

## Japan Looks to Asia

### Foreign Policy during the Kaifu Administration

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Toshiki Kaifu, a junior minister from a small Liberal Democratic Party (LDP) faction, was a surprising choice for prime minister of Japan in August 1989. At 58, he was years younger than most Japanese leaders and was the first prime minister born in the Showa era (1926-1989). A former education minister, he had not held key posts in either the government or the LDP. Influence peddling scandals, particularly the Recruit Cosmos scandal of "shares for favors," had tainted more prominent and senior LDP leaders, and a sex scandal had led to the ouster of Kaifu's predecessor after only two months in office. The LDP had lost control of the upper house of parliament in July following the introduction of a highly unpopular 3% consumption tax and feared the loss of the lower house in the future. Hence the choice of Kaifu, a man with a relatively clean reputation who came to office pledging political reform. Few expected him to last long, considering him a caretaker leader until public displeasure with other LDP leaders died down and they could regain legitimacy in new elections. Indeed, the first two people Kaifu approached about the position of foreign minister, one of whom was the ambassador to Washington, reportedly turned the job down, apparently because the tenure of the Kaifu government seemed so uncertain.

The two years of Kaifu's administration coincided with a tumultuous period in world affairs. Gorbachev was loosening the reins of the Soviet Union and had embarked on perestroika, a restructuring of the Soviet political system. The Berlin Wall came down and Germany was unified. New non-communist governments took office in eastern Europe. China instituted a political crackdown in the wake of the Tiananmen Square massacre of student demonstrators in June 1989. Iraq invaded Kuwait and was defeated by a U.N. authorized multinational force led by the U.S. in the Gulf War. ASEAN nations began to boom

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and seek a more unified and powerful voice in Asian affairs. Vietnam slowly withdrew its troops from Cambodia, which remained convulsed in civil war. All of these events provided challenges and opportunities for Japanese diplomacy and called for rethinking established policies and relations.

The 1980s had marked major shifts in the distribution of economic power and the political influence that goes with it. Japan became the world's largest creditor nation, replacing the United States, which sank to the world's largest debtor nation. Japan had also become the second largest donor of foreign aid. Its economic power gave it a steadily increasing role in world financial institutions such as the World Bank and the International Monetary Fund. Japan played a dominant economic role in Asia with investment and trade flows, and developing countries looked to it for trade, aid, and technical benefits. As U.S. economic dominance weakened and Japanese economic power grew, there were increasing demands on Japan to shoulder greater financial burdens in world affairs. There was growing support inside Japan as well for a more prominent international role for the country befitting its economic power<sup>1</sup>

Japanese foreign policy has been guided by three basic principles - cooperation with the U.S. based on the 1960 Treaty of Mutual Cooperation and Security, promotion of a free trade system favorable to Japan, and cooperation with the United Nations and other multilateral bodies. However, with the end of the Cold War; Russia modernizing its military and taking a new interest in its eastern border regions; Chinese interest in building the strength of its navy and modernizing its armed forces; North Korea's efforts to attain nuclear capabilities; the declining military presence of the U.S. in Asia following the Vietnam War and its steady withdrawal from bases in Southeast Asia; and oil crises increasing Japanese awareness of its vulnerability to cutoffs of raw materials and energy supplies, Japan began to rethink its dependence on the U.S.<sup>2</sup>

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<sup>1</sup>Robert G. Sutter, "Foreign Relations" in Japan: A Country Study, ed. by Ronald E. Dolan and Robert L. Worden (Washington, D.C.: Federal Research Division, Library of Congress, 1992): p. 369.

<sup>2</sup>Ibid.: pp. 375, 370.

A new generation of postwar leaders sought a more active and independent role in world affairs for their country. They felt Japan had established its credibility as a peaceful and cooperative member of the world community and should no longer suffer from the stigma of Japanese actions in World War II. They felt it was time to translate its economic power into political influence and perhaps at some point military influence.<sup>3</sup> Since the early 1980s, only the defense and aid budgets had increased in real terms.<sup>4</sup> The government sought to promote self-reliance in arms production. Right-wing groups hoped to change or to circumvent the constitutional prohibition against sending forces overseas.

As prime minister, Kaifu travelled widely and sought to project Japan more on the world stage and make the country a more active player in world affairs. Political issues began to overshadow economic issues in Japanese foreign relations, and Asia along the Pacific Rim was an increased focus of political and economic interest. When Kaifu proposed the United Nations Peace Cooperation Bill that would allow members of the Self-Defense Forces (SDF) to take part in international peacekeeping operations after the Persian Gulf crisis arose, the idea horrified Japanese anti-militarists and caused some anxiety about Japanese remilitarization in countries that had suffered from Japanese occupation in World War II. Strong opposition led to the bill being tabled, but later a government reinterpretation of the Self-Defense Law led to military planes being sent to the Middle East to evacuate refugees and minesweepers being sent to the Gulf after hostilities were over.

Kaifu's diplomatic initiatives were often hotly debated in Japan and did not always bear fruit immediately either at home or abroad, but in many ways the Kaifu administration was an important period in Japanese foreign relations that strongly influenced the governments that followed. It refocused foreign policy with more attention to Asia and to political issues. It began to step out from the shadow of the U.S. and to develop initiatives of its own. It helped to bring Vietnam and China back into the world community following their pariah status. It encouraged Asian stability and regional consensus in dealing with issues.

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3Ibid.: p. 371.

4Tai Ming Cheung, "A Yen for Arms: Japan Defence Industry's Rapid Growth Begins to Slow," Far Eastern Economic Review, (22 Feb. 1990): p. 58.

Finally, Japanese troops went overseas for the first time since World War II with considerable popular support at home and acquiescence abroad. This paper will look at Japan's foreign relations along the western rim of the Pacific in East and Southeast Asia during the Kaifu period.

### **Relations with the Soviet Union**

With Gorbachev instituting policies of perestroika, the restructuring of the Soviet state and economy, and glasnost, open and honest discussion, Japan was very hopeful that there would be movement on the chief obstacle to better relations between the two countries, what Japan referred to as its Northern Territories. These were four islands northeast of Hokkaido seized by the Soviet Union in the closing days of World War II and which Japan considered illegally occupied ever since - the small Habomai Islands, Shikotan, and two islands in the Kurile chain, Kunashiri and Etorofu.

