

FORGETTING THE PAST, CONSIDERING THE FUTURE:  
ANGLO-JAPANESE RELATIONS AND THE 1990s

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Ties between Britain and Japan are in a process of transformation. The implications of this sea change both with regard to the bilateral relationship and for international politics and the world economy have yet, however, to receive the commentary they warrant. This paper offers some preliminary thoughts on trends that potentially could greatly alter the manner in which both nations have perceived the other and conducted their diplomacy.

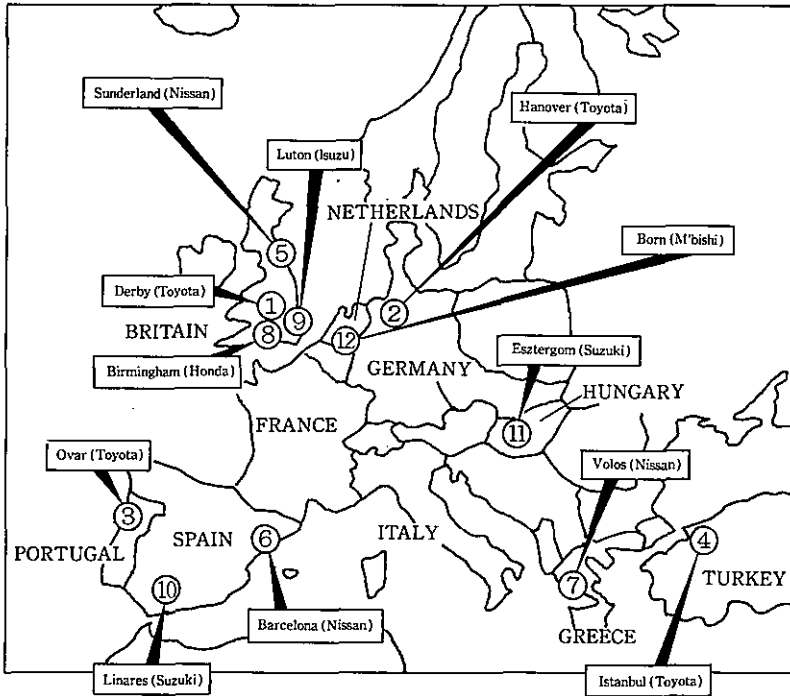
The controversy surrounding the final illness and funeral of the late Emperor provides a convenient benchmark in any survey of postwar Anglo-Japanese relations.<sup>(1)</sup> Once the sound and fury associated with Imperial Japan's behaviour in the Pacific War had dissolved, it became possible for politicians in both countries to state more openly their visions of the future without the albatross of the war having to be constantly recalled. However unpleasant the press criticisms of the late Emperor were to the Japanese government, there were undoubtedly unplanned advantages in airing British grievances. The death of the Showa Emperor removed what was widely—if wrongly—perceived to be a personal link between Japanese wartime aggression and the late 20th century. This sense of the Showa Emperor's personal responsibility that was shared by many people in Britain could obviously not be transferred to his eldest son who had been little more than a boy during the Pacific War. By the autumn of 1991, it was apparent that public views had changed to the extent that Japan's Crown Prince could visit Britain to open the largest ever Japan Festival, an event that in itself symbolizes the transformation of Anglo-Japanese ties.<sup>(2)</sup>

Yet neither much of the erosion of British hostility towards Japan's wartime behaviour<sup>(9)</sup> nor effective promotion of cultural diplomacy are in themselves adequate explanations for the shift in popular views towards contemporary Japan. The key to this shift is economics. Major inward investment by Japanese industrial concerns has been (and is likely to continue to be) the factor that has led to a new relationship with Britain. One telling anecdote from 1991 demonstrates how far British visions of Japan have altered; instead of the predatory Asian capitalists dumping their cheaply-produced manufactured goods on the British home market, the British media gave fulsome praise in their obituaries to Honda Soichiro. There were no longer the pointed references of past years to the extent to which Honda had single-handedly brought about the collapse of the British motorcycle industry or hurt later the remaining British car manufacturers.<sup>(4)</sup> From the perspective of changing Anglo-Japanese relations the most significant sentence in the obituary stated simply that, following the establishment of Honda Motor Company's production plants in the United States in 1982, a 'British assembly plant is due to start operations in Swindon in late 1992'.<sup>(5)</sup>

Large-scale commitments by Japanese industrialists to the operation of car plants in Britain over recent years mark a caesura in contemporary ties. Attentive and persistent diplomacy by the embassy in Tokyo, with follow-ups on ministerial and prime ministerial visits to Japan<sup>(6)</sup>, have led to very considerable success in persuading a hesitant Japanese motor industry to invest in Britain on a scale that dwarfs that of many of its European competitors.

