperialism and militarism again became issues of concerns in the world.

Nonetheless, in the years that followed, Japan’s development went hand-in-hand with changes in the international scene. The role of Japan in Asia as a barrier against communism gradually diminished after the normalization of Sino-American relations and the restoration of Sino-Japanese diplomacy in the early 1970s. After the Vietnam War, US-Japanese economic relations were closer in the 1980’s. Thereafter, Japan played an important role when there was still Sino-Soviet confrontation and US-Soviet confrontation. However, Japan was obviously in an awkward position until the dissolution of the Soviet Union and the end of the Cold War. At present, Japan places emphasis on her economic advancement; yet, she is keen on expanding her armaments for reason of national security.

In November 1974, Gerald R. Fold, the US president, visited Japan and concluded a joint communique with the Japanese prime minister Kakuei Tanaka. It emphasized the two Pacific countries had a number of common political and economic interests. In 1975, Ford declared a “New Pacific Doctrine” which stressed again that “partnership with Japan is a pillar of our strategy” and that it was a “basic premise of a new Pacific Doctrine”. From then on, more Japanese-American collaboration in the Pacific region was the direction of the subsequent development.
1.4 The development between Japan and China

After the end of the Second World War, Japan’s economy recovered gradually and began to have rapid growth in the mid-1950s, and reached the climax in the 1970s. Elsewhere in Asia, economic progress was similarly witnessed: the ‘Four Asian Tigers,’ consisting of Hong Kong, Korea, Singapore and Taiwan, all of which performed remarkably economic-wise. This situation began to change when China commenced her policy of reform and opening up.

In China, her ‘Socialist Reform and Opening Up’ served as the basis of the modern China’s national strategy since 1978. On one hand, the socialist reform aimed to perfect socialist ideals in the process of modernization by applying systematic changes in economy, politics, education, science and culture. China’s diplomatic opening, on the other hand, facilitated the implementation and acceleration of China’s thorough modernization which was a pre-requisite for the construction of ‘Socialism with Chinese characteristics.’

2. Historical periodization of Sino-Japanese relations

Sino-Japanese relations in the contemporary age are heavily weighed down by historical events such as the 15 years-long war between the two nations. As such, despite the fact that war had ended, both countries were unable to resume normal relations immediately. Moreover, the Chinese Civil War broke out in June 1946, merely a year after Japan’s unconditional surrender, resulting in national instability until the Communist Party of China (CPC) triumphed with the establishment of the PRC in 1949, forcing the Kuomintang retreat to Taiwan.

Changes in Sino-Japanese relations after the establishment of the PRC can generally be summed up in four stages: 1) non-official interaction, 1949-1958; 2) setbacks and reconciliation, 1958-1971; 3) revival of diplomacy and further disputes, 1972-2006; 4) instability and confrontation, 2007-present.

In June 1950, the Korean War broke out. The Chinese People’s Volunteer Army fought against the Americans in the war. At that time, Japan served as America’s large base and military supply station. In other words, the Japanese and the Chinese were on opposite sides. Japan signed the Treaty of Taipei with Taiwan. Relations between China and Japan began with a non-official system and the First Sino-Japanese Non-governmental Trade Agreement was concluded in 1952. An international economic conference was held in Moscow in 1952. Sino-Japanese relations in the 1950s could be summed as follows:
1. 1952: import and export trade between the two countries was recorded at £30 million;

2. 1953: the Japanese Parliament passed the “Resolution on Promoting Sino-Japanese trade” to advance trade relations between China and Japan four days after the ceasefire of the Korean War but was ultimately unsuccessful, owing to the fact that Japan followed America’s lead in drafting policies;

3. 1954: the Geneva Conference was called for in order to resolve the Indochina problem;

4. 1955: both the Bandung Conference and a commercial expo were held.

Activities such as the Chinese commodities expo, as well as famous Peking Opera artist Mei Lanfang’s public performance in Japan helped revive the Sino-Japanese relations. However, the relations was stunted in May 1958 by the Nagasaki Flag Incident where a young right-wing activist pulled down a Chinese flag inside a department store where astamp exhibition was held. The lack of any official response from Kishi Nobusuke’s government was so great a humiliation to the Chinese that existing trade agreements were forfeited. Moreover, the Japanese cabinet’s insistence on recognising ‘Two-Chinas’ was the basic reason for the deterioration of Sino-Japanese relations.