The two countries had never formally signed a peace treaty ending the war. In 1956 the Soviet Union had offered to return the smallest islands, Habomai and Shikotan, on the signing of a peace treaty, but Japan had refused, insisting on the return of all the islands. The offer had been effectively withdrawn when Japan signed a security treaty with the United States in 1960.

With the breakdown of the Soviet empire in Eastern Europe, the end of the Cold War and detente with the West, and the Soviet Union's need for huge investment to develop the long neglected but potentially rich eastern part of Siberia, Japan was very hopeful that the time was ripe for a solution to the territorial issue. Gorbachev had promised new initiatives on Asia, and Japan had hinted that massive aid could be forthcoming if the issue was resolved to its satisfaction. Until such time, only relatively small amounts of humanitarian aid were available, and Japanese business was not encouraged to invest in the Soviet Union. Kaifu said Japan wanted to cooperate in Soviet economic reconstruction. Soviet officials were invited to study the Japanese economic system, and delegations arrived in November 1989 and April 1990.

Some in Soviet political circles advocated returning the islands in exchange for generous Japanese investment and government credits. Others believed it would encourage

Japanese expansionism, and conservatives viewed yielding any territory as treachery.<sup>5</sup> The Soviet military opposed the return of the islands, viewing the Kurile chain as a protective barrier for the Sea of Okhotsk, where their navy deployed submarines equipped with long-range ballistic missiles. There were ground forces on the islands as well.

The Japanese Foreign Ministry and the defense establishment disagreed on the extent of the Soviet threat to Japan. The Foreign Ministry believed the Soviet position was basically defensive. The Japanese defense establishment, on the other hand, was concerned about the increased military power of the Soviets in the region.<sup>6</sup> During the 1980s, China and Japan had begun informally coordinating some of their diplomatic actions to try to prevent Soviet influence from growing in East Asia. Nevertheless, Japan welcomed the Sino-Soviet rapprochement during the Gorbachev era as part of a general reduction of tensions in Asia.

In 1990, acknowledging that the territorial issue was a problem, Soviet officials reportedly floated a proposal to lease the islands and part of Sakhalin Island to Japan. They hinted at the revival of the 1956 offer of the two smaller islands but said that public opinion and concern that other countries would make territorial claims made it impossible to return the other two.<sup>7</sup>

At the Group of Seven (G-7) summit meeting of leaders of advanced industrialized countries in Houston in July 1990, Japan raised the issue of the Northern Territories and asked that reference be made to it in the final communique of the meeting. With U.S. support, this was listed as one of the outstanding East-West issues, reportedly angering Moscow, which considered it a matter for bilateral discussions only.<sup>8</sup> The Soviets were further angered when Foreign Minister Taro Nakayama's comments at the G-7 meeting were leaked. He

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5Sophie Quinn-Judge and Charles Smith, "Island Fever: Soviet, Japanese Positions on Kuriles Start to Blur," Far Eastern Economic Review, (21 June 1990): p. 22.

6"Seeking New Scenarios: Soldiers and Bureaucrats Debate the Soviet Threat," Far Eastern Economic Review, (21 December 1989): p. 28.

7Sutter, Japan: p. 406

8Asia Yearbook 1991 (Hongkong: Far Eastern Economic Review, 1991): p. 134.

opposed giving financial aid to the Soviet Union, saying it would be like "treating a diabetic with sugar."<sup>9</sup>

The dispute over the Northern Territories was the main topic of discussion at talks between the Japanese and Soviet foreign ministers in September 1990. Japan hoped that Foreign Minister Eduard Shevardnadze would hint at a possible solution when President Mikhail Gorbachev made a scheduled visit to Tokyo in 1991, but he only agreed that discussions were possible. Shevardnadze suggested the Soviets saw the territorial issue as part of a package that might include massive aid to eastern Siberia and possible support for demilitarization in the northwest Pacific. The Japanese rejected a Soviet plan for a regional security conference in 1993 as premature given likely political changes in the intervening years.<sup>10</sup>

Japan was concerned about a Soviet "peace initiative." The Soviet delegation sought disarmament discussions and a package of military confidence building measures such as had been agreed to by Moscow and Washington earlier. Hoping to create a favorable atmosphere for resolution of the territorial issue by not responding negatively, the Japanese agreed to discuss these issues but felt the Soviets were trying to drive a wedge between them and the U.S. Japan did not want the territorial issue to be linked to arms reduction. The Soviets sought a reduction in air and naval forces in the Northern Pacific, where the combined forces of the U.S. and Japan had superiority, but made no mention of ground forces, where the Soviet Union had the advantage. While Gorbachev had reduced military personnel in the Pacific area somewhat, he was pushing modernization and had improved the military capabilities of the remaining forces.

By December 1990, positions on both sides had hardened. Japan was uninterested in compromise. The Soviet Foreign Ministry denied it had proposed return of the smaller

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<sup>9</sup>Charles Smith, "Time for Sweet Talk: Sugar Jibe Sours Soviets over Japan Islands Dispute," Far Eastern Economic Review, (9 August 1990): p. 18.

<sup>10</sup>Charles Smith, "Islands for a Sum: Japan Soviet Ties Hinge on Territorial Dispute," Far Eastern Economic Review, (20 September 1990): p. 11.

islands and declared there was no historical or geographical reason for Japan to demand the return of the islands.