The ability of the Thatcher government to persuade a very considerable number of Japanese companies to set-up factories in Britain has had repercussions both within the country and beyond that testify to the importance of these measures. Sir Geoffrey Howe, speaking to the Japan Institute for International Affairs in Tokyo, gave in summer of 1991 the British approach when he argued 'it is important for the United Kingdom and Japan to sustain and develop the strongest possible relationship. For that is likely to make the best

Japanese Automakers' Plants in Europe  = EC nations



Source : *The New York Times* reprinted in *Asahi Evening News*, 19 August 1991

contribution to the vigour as well as the openness of the dialogue between Japan, the EC and the rest of the world.'<sup>79</sup> Former Foreign Secretary Howe employed the progress that he claimed to see in the dismantling of EC protective measures as 'a mode of a sort', which 'perhaps point the way toward a more spontaneously open relationship between the rules of Japan's economy and those of Europe and the United States'.<sup>80</sup> What Howe intended to demonstrate was that his country's strategy of getting Japan to build car plants in the British regions was ultimately in the interests of Japan, Britain and the wider European Community. This, however, is a view not widely shared by Britain's EC partners and is likely to remain a source of tension

throughout the 1990s.

Matters came to a head with the announcement in Brussels of agreement by the Japanese government and EC of the latest plan to limit the sale of Japanese cars within the common market.<sup>(9)</sup> Attention throughout the EC on the question of Japan's economic impact on Europe has long focussed on the size of quotas for both imported and EC-made Japanese cars. Critics wasted no time in attempting to disparage the Japan-EC agreement. At its crudest there were confident predictions that the deal would not hold water. *The New York Times* correspondent in Paris warned that the 'first of what are likely to be many battles stemming from the vaguely worded agreement has already broken out over the issue of Japanese production in Europe'.<sup>(10)</sup> The accord, which was not signed by either party and therefore can be seen as in keeping with earlier "gentlemen's agreements", stated that direct car imports from Japan will be virtually frozen at existing levels until 1999<sup>(11)</sup> but that production of Japanese cars within Europe would be permitted to grow rapidly over the next seven years.<sup>(12)</sup> The European interpretation of the agreement is that Japan's percentage of the European car market will increase through what the trade terms "transplants"—cars largely made at Japanese-owned plants in the EC. Statistics from EC sources have suggested that production of such cars will grow in size from 260,000 units sold in 1990 to 1,200,000 by 1999. Japanese sources noted, however, that this was 'what the EC Commission said unilaterally' and that it was 'not something that will bind the Japanese side'.<sup>(13)</sup> Opponents of any large-scale Japanese car industry in Europe have also argued that if production of Japanese transplants exceeds the 1,200,000 units then import ceilings ought to be correspondingly lowered.

The government of Prime Minister John Major has already denied that this was ever envisaged in the protracted negotiations that supposedly hold Japan's total share of what will then be the largest car market in the world to 16.09%. The British view is that Japan has been given the green light to increase its EC-made car production and that no formal constraints now exist in this area. Clearly London has

championed Nagoya, and the rival European industrial states will attempt to hold out for their version of events. All that is certain is that the uncertainties reflect the enormous difficulties of creating any EC-wide industrial policy and that 'there remain enough loopholes in the deal to drive a fleet of Euro-hatchbacks through sideways.'<sup>(14)</sup>

The debate over EC car volume statistics has worked to strengthen British-Japanese relations. The more that French Prime Minister Edith Cresson has complained in vehement terms about the Japanese 'threat' the more entrenched Japanese public opinion has become and the more that this has encouraged Anglo-Japanese hopes of a common front. Britain has been seen to champion the Japanese cause and to do so at the risk of jeopardizing EC unity on a crucial issue. The contrast between Mme. Cresson's widely reported remark that the Japanese 'sit up all night thinking of ways to screw the Americans and Europeans ... They are our common enemy'<sup>(15)</sup>, and the opinion of the Japanese organizers of the Japan Festival in London that 'Britain is, among other European countries, most interested in Japan. It welcomes investments from Japan, since, unlike some other countries, it tries to see Japan as the country which brings about opportunities, not problems'<sup>(16)</sup> could hardly be sharper.

