The Dynamics of Change among China, Japan and the U.S

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The 20th century was, in the words of the iconic American publisher Henry Luce, the American century. By the 1980's some were wondering whether American preeminence had come to an end, and books with names like "Japan as Number One" by my friend Ezra Vogel were best sellers. With Japan's economic stagnation in the 1990's, there was no further talk of Japan as number one.

In the last few years, with China's rise, newspapers and casual conversations are full of ruminations about whether the 21st century will be China's. It would be interesting to know what that most prominent of American patriots and China-watchers, Henry Luce, would have to say about this.

I do not propose to speculate about the likely comparative ebbs and flows of power among these three countries in the 21st century. It is almost certain that there will be dramatic changes in the fortunes of one, or all three, more than once, and one or more of the three may well look utterly different at some point than it does today.

What I do feel confident in asserting, however, is that the U.S., China, and Japan will be the three most important countries in determining the fate of the Asia-Pacific community in the 21st century. Will the Asia-Pacific be a zone of peace? Of prosperity? Of international cooperation in facing emerging challenges? Or will it be, as it was for most of the 20th century, a region of interstate and great power conflict? The relationships among these three countries will have more to do with answering these questions than any other factor.

One does not need a crystal ball to come to this conclusion. The facts are eloquent. The U.S. is the largest economy in the world. Japan is the second largest. China is the fourth largest, and will soon enter the ranks of the top three. The U.S. is the largest consumer of energy. China is the second largest. Japan is the third largest. The U.S. is the largest trading country in the world. Japan is the second largest. China is the third largest. The U.S. spends the most on the military of any country in the world. China is number two. Japan is number three or four. China has the most men and women under arms of any country in the world. The U.S. ranks number two (Japan numbers twenty-one).

There are no other countries in the Asia-Pacific region that will enter the ranks of the top three in terms of all these indices. Russia certainly is a military power that belongs in this grouping, and an energy producer, not a consumer, of world rank. But Russia is not yet a Pacific power in terms of trade and investment or indeed even in terms of its military power projection in the region. South Korea is arguably an incipient regional economic power that might deserve to be included in this grouping, and a united

Korea, once the North is absorbed and modernized, could be a formidable factor. But Korea for the foreseeable future looks to be a country absorbed in itself and the considerable and daunting issues on the Korean peninsula, not one seeking to exercise regional influence.

Status Quo Powers?

If the U.S., China, and Japan were all pure status quo powers, the relationship among the three would not be potential source of instability, in the manner that no one anticipates for example relations among France, Italy, and Germany to become a source of instability in Europe. But these are not three typical status quo powers.

First, and most obviously, China has the potential to disrupt the international system, as rising powers often have done so in the past. This is not to say that China intends to be disruptive. Indeed it has made a series of strategic choices over the last 30 years that are designed to be supportive of the existing order – opening its economy to global trade and investment flows, joining the major international organizations, settling border disputes, building close ties with neighboring governments it previously sought to overthrow, and establishing a positive relationship with the U.S. But China's sheer size, the pace of its change, the explosiveness of its internal challenges, its irredentism vis-à-vis Taiwan, the lack of transparency in its political processes, and the unreformed character of its political system make one hesitate to label China a sure bet to remain a status quo power beyond a decade or two.

Second, the U.S. is in some sense a status quo power, but certainly an unusual one. It seeks to preserve its own influence, interests, and predominance, and it has been a pillar of the international order for most of the last six decades. But it does not consistently and predictably seek to preserve the status quo of other countries and regions. Our misadventure in Iraq and the associated rhetoric of democratization, which peaked with President Bush's 2nd inaugural call for a struggle to end all tyranny, are not isolated incidents, but recurrent episodes in the foreign policy of a country with a sense of global mission. America's sense of its global leadership role can easily slide into disruptive and destabilizing policies aimed at regimes that offend its interests or values. People may have different views on whether this kind of disruptiveness ultimately serves positive ends – the short answer, I believe, is that sometimes it does and sometimes it does not – but in any case it means that the U.S. cannot be expected to preach stability to the exclusion of other values.

Japan arguably is the most consistent status quo power of the three. It has renounced the use of force as an instrument of foreign policy. It has not stationed forces abroad nor acquired the capability to project power over distances. It is a bastion of international organizations and international law. It appears generally satisfied with its security relationship with the U.S. Its prosperity depends on international flows of trade and investment in a rule-based order. But Japan is in the early stages of redefining itself after six decades of self-restraint. The rhetoric of "normal nation" status is not confined to former Prime Minister Abe, and there is reason to believe it could gradually become

the norm under his successors, if not the current one. There is no reason to expect Japan to become an aggressive power, but there is reason to expect Japan to have an increasingly expansive view of its right to self-defense, with a military prepared to countenance actions and doctrines that were taboo a decade ago.