In February 1991, Prime Minister Kaifu reaffirmed the Japanese position that the return of all four islands was essential to any improvement in Japanese-Soviet relations. Increasingly Tokyo began to doubt that Gorbachev or the central government had the power to deal with Japan on the issue given the disintegration of the USSR and concerns about separatist tendencies and setting a precedent. On February 8, Boris Yeltsin, president of the Russian Republic and arch rival of Gorbachev, declared his opposition to returning the islands or taking any other step that would threaten the territorial integrity of Russia. The governor of Sakhalin, which administered the islands, visited Tokyo hoping for aid and proposed a partial return of the islands.<sup>11</sup>

The Soviet Union was perhaps also confused about who spoke for Japan. LDP Secretary-General Ozawa visited Moscow and held talks with Gorbachev in March. There were hints of a revival of the 1956 offer of the smaller islands. In the Japanese press, Ozawa had suggested a figure of \$28 billion in aid, and he told Gorbachev he had obtained the support of business leaders who had agreed to invest in the country. The Japanese Foreign Ministry was irate about Ozawa's personal diplomacy. They wanted no discussion of aid until the territorial issue was resolved, and as yet no aid figure had been discussed in official circles. The Japanese government had serious doubts about the ability of the Soviet Union to repay new loans, given its arrears on old loans, and it was becoming unclear, given the increasing political and administrative fragmentation in the Soviet Union, who would take responsibility for the debts.<sup>12</sup>

In an interview with a *Mainichi Shimbun* newspaper published a week before Gorbachev's visit, Soviet Defense Minister Dmitri Yazov insisted that all four islands were vital to Soviet national security and couldn't be exchanged for aid. Thus by the time Gorbachev

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11Anthony Rowley, "Islands of Uncertainty: Japan Has Doubts over Gorbachov's Rapprochement," Far Eastern Economic Review, (21 February 1991): p. 12

12Sophie Quinn-Judge and Anthony Rowley, "Cash for Kuriles: Soviets Hope Islands Compromise Will Unlock Japanese Aid," Far Eastern Economic Review, (11 April 1991): pp. 10-11.

visited in April, expectations had been lowered. After marathon sessions between Kaifu and Gorbachev, all that could be agreed on was that talks should continue on the territorial issue. Kaifu reiterated that major aid would not be forthcoming until the issue was settled. He rejected a call by Gorbachev to consider a multilateral security forum that would include the Soviet Union, China, Japan, India, and the U.S.<sup>13</sup>

A number of low-level agreements on environmental protection, nuclear energy, and cultural exchanges were signed at the close of the summit meeting. Gorbachev also expressed "feelings of sympathy" over the internment and forced labor of over 600,000 Japanese soldiers after World War II, over 60,000 of whom died in captivity. Gorbachev also offered to reduce the number of troops in the Northern Territories, but not to eliminate them as Japanese leaders had hoped.<sup>14</sup>

In August 1991, Japan suspended all economic and technical aid to the Soviet Union following the coup attempt against Gorbachev, including \$100 million of food aid. Japan felt that its cautious approach to the Soviet Union had been vindicated given its instability.<sup>15</sup>

The failure to resolve the Northern Territories issue and improve relations with the Soviet Union was a disappointment for the Kaifu government, for hopes had been raised with Gorbachev's liberalization measures in Europe. Japan felt it rated low in the Kremlin's list of foreign policy priorities. While there had been significant change in Europe, Japan felt Soviet policies in Asia remained in many respects unchanged. Soviet instability combined with increased military might in the Northern Pacific kept Japan leery of the Soviet Union and relations between the countries cool.

#### **Relations with North Korea and South Korea**

North Korea was considered a threat by Japan because of its efforts to develop nuclear capabilities. Right-wing hawks in Japan feared close cooperation between the Soviet

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13Robert Delfs and Anthony Rowley, "No Deal, No Money: Japan-Soviet Summit Fails to Agree on Islands," *Far Eastern Economic Review*, (2 May 1991): pp. 11-12.

14Ibid.: p. 11.

15Robert Delfs, "Kaifu Falls into Line," *Far Eastern Economic Review*, (29 August 1991): p. 12.

and North Korean militaries and the use of North Korea as a Soviet proxy against Japan. Japan hoped to take advantage of the Cold War thaw and shifting alliances in Asia to improve relations with North Korea. Japan had been sending friendly signals since 1988 and hoped that greater economic cooperation could precede normalization of relations as it had earlier with China. Japan was North Korea's third largest trading partner after the Soviet Union and China. Money from pro-Pyongyang Koreans in Japan was the largest single source of foreign exchange for North Korea. Indeed, so much of this money came from Korean owners of pachinko (pinball) parlors in Japan that North Korea protested when the Japanese government tried to regulate the business.<sup>16</sup>

By 1990 both sides were calling for negotiations to establish full diplomatic relations. South Korea was now open to cross recognition of the two Koreas, so Japan felt freer to start talks. Japan was seeking a more active role in Asia, and North Korea needed to thaw relations with Japan as it desperately needed new sources of aid to replace rapidly decreasing Soviet assistance. Former Soviet bloc countries now demanded payment in hard currency. South Korea had improved relations with the Soviet Union and relations were warming up with China, so North Korea may have wanted to balance this.

In October 1990 A group of MPs from the Liberal Democratic Party and the Japan Socialist Party visited Pyongyang for talks with the Korean Workers' Party. The group was led by Shin Kanemaru, an LDP power broker. An incident involving the detention of two Japanese seamen who had allowed their ship to be used by a North Korean defector was resolved. Pyongyang demanded damages from Japan for "losses inflicted" since World War II as well as during the Japanese colonial period (1910-1945). Kanemaru accepted the demand, but it was disowned by the government in Tokyo after protests from South Korea.<sup>17</sup>

North Korea hinted that \$5 billion or so was an appropriate amount for reparations. The Japanese Foreign Ministry refused to consider payment for the post-war period, but would consider compensation, not "reparations" for the colonial period. It did not want

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<sup>16</sup>Louise do Rosario, "Pinball Money: Pyongyang Relies More on Japanese Earnings," Far Eastern Economic Review, (14 June 1990): pp. 61-62.

<sup>17</sup>Asia Yearbook 1991 (Hongkong: Far Eastern Economic Review, 1991): p. 135.

payment to the North too out of line with earlier payments to the South in 1965 of \$500 million. Another issue was the failure of North Korea to pay either interest or principal on debts of \$350 million owed to Japanese companies. Japan also wanted North Korea to sign the nuclear safeguards agreement to provide inspection of nuclear facilities by the International Atomic Energy Agency.