Clearly there is no agreement within the European Community on what ought to be the appropriate response to the burgeoning economic power of Japan. Yet the Thatcher and Major governments have felt increasingly confident that the British approach to Japan is reaping rewards and that it is little short of absurd for the EC to deny the industrial and financial realities represented by the second largest economic power in the world. Recent statistics will undoubtedly have worked to confirm the validity of London's strategy at least in the eyes of the British government.<sup>(17)</sup> Japan may still have a considerable way to go before it is taken seriously in its international political dealings<sup>(18)</sup>, but the economic dimension has become increasingly important over the past decade to the extent that no survey of international economics would fail to note the enviable investment levels, productivity gains, and economic growth rates of an affluent Japan. To insist, as some EC

nations have been tempted to do, that the only solution for beleaguered European industries is to pull up the drawbridge and retreat into a "fortress Europe" enclave has been firmly rejected by Britain.

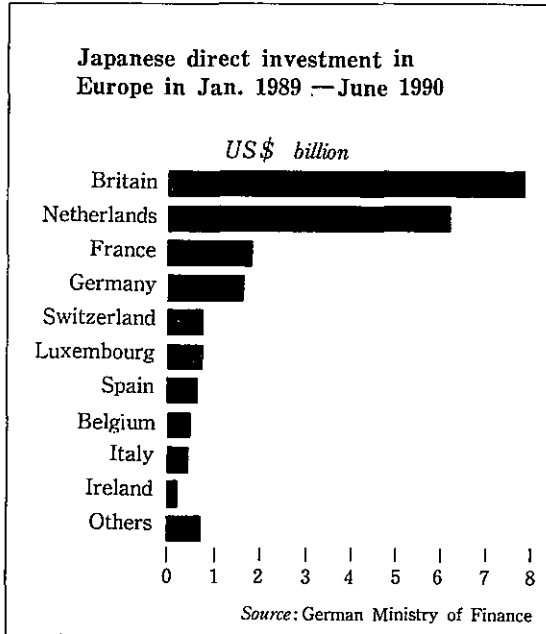
The French government sees such "collaboration" with the "enemy" as sheer defeatism that endangers the livelihood of entire industries, results in higher prices for consumers, and inevitably will lead to Tokyo's global domination of the international political economy unless united action can not be achieved immediately to derail the Asian juggernaut. The evidence of the imminent collapse of Europe's computer industry, the dangers of further penetration of the EC's car market, and the rapid growth of Japan's financial sector within Europe are all cited by Japan's European opponents as dangerous incidents that are contributing to Japanese economic hegemony.<sup>(19)</sup>

British official and popular views of Japan stand in sharp contrast to what existed a decade earlier. There is now a very considerable reservoir of goodwill towards contemporary Japan. This is likely to be maintained, despite mounting criticism from some other members of the EC at the British endeavours to attract Japanese inward investment that in turn could act to destroy rival European industries. British press accounts of Japanese purchases of London property sites and the influence of Japanese money throughout British society are remarkably mild. The widely-anticipated criticism of Japan that its money would be deployed to buy up the choicest department stores and Scottish golf courses has simply not gained much ground. The British press has proved itself even-handed in its commentaries on such possible themes. *The Times*, for example, suggested that 'Japanese money, technology and industrial thinking are changing the complexion of Britain far beyond the factory gates'.<sup>(20)</sup> Yet the tone was far from antagonistic. The same article noted that 'Japanese money is hidden under the most unlikely British mattresses. Japanese banks are among the biggest lenders to the "Anglo-French" Channel tunnel. Japanese investors have helped to make successes of many British government share privatisations, propping up the price of the stocks you own'.<sup>(21)</sup> Much of the positive tone can be attributed to two key factors: the