Sources of Tension among the Three

Disputes among the U.S., China, and/or Japan were at the heart of three major Asian wars in the 20th century. Frictions among the three persist today, and there are risks they will grow.

Between the U.S. and China, there is the core problem of Taiwan, the one issue that could lead to military confrontation between the two. Japan likely would provide some level of assistance to the U.S. in a Sino-American dispute over Taiwan. There is a large measure of strategic distrust, with American security analysts regarding China as the principal potential challenger to U.S. preeminence and Chinese security analysts regarding the U.S. as the principal obstacle to China's rise. Amidst the growing economic interdependence of the two, there are rising trade and investment frictions that politicians threaten to exacerbate with demagoguery or protectionism.

Between China and Japan, there are greater tensions. There are disputes over territory and over the sea boundary in the East China Sea. There are the rises and falls in Chinese anger over the humiliations of the Sino-Japanese war of 1894 and the Second World War, and the Chinese view that Japanese have failed to show sufficient remorse. There is Japanese anxiety over the intentions of a rising China vis-à-vis Japan, and over the development of China's military. There is Chinese anxiety over what it will mean when Japan again becomes a "normal nation." There are differing approaches to the North Korea nuclear issue that revive memories of ancient rivalries on the peninsula. There is Chinese suspicion that Japan will side with the U.S. over the Taiwan issue. China leads the resistance to Japanese permanent membership in the UN Security Council, while Japanese Defense white papers are increasingly explicit about the threat posed by China.

As Mike Green, my colleague at CSIS, has put it, "Chinese and Japanese aspirations collide. Both nations are motivated by a profound sense of incompleteness. China seeks territorial integrity and a return to its central role in the region, but it confronts a Japan that seeks to move beyond the post-war period and to reestablish lost national pride. Japan's economic interdependence with China provides a stability to the two countries' bilateral relations, but not a certainty or predictability about where they will head."

Recent Developments in Mutual Attitudes

The most volatile relationship among the three – the Sino-Japanese relationship – has seen some promising developments over the last ten months after a rough period.

Former Prime Minister Abe's decision to visit China within weeks of taking office, and his refusal to visit Yasukuni Shrine – decisions will be respected Prime Minister Fukuda -- have changed the tone in the relationship. Popular attitudes toward each other on both sides have significantly altered. According to a joint poll conducted by a Japanese and Chinese company, as of August 33.1% of Japanese respondents viewed China favorably. This may not seem terribly impressive until you consider that the figure was 12% a year earlier. Among Chinese 24.4% viewed Japan favorably, up from 14% a year earlier. One has to keep these changes in perspective, however. Only 6.5% of Japanese, and 24.9% of Chinese, feel the relationship is in good shape, and 35.4% of Japanese consider China the largest military threat, while 41.2% of Chinese view Japan that way.

There have been other signs of thaw since Abe's visit last October. China's Defense Minister has visited Japan. He and his Japanese counterpart agreed on a ship visit by a Chinese Navy vessel to Japan, an invitation for a Japanese observer to a Chinese military exercise, and study of a military hotline. Premier Wen Jiabao praised Abe for his attitude toward World War II. Sino-Japanese talks on the East China Sea demarcation line have been conducted in a better atmosphere and could achieve an agreement on exploration for natural gas. Not least, the transition to Prime Minister Fukuda has provided a sense of comfort in Beijing. Fukuda is regarded as the most friendly, or in any event the least hostile, of the leaders of the LDP, partly because of his own positions and partly in memory of his father's outreach to Asia when he was Prime Minister in the late 1970's.

The U.S.-China relationship has been relatively stable over the last several years. From the Chinese perspective, the U.S. has handled the most important issue, Taiwan, satisfactorily, condemning moves by President Chen Shui-bian that seemed to move toward independence or changes in the status quo. In particular, the vocal and visible U.S. opposition to Chen's plan to hold a referendum on election day next March on the question of whether Taiwan should apply to the United Nations under the name of "Taiwan" has gratified Beijing. From the U.S. perspective, China has been helpful on the East Asian security issue of greatest importance, by pressuring the North Koreans to halt their nuclear weapons program.

The economic relationship between the U.S. and China has heated up considerably in the last year, between the skyrocketing trade surplus in China's favor and the recent difficulties in product and food safety in China's exports to the U.S. and elsewhere. Thus far, I would not characterize the problems in the economic relationship as a sign of instability, however. On the contrary, countries with rich and extensive trade and investment ties often have high-decibel commercial disputes. The U.S. relationship with Japan in the 1980's, or with the EU in the last decade, abounds with such battles, none of which threatened the overall foundation of the bilateral relationships.