Pyongyang was eager to get results before Kim Il Sung's 80th birthday in April 1991, but their terms for settlement were so extravagant that Japan was willing to take its time. In talks in January 1991 with Japanese diplomats, North Korea sought \$10 billion in aid. Japan offered considerably less and wanted assurances aid would not be used for military purposes. If the countries could agree on an amount, the debts owed by North Korea to Japanese companies would be deducted from the aid package.<sup>18</sup> Ultimately talks with Japan broke down later that year when North Korea reneged on an earlier pledge to sign the nuclear non-proliferation treaty. Relations with the North remained somewhat tense.

Japan saw South Korea as a key area for Asian stability, which was necessary for Japanese peace and prosperity. Japan acted as an intermediary between South Korea and China, pressing the Chinese to open and expand relations with South Korea.

In May 1990, the foreign ministers of Japan and South Korea were able to settle a contentious issue by agreeing on the legal status of third-generation ethnic Korean residents in Japan. Those born after January 1989 to second-generation Korean parents would have the right to reside in Japan and would no longer have to be fingerprinted. As many as 2.5 million Koreans had been drafted as soldiers or forced labor during the colonial period. Most returned to Korea after the war but under the 1965 normalization treaty, first and second generation Koreans had won the right to reside permanently in Japan. The future of the third generation was not settled then. Ethnic Koreans suffered from prejudice and discrimination in housing, education, and employment, and fingerprinting of long-established residents seemed a further indignity. The Koreans were not happy that first and second generation Koreans were not covered by the agreement, but they were pleased to see some progress on what had become a very emotional issue. The Korean foreign minister also asked for

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<sup>18</sup>"Playing for Time," Far Eastern Economic Review, (14 February 1991): pp. 20-21.

Japanese government aid for Korean atomic bomb victims, who represented about 10% of those injured by the two bombs dropped on Japan. The needs of Koreans suffering from radiation sickness had been largely ignored by the Japanese government. Tokyo agreed to consider positive steps on this issue. These talks cleared the way for President Roh Tae Woo to pay a state visit to Japan in late May 1990.<sup>19</sup>

When Roh Tae Woo visited, Prime Minister Kaifu expressed "sincere remorse and honest apologies" for the sufferings of Japan during colonial rule. Emperor Akihito also expressed "deepest regret" about Korea's pre-war sufferings. Roh described the apology issue as closed. Roh addressed Japan's parliament (a first for a Korean leader) and referred to psychological barriers preventing good relations between the two countries, in particular the treatment of ethnic Koreans in Japan and the need to remove "artificial inconveniences." Roh also cited the large trade deficit with Japan and the need for flows of technology. Kaifu offered to contribute \$26 million to treat Korean bomb victims, some of whom lived in Korea. For his part, he complained about Korean restrictions on important Japanese exports like cars and color television sets.<sup>20</sup>

Despite some irritations on each side, Japan was very satisfied with relations with South Korea during the Kaifu administration. Japan encouraged openings to China and the Soviet Union, and it was pleased when South Korea opened an embassy in Moscow in October 1990. Easing tensions made Korea less a possible flashpoint in East Asia that could damage Japanese security and prosperity.

### **Relations with China**

Japan considered China key to peace and stability in Asia. Tensions between the two countries had begun to ease when the Tiananmen Square massacre of students and subsequent political crackdown occurred. Like other countries, Japan imposed sanctions thereafter. It froze aid and soft loans and suspended high-level official visits. Japan did not

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<sup>19</sup>Shim Jae Hoon, "Fingertip Diplomacy: Japan Agrees to Halt 'Racist' Practice," Far Eastern Economic Review, (17 May 1990): p. 15.

<sup>20</sup>Charles Smith, "Words of Contrition: Akihito and Kaifu Apologise to Seoul," Far Eastern Economic Review, (7 June 1990): pp. 11-13.

want to break ranks with the United States and other Western countries, but it felt that China needed careful handling to keep it on the path of reform, and it was cautious about criticizing the country. It took the lead in restoring trade and economic agreements with China.

China and Japan shared common strategic concerns and economic interests. China's economic importance to Japan increased in the post-Mao period with market reforms and increased foreign interaction. Japan was China's largest trading partner and its leading source of economic development assistance. China looked to Japan for capital, technology, and equipment for its modernization. Japanese economic interests focused on developing energy resources and infrastructure and promoting commercial trade. Japan thought that economic modernization in China would encourage peaceful domestic development and lead to increased links to Japan and the West. Japan also wished to thwart any possible Sino-Soviet realignment against Japan.

Both countries shared a concern about Soviet power in Asia. In the 1980s, China and Japan began to consult on security issues and pursue parallel foreign policies aimed at checking Soviet influence and promoting regional stability. Both countries worried about the increased deployment in East Asia of Soviet missiles, bombers, and submarines armed with long-range ballistics missiles as well as the growth of the Soviet Pacific fleet. Both provided strong diplomatic backing to the Association of Southeast Asian Nations (ASEAN) and worked to bring about the withdrawal of Vietnamese forces from Cambodia.<sup>21</sup>

Foreign Minister Taro Nakayama visited Hongkong in early November 1989, in part to boost business confidence following the upheavals in China. He had argued for Hongkong's participation in the Ministerial Conference on Asia-Pacific Economic Cooperation scheduled for Canberra November 6-7, but was overruled by ASEAN and Australia. The Foreign Minister and the Minister of Finance cooperated to spread the word that business should continue as usual in Hongkong. China exported a lot of goods through Hongkong, and Japan saw the city as the gateway for investment in southern China later.<sup>22</sup>

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<sup>21</sup>Sutter, Japan: pp. 397-98.

<sup>22</sup>Charles Smith, "Japan's High Profile: Tokyo Reminds China of Japan's Stake in Colony," Far Eastern Economic Review, (9 November 1989): p. 13.