Japanese investment record in the motor car industry and continued Japanese purchases of property, particularly in central London. The current economic recession in Britain with its obvious impact on employment prospects and property values has led to a sense of almost gratitude in both instances for Japan's large-scale involvement.<sup>(22)</sup> Conservative Members of Parliament have been fulsome in their praise for the change in industrial attitudes that the Japanese car manufacturers appear to be engendering in the midlands and northern parts of England<sup>(23)</sup>, while initial academic assessments point to approximately the same trends.<sup>(24)</sup> Greater interest in Japanese managerial techniques, industrial design and small-group working units is also the consequence of Japan's new prominence in Britain.

Any comprehensive explanation for the political, economic, and social dimensions of the recent transformation of Anglo-Japanese relations is clearly yet premature. The shifts are still in their infancy and a backlash against the Japanese "invasion" is certainly possible as the scale of Japan's penetration of the British economy continues to escalate. Yet even at this stage the degree of alteration in governmental and public perceptions deserves note. No future Labour cabinet is likely to discourage continued Japanese inward investment, though it may be less generous in granting such generous financial inducements as in the past.<sup>(25)</sup> No retreat equally is possible for the Japanese car manufacturers, though obviously the financial institutions that have invested in British property and built up investment portfolios can always liquidate portions of their holdings overnight as and when the financial climate so dictates. Ironically, events since the mid-1980s have produced a sense of expectation in Britain where any long-term moderation of Japanese involvement in Britain is more likely to fuel British disappointment than concern over yet further purchases. Such switches in international relations in so short a time span are rare and deserve much fuller commentary. The generally enthusiastic approach of British society to the perceived strengths and confidence of industrial Japan suggests a widespread acknowledgement of British economic decline and a willingness to co-opt its former antagonist in a new partnership.

The British government must now hope that its new friendship with Japan will produce dividends for London in the international political arena that can help correct the self-evident economic imbalance.<sup>(26)</sup> But that is another story.



*Source: 'Germany in Asia' supplement, Far Eastern Economic Review, 5 September 1991*



## Notes

- (1) See Buckley 'The Emperor Question Again: Anglo-Japanese Relations, 1945 & 1989' in *The Journal of Social Science*, ICU, 1991 and 'Defeat and Death: British Attitudes to the Emperor in 1945 and 1989: a study in contemporary Anglo-Japanese relations' paper presented both to the 12th International Association of Historians of Asia conference Hong Kong and the Pacific coast branch of the American Historical Association Hawaii, summer 1991.
- (2) On the Japan Festival see remarks by Yamazaki Toshio, secretary-general of the Japan Committee of the Japan Festival, in *Asahi Evening News*, 30 August 1991.  
For necessary qualifications as far as some Pacific War veterans are concerned see Louis Allen's comments in Geoffrey Murray's article 'Righting Wrongs', *Intersect*, PHP, (Tokyo, April 1990).
- (3) It was noticeable that even when an editorial in *The Economist* instructed Japan to reconsider its past there was no reference to specific atrocities against British POWs. Until recently comment on this theme was virtually obligatory in all quarters of the British press. See 'Redemption's Reward', *The Economist*, 24 August 1991.
- (4) Obituary, *The Times*, 6 August 1991. The space, complete with large photograph, took up half a page. The obituary stressed both the individualism of Honda and his rags-to-riches success story.
- (5) *ibid.* The tone of the obituary reads almost like a public relations hand-out.
- (6) Mrs Thatcher went out of her way to meet Japanese motor company executives at receptions in Tokyo. Her political philosophy, if not necessarily her personality, gave a sense of reassurance to Japanese industrialists who had previously been scathing in their comments on the alleged "British disease". The fear was that it might be contagious.
- (7) Sir Geoffrey Howe 'EC lessons for Japan, US', *The Japan Times*, 22 June 1991.
- (8) *ibid*
- (9) See 'Stalling Japan's car makers' *The Economist*, 3 August 1991, 'EC car plants face threat on two fronts' *The Times*, 5 August 1991, and 'Japan-EC Trade Accord Fraught With Uncertainties' *The New York Times* reprinted in *The Asahi Evening News*, 19 August 1991.
- (10) *ibid*
- (11) France and Italy presently restrict Japanese imports at very low levels but these figures are expected to gradually rise by the turn of the century.
- (12) See footnote (1) *op cit*
- (13) Statement by Kume Yutaka, president of Nissan Motor Co. quoted in *New York*