Nevertheless, there were Japanese efforts in improving Sino-Japanese relations since 1959. In 1959, ex-Prime Minister Tanzan Ishibashi visited China upon an invitation from Zhou Enlai. In August 1960, Zhou Enlai met with the Japanese, re-affirming the three political principles in Sino-Japanese relations: 1) the Japanese government will not adopt a hostile policy towards China; 2) Japan will not go after the ‘Two Chinas’ policy; 3) Japan will not make any move to deter the normalization and development of Sino-Japanese relations. In 1962, consultant of the Liberal Party Matsumura Kenzō, among others, visited China in hope of the normalization of Sino-Japanese relations. A union targeted at restoring Sino-Japanese diplomatic relations was established in Tokyo during the year 1970. The right timing came in 1971 at the first World Table Tennis Championship which saw Chinese participants in Japan. With the visit of Richard Nixon, the US president, to China, Sino-American relations progressed and China regained her seat in the United Nations. In September 1972, a new page in Sino-Japanese relations began when Prime Minister Tanaka Kakuei paid a visit to China and a Joint Statement declared the resumption of Sino-Japanese relations, finally bringing an end to the fifteen-year confrontation between China and Japan.

It should however be remarked that the road to the Treaty of Peace and Friendship between Japan and the PRC was not without hardship. For one, China’s insistence on adding the anti-hegemonic clause in the Treaty made things difficult for Japan; meanwhile there was tension when a Chinese fishing boat appeared in the Diaoyu Islands. Ultimately, the Treaty was signed in Beijing in August 1978, commencing a system of mutual reliance in economic collaboration.
To summarize the Sino-Japanese relations before the 1980s, the following points are worth noting:

1. The Sino-Japanese relationship was not an independent issue, instead, it was the mutual relationship among the United States, the Soviet Union, China, Japan and Korea;

2. Japan has adopted the dual policy which separates political development from economic advancement. This propelled Japan’s economic progress whilst allowing her to tackle the problem between the mainland of China and Taiwan. It was likely that Japan started this policy much earlier than the other countries;

3. China had been cautious of Japan’s external economic and military expansion and there was intense criticism from China particularly after the end of the Second World War. Although friendly relations resumed course in the 1970s, China’s understanding of Japan was not completely thorough. China did not have culminated enough knowledge for starting Sino-Japanese relations. For instance, exchange students to Japan mostly aimed at acquiring technological skills instead of focusing on studying Japan. In contrast, Japanese exchange students in China were largely experts in Chinese studies.

As neighbouring countries, China and Japan had about 2000 years of cultural interaction. No matter to China or Japan, Sino-Japanese relationship is of great importance. The Japanese tried their best in Chinese studies. To them, Chinese studies is an indispensable part of learning about their own country. China, however, continues to underestimate Japan’s importance because of traditions and the recent tense relations between the two countries. At present, there are still quite a number of people choose to put less weight on Japan or even reluctant to mention Japan. Such an attitude presumably does not help in bettering the situation.

The following are the main points about Sino-Japanese relations from the 1970s onwards: 1) trade was growing gradually and Japan had become China’s biggest trading partner; 2) implementation of governments’ decisions and development of private trade; 3) implementation of low-interest loans; 4) joint business ventures; 5) introducing new equipment and technologies; 6) exploring new ways of trade.

3. The main problems affecting Sino-Japanese relations

Although Sino-Japanese diplomatic relations is basically characterized by peace and friendship, disagreements between both nations emerged time and again. Recently, some events have escalated into near-military contention. By and large, the main sources of conflict can be organized into four problems: 1) history and reality; 2) territory and sovereignty 3) economy and trade; 4) competition and cooperation.
3.1 Disarray between history and reality

Firstly, with regards to disarray between history and reality, the Right-wing forces in Japan have refused to admit or even tried to distort the fact of Japanese invasion of China and neighbouring countries in the past, thus preventing the young generation from knowing about the facts. In addition, controversies concerning Japanese right-wing efforts at wiping out brutal realities from local textbooks have resulted in serious protests from the victims of Japanese aggression such as China and Japan. This was particularly aggravated by the neglectful attitude of the Japanese education bureau.

Visits of Japanese politicians to the Yasukuni Shrine, which commorates anyone who has died in service of the Empire of Japan, including some A-class war criminals, serve as another source of disagreement between China and Japan. As these visits are perceived as a denial of Japan’s historical misdoings, such activities are similar to Japan’s intentions of rewriting history in local textbooks. Therefore, Japanese refusal to admit wartime aggression has undoubtedly hindered progress in Sino-Japanese relations.