In late 1989, a Chinese citizen hijacked a plane on a flight from Beijing to Fukuoka in western Japan. Despite protests from human rights groups and the claim of the hijacker to be a political dissident, Japan agreed to his return. China claimed the man was a common criminal, but it promised Japan he would serve no more than 10 years in prison, a lenient sentence by Chinese standards. It was a matter of great face to China that the hijacker be returned. China, in great need of capital for infrastructure projects, now pushed Japan to resume aid. The Japanese Foreign Minister expressed sympathy but said public opinion and international obligations limited Japan. Nonetheless, the Finance Minister and the LDP Secretary-General both pushed for a quick resumption of loans.<sup>23</sup>

At the G-7 summit meeting in Houston in July 1990, Japan argued for a resumption in aid disbursements to the Chinese. Thereafter Japan unfroze the Y810 billion aid package it had agreed to before the Tiananmen Incident for China's five-year plan for 1991-1995, but it delayed disbursements until decisions were made about priorities. In 1991, the Japanese Finance Minister went to China to finalize the economic assistance package, the first high-level visitor since Tiananmen, and this paved the way for other high-level visits. In March 1991 foreign ministry officials from both countries discussed a range of bilateral and international issues. In May former prime ministers Nakasone and Takeshita visited Beijing to attend the opening of the Japan-China Youth Center and to meet with Chinese officials. In June Qian Qichen, the Chinese foreign minister, visited Tokyo; and in August 1991 Prime Minister Kaifu went to Beijing, the first visit by the leader of a major country since Tiananmen. He discussed a range of issues with political matters predominating over economic matters.

Kaifu's visit reflected Japan's growing diplomatic assertiveness and China's wish to regain international respectability. Premier Li Peng announced to Kaifu that China had agreed in principle to sign the nuclear Non-Proliferation Treaty, which it had denounced in the past as a product of superpower hegemony. Kaifu praised the decision and appreciated that the announcement made during his visit showed the importance that China placed on its ties to Japan. Kaifu apologized for wartime aggression, and China cancelled events which would

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<sup>23</sup>Louise do Rosario, "Ties on Hold: Sino-Japanese Relations Far from Normal," Far Eastern Economic Review, (10 May 1990): pp. 16-17.

have reflected on wartime atrocities. Kaifu pressed the Chinese to co-sponsor a resolution on establishing an arms transfer register when the UN convened in September. The measure had been endorsed by the G-7 to track arms flows, and China was a major weapons exporter. Li agreed to study the matter. Kaifu hinted that arms control and arms sales as well as the amount of money spent on the military would affect future aid disbursements. He was very low-key when touching on the topics of human rights and political freedoms, expressing his hope to see changes in these policies. The Chinese suggested that the emperor visit China soon, perhaps in 1992 to celebrate the 20th anniversary of the resumption of their diplomatic relations, but Kaifu was evasive, saying that the emperor already had plans to visit Southeast Asia and that Korea had also extended an invitation already that would have to be honored first. Although such a visit would show forgiveness for Japan's wartime role, it would, according to protocol, also require an invitation to China's head of state President Yang Shangkun, who had had a leading role in the Tiananmen massacre.<sup>24</sup>

The Chinese were critical of Japan's plan to use its Self-Defense Forces (SDF) for peacekeeping missions overseas in the wake of the Gulf War. It saw the move as a possible step to remilitarization, but it did not make a major issue of the matter.

Despite the deterioration of relations with the Tiananmen Incident, China and Japan got along well during the Kaifu administration. Japan defended China for its general path of reform and helped ease its way back into the international community. Japan helped China develop and worked closely with it to try to limit Soviet influence in East Asia. Japan was pleased when Chinese relations improved with both the Soviet Union and South Korea. It felt the more links China had with the world community and the more it developed economically, the more stable the country would become and the more predictable its actions.

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24Tai Ming Cheung and Louise do Rosario, "Seal of Approval: Kaifu's Chinese Visit Lessens Peking's Isolation," *Far Eastern Economic Review*, (22 August 1991): p. 10.

## The Gulf War

The Persian Gulf War following Iraq's invasion of Kuwait in August 1990 ultimately led to a major turning point in Japanese foreign policy and the sending of Japanese troops overseas for the first time since World War II. This had important implications for East and Southeast Asia given Japan's history of aggression in the region during the world war and the ability of Japan to translate its economic power into military power in the region again. The Kaifu government moved haltingly and sought the understanding and approval of Asian governments for its actions. ASEAN governments tended to respond favorably. China criticized Japan's deployment of troops for non-military purposes as a possible foot in the door for remilitarization. However, since China was still largely a pariah following Tiananmen and depended on Japan for easing it back into the good graces of the international community and providing aid, it did not make a major issue of the matter.

Conservatives had long chafed under the U.S. imposed "MacArthur" peace constitution, which stipulates:

Aspiring sincerely to an international peace based on justice and order, the Japanese people forever renounce war as a sovereign right of the nation and the threat or use of force as means of settling international disputes.

In order to accomplish the aim of the preceding paragraph, land, sea, and air forces, as well as other war potential, will never be

maintained. The right of belligerency of the state will not be recognized.

"Self-Defense Forces" was a euphemism for the military. Conservatives in Japan had long been pushing to strengthen Japanese military forces and make the country somewhat less dependent on the United States. In December 1989 Kaifu had reviewed the Self-Defense Forces and said that Japan should maintain a strong defense as "an important member of the West and because of the fluid international situation."<sup>25</sup>

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<sup>25</sup>Tai Ming Cheung, "Self-Defence and Beyond," Far Eastern Economic Review, (21 December 1989): p.

