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The Australian-Japanese relationship and mutual interdependence in the new Pacific era

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I am very honoured to have been given an opportunity to address the distinguished participants in this symposium. Personally, I feel a very nostalgic sentiment in Australia because I have returned here after six years abroad. I spent a year in Canberra at the Australian National University, and at that time I had a very good opportunity to observe Western Pacific international relations as seen from the Southern Hemisphere when Australia was just seeking a new identity as an Asian Pacific State.

I would like to talk about our joint concern for mutual interdependence in the new Pacific theatre, and to focus mainly on the implications of the Pacific international environment and Australian-Japanese relations.

With the passing of the uncertain 1970s, characterised by high oil prices, and the arrival of the 1980s, a new concept in international relations termed 'Pacific Basin co-operation', was suggested. This concept has aroused substantial interest in both Australia and Japan, and some other countries, among those who believe that a new idea for the Asian Pacific region has been created. Giving a name to a concept, however, is not a sufficient basis for substantial international co-operation, as a new concept supported only by a name often evaporates after discussion. The issue of Pacific Basin co-operation was a Pacific Basin concept. It is something which must be further developed with clear objectives and our policy target must be more clearly defined. In line with this trend another new phase appeared in 1984, that is the 'new Pacific theatre'. President Reagan, who envisions the future vitality of the United States, centred on the western sunbelts, including California, has stressed this concept. It was also introduced at the ASEAN Foreign Minister's meeting as a projection for the region.

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In this situation we must note the group of rapidly industrializing nations, including Hong Kong, Taiwan, South Korea, and Singapore, known as the 'Asian NICS' (newly industrializing countries), because they left the average third world countries far behind in the 1970s and have created a very lively economic zone in the proximity of both Australia and Japan.

In the case of Hong Kong, the result of the Sino-British diplomatic negotiations will be released this coming September, but there will still be some uncertainty in the future of Hong Kong. If life in Hong Kong became very difficult, socially and economically, many young people from Hong Kong might go to other Western Pacific regions. This may accelerate the increase in economic activity of the region, but for the present, Hong Kong still maintains a very dynamic economic activity of which the per capita GNP is already US\$5 000.

In the case of Taiwan, some politically unstable situations may be expected, but perhaps Taiwan will become a much stronger economic entity. Over the last twelve years Taiwan has been excluded completely by the wide international community. If a political or social uncertainty or disturbance took place in Taiwan, not only Japan, but also many other Western Pacific countries would become very seriously embarrassed. But thanks to economic success, Taiwan is now playing a very important role in this region.

Others have already mentioned the cases of South Korea and Singapore, so there is no need for me to do so.

It is interesting to contemplate how those nations belonging to the Confucius culture zone—all the Asian NICS I have mentioned belong to the Confucius culture zone—would achieve complete modernization, and to study how they would relate to the development of the People's Republic of China, which has just started to liberalize part of her economic system.

As far as the recent development of the People's Republic of China is concerned, both of our keynote speakers, Sir David Zeidler and Mr Moeen Qureshi, mentioned yesterday the importance of China. So as a specialist on Chinese affairs, I would like to express briefly my basic view on China.

What will become of China tomorrow? After a quarter of century of turbulence and faced with various difficulties today, the country may look forward to eventually developing a unique socialist society, but that is not easy to achieve for many reasons. What is the goal of the present modernization plan in China? In a word it is to increase China's per capita gross national product from the present level of about US\$250 or US\$300 to US\$1000 by the end of this century. It is a modest target when one realises that Japan's economy grew fortyfold in the last twenty years, but given China's massive economic goal it will be a difficult one to achieve. Even if full modernization is successfully achieved and the goal of US\$1000 per capita GNP is attained, China will probably be further behind its neighbours than it is now. The surrounding countries such as Hong Kong, South Korea, and Singapore,

and many other Asian countries, not to mention Japan, already have GNPs ten to twenty times larger than China's. That gap will probably more than double by the end of the century. For this very reason it is certain that China's economic stagnation will continue to pose a problem for mankind, perhaps the most serious of such issues for this century.

What are China's options, now that the experiment of achieving economic development with western assistance has clearly reached a limit? The country does not have many options left.

In the case of Japan, our relations with the People's Republic of China have become very strong. In Australia, recently, your relationship with China has become very close, and direct flights between Sydney and Peking and Melbourne and Shanghai have commenced. Even with such a close kind of relationship, western financial assistance to China has already reached a limit. In the case of Japan, we already aid China with about \$US10 billion in long term credit, but we cannot assist only China. In the case of the United States of America and other western countries there may be capacity to assist China, but even transfer of important western technology for management systems of highly industrialized societies must also reach a limit.

We Japanese concluded an agreement of long term economic assistance to China. Based on this agreement Japanese business recently constructed the famous Baoshan mill in the suburbs of Shanghai which had not produced iron and steel since 1978. Faced with this situation it seems likely that Chinese dealers will become aware of the importance of a relationship with the Soviet Union and other eastern nations whose systems are more in tune with its own. Needless to say, we shouldn't expect that the political and social conflict inherent in China today could become so great that the country is likely to go through another process of political turbulence. It seems impossible to divert the pragmatic trend against the system's politics, although some political conflict and resistance against the present Deng Xiao Ping's regime still exists there. In this situation, in my assessment, a Sino-Soviet reconciliation will be inevitable, although the society of China is very different in some basic respects from that of the Soviet Union. In the future, China's new leaders will restore the need of the two countries to unite together to cope with what they call the crisis of socialism exemplified by the recent case of Poland. This is my basic understanding on China's recent development and Sino-Soviet relations.

Now I will proceed to discuss Japan's goal in the new Pacific theatre. We have to admit the fact that the myth of Japan's industrialization being unique in Asia has now been completely destroyed, and Japan today is merely a model for the industrialization of other Asian countries. Even Malaysia, a semi-Islamic State, has set Japan as a model for industrialization. Under the circumstances a strong bond between Australia and Japan, especially as a complementary relationship of mutual dependence, is very

important, not only for the sake of diplomacy between the two nations but as the axis for the development of our related vision of the new Pacific theatre. For this to be realisable, many problems between the two must be solved. For example, in regard to trade co-operation and expansion, Japan must overcome domestic political difficulties to create a freer trade environment for such commodities as farm products and it must also accelerate the transfer of technology abroad, without causing the so-called boomerang effects provided by newly industrializing countries. Although the argument still treats the matter in general terms, it may be a very important proposal in view of the conservative nature of our country, Japan, as a cultural policy.

Then in regard to the problem of resources exploitation, which demands close attention, a Pacific basin country should consider the problem of resources such as energy and food, in a co-operative manner, rather than be forced to deal with north-south issues within the region. There must be co-operation, not only at government level, but also between private sectors. The mutual dependence required is not limited to economics; what we need is closer relations in every sphere including technology, science, culture, and especially academic co-operation.

For Japan the relationship with Australia is one of special importance as it is one of the two fundamental friendships in the Pacific, the other being with the United States. On this basis, Japan's contribution to the Western Pacific region through economic and other non-military forms of co-operation, will become more promising. In this context, strengthened relations with Australia are all the more essential today when new governments have been elected in Australia and New Zealand, and traditional diplomatic policies with ANZUS nations are going to be reviewed. On this point I would like to learn from you.

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