*Times report op cit*

- (14) *The Economist* 3 August 1991
- (15) *Washington Post* despatch reprinted in *The International Herald Tribune*, 17 June 1991, the story was headed 'In a Fearful Europe, Japan's New Clout Prompts a Backlash'.
- (16) See footnote (2) *op cit*
- (17) See table on Japanese direct investment in Europe 1989-1990 in appendix.
- (18) The British-based International Institute for Strategic Studies, for example, noted in its annual report for 1990 that Japan is not yet ready to take a leadership role in world affairs. See *The Japan Times*, 1 June 1991. The institute saw the Gulf crisis as confirmation of the ever cautious Japanese line in responding to events overseas.
- (19) Latest statistics in the autumn of 1991 showed a large increase in Japan's trade surplus with the EC. Japanese exports to the EC rose 7.1% in July 1991 over the figures for the same month in 1990, while imports from Europe of luxury items were greatly reduced in value. This trend will persist. See *Asahi Evening News*, 31 August 1991
- (20) 'How the West was won', *The Times Saturday Review*, 1 June 1991. The piece was by the paper's former Tokyo correspondent Joe Joseph. He voiced some concern that Japanese-funding of British academic posts might result in what one Japanologist warned could be 'self-censorship' and a lack of real independence in discussing things Japanese.
- (21) *ibid*
- (22) See, for example, '...but the shopping spree goes on', *The Sunday Times*, 18 August 1991 for survey of Japanese purchases in property and prestige shopping businesses. Many Regent Street stores are now closely linked to Japanese companies and the scale of Japanese property ambitions can hardly be matched by British institutions. The same pattern was seen earlier in the acquisition of landmark buildings in parts of central New York.
- (23) Comments by Edwina Currie, MP in *The Times Saturday Review op cit*. Toyota's green-site car plant is being constructed in her Derbyshire constituency.
- (24) See essays in Kazuo Shibagaki et al (eds) *Japanese and European Management : Their International Adaptability* (Tokyo, 1989)
- (25) The EC Commission in Brussels is also likely to be more strict in its monitoring of such investment packages.
- (26) The evidence for what Britain wishes to gain from encouraging Japan's return to the arena of "high politics" is necessarily vague. Cooperation on arms control, such as registers for overseeing international arms sales, influence on Japan's

environment and Third World goals, common aims over persuading the People's Republic of China to be responsible in its future actions with regard to Hong Kong and an attempt to reduce American influence on Japan may be on the British agenda.

# 過去は水に流し前進せよ

—1990年代の日英関係—

## 〈要 約〉

ロジャー・バックレー

本稿は、この数年間に生じた日英関係の急激な変容を考察するものである。

過去に対する偏見ならびに無知と、1990年代への楽観および熱狂との間には、非常に大きな隔たりが存在する。昭和天皇の死は、疑いもなく、ロンドン—東京関係の転換期となった。多くの英国国民は、日本の軍国主義、帝国主義に対する昭和天皇の責任を問うていたが、その怒りがおさまると多くのことが可能となってきた。

現在の日英両国間の良好な感情は、第一に、サッチャー政権が英国に対する日本からの投資を誘引するように努力したこと、第二に、自動車産業を中心とする日本企業が、景気後退期にもかかわらず、新しく英国に大規模な製造工場を建設することに意欲的であったことに起因している。

現在では、日英両国が経済ならびに金融面で利益を共有する、という新しい日英同盟が形造られている。少なくとも、両国の数十年の歴史の中で、初めてそのような関係を論ずることができるようになった。

このように国家関係が、急激に、期待されていなかったような変容を遂げることは、国際政治の歴史の中でもめずらしいことである。この論文は、このような国家間関係の変容に関する研究の端緒にすぎず、さらに詳細な分析、ならびに論評が待たれるところである。