When President Bush tried to get international agreement on throwing Iraq out of Kuwait, he appealed to Japan for men, money, and materiel. Japan offered \$1 billion in materials for the support of the multinational forces but said its constitution prohibited sending any of the Self-Defense Forces, even doctors or nurses. Kaifu's response was considered slow and inadequate by the U.S. Congress complained about Japan always getting a "free ride" and relying on U.S. troops to protect shipping lanes for Middle Eastern oil going to Japan. On September 12, 1990, the House of Representatives voted overwhelmingly for an amendment to a defense spending bill that would require the withdrawal of 5,000 U.S. military personnel a year from the 50,000 in Japan unless Japan paid the full cost of their upkeep, rather than the 40% it was then paying. There was little chance this measure would be enacted but it basically was intended to send a message. On September 14, Tokyo added an additional \$3 billion to its commitment and promised aid to Turkey, Egypt, and Jordan, countries suffering from the UN embargo on Iraq.<sup>26</sup>

Hawks in the LDP increasingly believed Japan should no longer hide behind the "peace constitution" when security problems arose outside its own frontiers. Government critics said the problem was political, not legal. Even if the constitution ruled out participation of Japanese forces in collective self-defense (and there was debate about that), there was no ban on financial support. Critics thought Kaifu unnecessarily timid in insisting that Japanese money only be used for non-military purposes like helping refugees and providing water.<sup>27</sup>

In October, Kaifu introduced the UN Peace Cooperation Bill, which would allow members of the Self-Defense Forces to take part in international peacekeeping operations. He said this would not violate the constitution since Japan would be participating in collective defense arrangements and UN peacekeeping efforts were not military operations. This set off

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<sup>26</sup>Susumu Awanohara, "Money or Your Lives: Japan Feels Weight of US Anger over Gulf," Far Eastern Economic Review, (27 September 1990): p. 11.

<sup>27</sup>Charles Smith, "Constitutional Cover: Gulf Crisis Spurs Debate on Role of Defence Forces," Far Eastern Economic Review, (13 September 1990): p. 16.

a storm of debate in the country and abroad.<sup>28</sup> The Socialist and Buddhist parties that controlled the upper house were adamantly opposed to the measure. South Korea and China expressed concern. The bill was shelved in committee after the firestorm of protest and a sharp drop in public support for Kaifu. LDP hawks were angered that Kaifu had not pushed harder for the measure. Shin Kanemaru, the main LDP power broker, and his protege, LDP Secretary-General Ozawa, pushed strongly for SDF deployment.<sup>29</sup> They saw the Gulf crisis as an opportunity to end the taboo on overseas military deployment, a point not lost on Japan's neighbors.

Kaifu had blundered in underestimating the intensity of popular aversion to any Japanese involvement in armed conflict. He had failed to seek broad consensus before introducing the bill, which was considered a breach of both custom and common sense. Kaifu himself seemed to lack firm conviction and waffled about the duties and risks of the SDF. He was also criticized for focusing so much on cooperation with the US rather than finding a more congenial Japanese solution. Finally, Kaifu was criticized for fudging the issue by expanding the interpretation of the constitution rather than openly addressing the issue and discussing guiding principles. Hence he aroused the ire and distrust of both left and right, hawks and doves.<sup>30</sup>

In January 1991 the US-led coalition of forces forced the Iraqis out of Kuwait. In early February both Prime Minister Kaifu and Foreign Minister Nakayama made major policy speeches in parliament that signaled a shift from Japan's earlier lukewarm posture on the Gulf to acceptance of a more active role in support of Japan's international interests. Kaifu called for Japan to fulfill its international role. He offered an additional \$9 billion contribution and ordered the deployment of SDF military aircraft and personnel to the Persian Gulf to evacuate refugees. Military planes were required because civilian aircraft could not get insurance to fly to frontline states. This broke the taboo on external deployment of Japanese Self-Defense

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28Charles Smith, "Stretching Things: By-Election Test for UN Peacekeeping Role," Far Eastern Economic Review, (1 November 1990): p. 16.

29Asia Yearbook 1991 (Hongkong: Far Eastern Economic Review): p. 133.

30Odawara Atsushi, "The Kaifu Bungle," Japan Quarterly 38, no. 1 (Jan-Mar 1991): pp. 6-14.

Forces, but Kaifu insisted that since they were going in a non-military role, this was "entirely consistent with the Japanese constitution." While humanitarian aid was not in direct contradiction of the constitution, Article 100 of the Self-Defense Law limited the military transport of civilians to the imperial family, state dignitaries, and high-ranking government officials. The government planned to amend this law by special decree to include refugees, so no legislative change would be required. By sending planes and personnel, Kaifu hoped to placate the U.S. and quiet international criticism that it was a reluctant and niggardly participant in the Persian Gulf confrontation but a primary beneficiary of open sea lanes and the stable flow of oil. But perhaps the key reason for the move was to establish a principle and a precedent. Influential people in the military and LDP were eager to secure an international role for and recognition of the SDF, and they saw the deployment as a way to increase Japanese power and influence.<sup>31</sup>

Four C130 transport planes were to be stationed in Cairo with 200 or so SDF personnel. They were to ferry refugees from Jordan and Syria to Egypt, where they could catch commercial aircraft. Kaifu assured the Japanese of the unlikelihood of risk to Japanese personnel, but the Iraqi ambassador to Japan denounced the move and claimed that any military vehicle would be considered a target, even if it were carrying refugees. A separate request was made by the UN Organization for Migration to help repatriate 1,000 Vietnamese workers who had fled Iraq and arrived in Egypt. Japan used civilian planes to repatriate them<sup>32</sup>

A couple months after the end of the Gulf War, Japan overcame political obstacles to a token deployment of military units for operational duty when six minesweepers were sent to the Persian Gulf. Kaifu got approval for the move with a minimum of debate in an extraordinary cabinet session on April 24. Opposition parties claimed the move violated the constitution. Protest rallies were called but were poorly attended. Newspaper polls suggested wide public support and reactions from other Asian countries were mostly favorable, although China was an exception.

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31Anthony Rowley and Louise do Rosario, "Cleared for Take-Off: Japanese Air Force to Be Used on Gulf Refugee Flights," *Far Eastern Economic Review*, (7 February 1991): p. 10

32Ibid.