3.2 Disputes in territory and sovereignty

Secondly, there were disputes in territory and sovereignty. As China maintains that Taiwan is a part of the mainland, Japanese intervention in this ‘One-China Policy’ plays another important role in Sino-Japanese conflict. Some Japanese politicians have used the Taiwan issue to influence Chinese diplomatic relations. Moreover, the question of Diaoyu Islands has escalated tension between the two nations since the 1970s. The Diaoyu islands, also known as diaoyutai, were originally under Chinese administration, as part of the Pinnacle Islands of Taiwan, a fishery in the East China Sea. There is also a significant amount of oil and gas reserves in the seabed surrounding the islands. The situation has been aggravated by Japan’s “nationalizing” of the islands. China has always taken a tough stance on territorial and sovereignty issues; Japan, on the other hand, unrealistically strives to settle the matter through negotiation.

3.3 Complications in economy and trade

Thirdly, there were complications in economy and trade. As China had only begun her economic reform in the 1970s during which China and Japan had just resumed diplomacy, the economic condition of the two countries differed greatly. As such, some Japanese took economic cooperation as a form of assistance towards China instead of equal trading partnership; this resulted in a rather unhealthy situation. Thereafter, because of distorting history and Diaoyutoi issues, economic instead of political cooperation was more practical. This problem eventually hindered the development of economy and trade between the two countries.

The surge of Chinese economy in recent years has brought about conflicts in economy and trade between China and Japan and elevated China’s position to become a competitor of Japan. This is another obstacle to Sino-Japanese cooperation.
3.4 Problem in competition and cooperation

Fourthly, in terms of competition and cooperation, the struggle for energy remains as one of the sources of disagreement between the two countries. Had China, Japan and Korea effectively worked together, a win-win situation could have emerged. Unfortunately, historical problems, realistic considerations, and the confrontation between the Republic of Korea and the Democratic People’s Republic of Korea have obstructed cooperation to a great extent. In addition, the Six-party talks among China, Japan, the Republic of Korea, the Democratic People’s Republic of Korea, the United States and Russia has been to no avail. Furthermore, competition among China, Japan and Korea within the ASEAN area have aggravated the situation. Lastly, America’s revival of her influence in Asia have also greatly hindered the Sino-Japanese cooperation.

4. Challenges in Sino-Japanese relations

Challenges in Sino-Japanese relations can be generally divided into two aspects. External and internal problems encountered by Japan are as follows: 1) Japan’s pursuit of the status of ‘normal country’; 2) hopes for a more active role in the UN; 3) problems resulted from the strengthening of the military alliance between Japan and the U.S.; 4) the impact of international scene such as the problem in the Middle East on Japan; 5) the rise of China and its influence on Japan; 6) the stance and attitude of Japanese political parties. Remarkably, the 3-11 earthquake and tsunami has imposed greater burdens onto Japan’s economy, while Shinzō Abe’s desire for a “constitutional amendment” might lead Japan to a more difficult situation.

For China, the following pose as upcoming challenges: 1) dealing with the history of the Japanese aggression in China; 2) the importance of Sino-Japanese trade to China; 3) the influence of nationalism and populism; 4) diplomatic problems; 5) China’s national power and military capacity. In comparison, Japan faces greater challenges, and her attitude is crucial for improving Sino-Japanese relations. China is not always passive, as the country has been pushing for answers in face of growing Sino-Japanese problems. Whether Japan is able to appreciate Chinese efforts is, however, the crux of the matter.

In conclusion, Sino-Japanese relations serve as a crucial key to preserving peace in Asia. In the world vision and her vision of Asia, it is necessary for Japan to realize China’s importance. Steady development of normalizing relations is important to both China and Japan. As the old saying goes, “two countries benefit the most from staying together, and vice versa”. This is well illustrated in the long-term cultural exchange and friendly interaction between China and Japan.
Relations among China, the United States and Japan are closely related to the future of Asia and will affect the rise and decline of the United States. If the United States emphasizes peace in the East Asia, it will affect Japan’s policy to China in a certain extent. As a great power, China is expected to promote the development of friendly and cooperative relations with her neighboring countries and strengthen her understanding of these countries in the future.

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