South Korean Foreign Minister Lee Sang Ock told Japanese Foreign Minister Nakayama that his government was satisfied with the Japanese explanation that the mission was limited to securing the safety of navigation and was not a military mission. Kaifu gathered support from ASEAN leaders on his trip to Southeast Asia a few days later. Prime Minister Mahathir of Malaysia said he accepted the Japanese decision and offered to allow the vessels to call in at Penang on their way to the Persian Gulf. (The ships made port calls as well at Subic Bay in the Philippines, Colombo, and Karachi, signaling the acquiescence of other Asian countries.) Indonesian Foreign Minister Ali Alatas and Singapore Prime Minister Goh Chok Tong publicly indicated their approval. China, on the other hand, called the deployment of minesweepers a very sensitive question and Chinese papers quoted Japanese opposition sources that saw the move as "a cancerous first step towards increased Japanese military activity overseas."<sup>33</sup>

In effect, Kaifu had pulled off a coup and opened up new avenues for Japanese diplomacy and influence. The Japanese were concerned about harm to their international image from all the criticism of their limited support for the multinational forces in the Persian Gulf and their reluctance to provide men as well as money. The domestic criticism that had greeted Kaifu's UN Peace Cooperation Bill had died down, and public opinion had shifted. When Kaifu sidestepped Parliament by reinterpreting the constitution and unilaterally amending the Self-Defense Law, criticism was muted compared to earlier, both at home and abroad. His deployment of token SDF forces for military operations pleased the hawks in the military and the LDP. The move had won the blessing of ASEAN and South Korean leaders and the tacit support of other Asian countries. Criticism from China was restrained and did not basically affect the course of their relations. Japan now seemed to have overcome much of the fear and distrust caused by its invasion and harsh occupation of Asian countries in World War II. There was pride in Japan's more active diplomacy and already there was talk of following the precedent established in the Persian Gulf by sending peacekeeping forces to Cambodia in the future. Japan could still proclaim its peaceful intentions and peace constitution even as it allowed itself increasing latitude in interpreting that document.

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<sup>33</sup>Robert Delfs, "To the Gulf, at Last," *Far Eastern Economic Review*, (9 May 1991): p. 19.

## Relations with ASEAN Countries

Japan was a dialogue partner with the ASEAN countries (Thailand, Malaysia, Singapore, Indonesia, the Philippines, and Brunei), who saw Japan as central to their modernization and development. Japan was the leading investor and aid donor in the region. From the 1970s on, Japan had assumed a role in promoting peace and stability in the region. It offered to serve as mediator in disputes. It gave bilateral aid in the form of yen credits, tariff reductions, larger quota incentives for manufactured exports. Investments were concentrated in processing industries, energy, and agriculture. There was also aid for education, and scholarships were available for study in Japan. There was ambivalence about Japanese economic penetration in Southeast Asia, however, and the 1970s saw some anti-Japanese nationalism in countries like Thailand and Indonesia. By 1990, Japanese interaction with Southeast Asia was multi-faceted and increasingly important to the recipient countries.<sup>34</sup> Over 60% of Japanese exports to Asia were machinery while 60% of Asian exports to Japan were manufactured goods, not the raw materials that had predominated earlier. There was criticism, however, that Japan did not do enough to transfer technology and provide opportunities for local management.<sup>35</sup>

Earlier Japanese governments had opposed the formation of an Asian trading bloc, but the increasingly cohesive regional economies of Europe and North America led Japan to review its relations with Asia. Foreign Ministry officials began to see the Asia-Pacific Economic Cooperation (APEC) conference, which held its first meeting in Canberra in November 1989, as a possible basis for an organization that could act like the European OECD (Organization for Economic Cooperation and Development) as a vehicle for policy coordination. Japan increasingly saw a tri-polar world trading system of North America, Europe, and East Asia. APEC included the six ASEAN countries plus the United States and Canada, Japan, South Korea, Australia, and New Zealand.<sup>36</sup>

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<sup>34</sup>Sutter, *Japan*: p. 408

<sup>35</sup>Charles Smith and Louise do Rosario, "Empire of the Sun: Japanese Investment Creates Foundation of Regional Trading Bloc," *Far Eastern Economic Review*, (3 May 1990): p. 48.

<sup>36</sup>Ibid.: p. 46.

On his Asian tour in May 1990, Kaifu addressed domestic political issues in countries where Japan had an economic stake and spread the gospel of the market economy. While visiting Indonesia, he came up with a new initiative on Cambodia and offered to host talks between Premier Hun Sen and resistance leader Prince Norodom Sihanouk. He also raised the sensitive issue of the succession to President Suharto and expressed a desire to see a stable mechanism for the transfer of leadership in place. This rather blunt talk was a change from the usual bland bromides about the need for peace and cooperation that Asians were used to from Japanese leaders. This suggested that Japan was seeking to widen its interests and influence in Asia and take a more political role.<sup>37</sup>

In May 1991 Kaifu toured ASEAN nations to discuss trade and security issues and to gauge reaction to Japan's decision to get more politically engaged in the world. In particular, Kaifu sought support for his recent decision to send SDF minesweepers to the Persian Gulf, which set a precedent for the overseas use of the Japanese military. He was pleased with public support from ASEAN leaders for this move. Kaifu wanted to sound out ASEAN about how far Japan could back up its economic strength with some form of security presence in the future. Malaysian Prime Minister Mahathir pressed Kaifu to support his proposal for an East Asia Economic Group (EAEG), which he said would not be a trade bloc. Kaifu was leery of a group that excluded the U.S. and suggested that ASEAN should reach a consensus on the matter before pursuing talks with Japan. He did express interest in regional initiatives, however.<sup>38</sup>

On May 3, Kaifu gave a major foreign policy address in Singapore calling for a new partnership between Japan and ASEAN. Kaifu stated, "Amidst these changing times, I feel acutely that Japan is expected to make even greater contributions to the Asia Pacific region -

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37"Japan's New Gospel: Kaifu Signals Tokyo's Desire for Influence in Asia," Far Eastern Economic Review, (17 May 1990): p. 13.

38Suhaini Aznam and Anthony Rowley, "Stepping Carefully: Trade, Security Issues Dominate Kaifu's Asean Tour," Far Eastern Economic Review, (9 May 1991): p. 19.

not only in the economic sphere but in the political sphere as well."<sup>39</sup> Kaifu talked of a new multipolar world and drew attention to Asia's and Japan's assistance to the U.S. led coalition in the Gulf War. He also delivered the strongest Japanese statement of regret for its actions in World War II, expressing "sincere contrition at Japanese past actions which inflicted unbearable suffering and sorrow on a great many people in the Asia Pacific region."<sup>40</sup>

Kaifu also focused on the region's unresolved conflicts, especially Cambodia, and said Japan was ready to hold an international conference on Cambodia at an appropriate time and to contribute to the country's reconstruction.

In July Japan proposed the use of the ASEAN post-ministerial conference to discuss ways to improve security "among us." The reception was mixed and the proposal rejected.<sup>41</sup> Japan now was increasingly raising political and security issues and seeking a regional framework to solve problems.

In late September 1991 as Kaifu's term as prime minister drew to a close, Emperor Akihito and Empress Michiko embarked on an 11 day goodwill visit to Thailand, Malaysia, and Indonesia. The emperor's trip was part of a broader diplomatic effort to erase the stigma of World War II and transcend Japan's Cold War status as a client of the United States. Japan now sought a regional leadership role acceptable to its Asian neighbors and independent of the United States.<sup>42</sup>

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39Quoted in Machael Vatikiotis, "The Gentle Giant: Kaifu Soothes Fear over Japan's Political Plans," Far Eastern Economic Review, (16 May 1991): p. 11.

40Ibid.

41Michael Vatikiotis, "The New Player: Japan Takes a More Assertive Regional Role," Far Eastern Economic Review, (1 August 1991): p. 11.

42Asia Yearbook 1993 (Hongkong: Far Eastern Economic Review, 1993): p. 138.

As one Asian journalist commented:<sup>43</sup>

The Japanese role in Southeast Asia...is one that seems to need a continuous reappraisal and redefinition. In the past six months

alone, the Japanese have been seen as a critical ingredient in any global undertaking...

A Japanese peacekeeping role in Cambodia may well be welcomed but Tokyo also has to be careful in that its intervention is not unilateral in both intent and effect. In the light of Kaifu's visit, which now seems compulsory for any Japanese Prime Minister during his tenure in office, it may well be timely to once again ponder Tokyo's role in Southeast Asia -- not so much if but rather *how* and *when*.

Kaifu improved relations with the ASEAN countries during his administration. He treated their initiatives with respect, conferred with ASEAN leaders and solicited their approval for Japan to be involved in peacekeeping efforts overseas. Southeast Asia had less fear of Japan and more concern about China's strengthened economic and diplomatic position. Countries that historically had reason to fear Japan were welcoming its new activism as a counter to China, and they appreciated the economic incentives Japan could offer for the settlement of disputes and economic reconstruction in Indochina.

#### Relations with Vietnam and Cambodia

Japan had established relations with Hanoi in October 1975 following unification of the country. It justified relations with the country on the grounds that official contacts and aid would promote peace and stability in Southeast Asia. In December 1978, Japan offered food, grant aid, and commodity loans to Vietnam. However, when Vietnam invaded Cambodia, Japan suspended aid, joined the ASEAN countries in condemning the invasion, and supported the UN resolution calling for withdrawal. Japanese restrictions on aid and economic

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43Zara Dian, "Kaifu's Southeast Asian Visit," Asian Defence Journal (Kuala Lumpur) no. 7 (Jul 1991): pp. 3-4.

cooperation reinforced pressures on Vietnam to withdraw as it faced international isolation, armed resistance in Cambodia, and economic problems at home.<sup>44</sup>

Japan remained on reasonably friendly terms with Vietnam. It allowed some private businesses to trade with Vietnam despite complaints from ASEAN. Japan was more inclined than other countries to believe Vietnamese claims that it had limited influence in Phnom Penh. Vietnam had pulled its troops out of Cambodia by the fall of 1989, but Japan went along with the U.S. demand that aid not be resumed until there was an overall settlement in Cambodia, and this didn't happen until 1992. Japan used aid as an incentive for Vietnam to be an active participant in a comprehensive settlement, resuming economic aid in November 1992, a year after Kaifu left office.<sup>45</sup>

Kaifu pushed for settlement of Cambodia's civil war. His initiatives were welcome as most countries believed Japan's economic assistance was necessary to make a peace settlement workable. Japan sought to contribute to the peace process by hosting talks among Cambodian parties in June 1990, but little came of this. Once a settlement was agreed to in 1992, Japan offered to send SDF personnel and civilian police as part of the UN peacekeeping operation, the first dispatch of forces under the UN Peacekeeping Support Law which Japan enacted in June 1992. This seemed to be a new version of Kaifu's UN Peace Cooperation Bill and a precedent had already been set by Kaifu's sending SDF personnel to the Persian Gulf. The death of a Japanese police officer and a civilian volunteer led to demands for the withdrawal of Japanese personnel, who according to the law were not supposed to be in combat situations, but the government refused.<sup>46</sup>

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44Sutter, *Japan*: pp. 411-12.

45Japan's *Foreign Economic Policy toward Vietnam (1978-1992)*, {May 21, 1998}, [<http://www.irra.org/dwj/thesis.html>]

46Barbara Wanner, *Japan Rethinks Post-Cold War Asian Diplomacy*, Japan Economic Institute Report, Jan. 7, 1994. {May 21, 1998} [<http://www.gwjapan.com/ftp/pub/policy/jei/1994/a-series/0107-94a.txt>]

## Conclusion

In his two years in office, Prime Minister Kaifu set Japanese diplomacy on a new course. He placed a new emphasis on relations with Asia and turned increasingly to political and security issues, working to promote peace and stability in the region. While maintaining close ties to the United States, Japan began to strike out a little on its own. Japan acted as a friend to China and Vietnam, even when they were pariah states, and helped to smooth their path back into the good graces of the international community. He wielded economic aid as a political tool to promote settlement of the Cambodia issue. Kaifu's biggest disappointment was his inability to arrange the return of the Northern Territories from the Soviet Union. His biggest success was his decision to send Self-Defense Forces personnel and equipment overseas to transport refugees and sweep for mines. This was accomplished ultimately with only limited dissent at home and abroad despite setting a precedent for the use of Japanese military forces overseas. (The next administration followed up on this by sending Japanese peacekeeping forces to Cambodia and Mozambique.) Japan under Kaifu sought a new regional leadership role that went beyond economic influence. On the whole, Kaifu was successful in changing how Japan thought about its role in the world and how the world thought about Japan.