The U.S.-Japan relationship, which has long been the least eventful of the three, has strengthened considerably over the last dozen years. Beginning with the U.S.-Japan Security Statement and Declaration on Defense Guidelines in 1996-'97, Japan has been increasing its security role within the context of the alliance. Under Prime Minister

Koizumi and President Bush, Japan took a number of further steps that would have been unthinkable two decades earlier – deploying destroyers and tankers to the Indian Ocean in support of U.S. operations since 9/11, commitment to a theater missile defense system on its Aegis cruisers, deploying a small contingent of troops to Iraq, and signing of a joint statement with the U.S. describing the peaceful resolution of issues concerning the Taiwan Strait through dialogue a "strategic interest." These steps indicate a remarkable alteration in a security relationship that only two decades ago Japanese were reluctant to characterize as an "alliance." Indeed, the U.S.-Japan security relationship has strengthened to the point where Chinese strategic analysts now regularly sound the alarm bells over what they see as a spear directed at China.

In the past year, however, there have been some counter-trends that have raised some concerns in Washington and Tokyo. The most important has been the policy divergence over North Korea, where the two countries' policies had been closely aligned before. Japan had stood with the U.S. in supporting a tough approach to negotiations, the Japanese holding out for return of all suspected abductees and making resolution of the nuclear issue contingent on satisfaction of the issue at the same time as the U.S. was squeezing North Korea with sanctions and generally maintaining a hard line. Over the last year the Bush Administration has changed course, dropping sanctions against he Banco Delta Asia and agreeing on a framework that has begun to make progress on freezing North Korean nuclear activities. The Japan – North Korea track in the negotiations, however, remains frozen. Complicating the matter have been reports of inadequate consultations between the U.S. and Japan over steps in the negotiations, and a suspicion by some Japanese that the U.S., in its zeal to work with China, was ignoring Japanese core interests on the Korea issue. The question of whether and when the U.S. might remove North Korea from its list of countries sponsoring terrorism has introduced an irritant, with the Japanese side looking for linkage to resolution of the abductee issue. That difference could abate, however, under a Fukuda government likely to place less emphasis on the abductee matter and more on denuclearization.

More recently, the defeat of the LDP in July's Upper House elections has caused new uncertainty in Washington. Weak governments in Tokyo have generally proven uncertain partners for the U.S., and the decline of the LDP promises a series of weak governments until and unless the electorate makes a decisive choice. While most American observers admire Prime Minister Fukuda, the consensus is that this government is likely to be not much more than a caretaker. The intention of Democratic Party leader Ichiro Ozawa to block the renewal of the anti-terrorism law authorizing deployment of Japanese Maritime Self Defense Forces to the Indian Ocean to refuel vessels of U.S. and allied forces has led to further anxiety. Many Americans find the stated rationale – the absence of a UN resolution specifically authorizing the war in Afghanistan – hard to accept, considering that NATO is deeply engaged in combat operations there. It raises questions about the character of the U.S.-Japan alliance in the future if Japan cannot provide military support in a case where other U.S. allies have no qualms in doing so.

Finally, the U.S. and Japan have had their own squabbles over history issues, though not nearly as contentious nor threatening as those of China and Korea with Japan.

Democratic Congressman Mike Honda's Sense of the House resolution calling for Japan to accept responsibility and apologize for coercion of women in occupied countries into sexual slavery passed the House unanimously in the wake of a gratuitously provocative statement by Abe and an ad in the Washington Post that inflamed passions on a long-dormant issue. This episode, which led Japanese Ambassador Kato to send a sharply worded letter to House Speaker Pelosi protesting the planning bill, has left bruised feelings on both sides.

Looking Ahead

The U.S., Japan, and China are all facing significant leadership change in the next 18 – 24 months. China's Communist Party will hold its 17th Party Congress beginning on October 15 to choose a new Central Committee, Politburo, and Politburo Standing Committee. It will then hold a plenary session of the National People's Congress next March to ratify selection of the new Government's leaders. The United States will hold its Presidential elections in November 2008, along with reelection of the House of Representatives and choice of 1/3 of the Senate. Japan must hold an election of its House of Representatives no later than September 2009, though most expect that PM Fukuda will call for elections well before then. What this means is that in the U.S. there certainly will be a new President, with a better than 50% chance it will be from a different party. In Japan, there is a likelihood of a new Prime Minister within two years. Only in China is there expected to be continuity in the top positions of state and government, though probably more than half of the members of the Politburo Standing Committee, which makes policy decisions in China, will be new.

At a minimum, change in leaders is disruptive for countries accustomed to dealing with known figures. In this instance, the risk is certainly there.

So long as the LDP remains in power, there is little concern in Washington about the U.S.-Japan relationship going sour, though the anticipated failure to renew the Anti-Terrorism Law in November will, I think, erode the special relationship that Washington and Tokyo have built up over the last several years. Should the elections bring a DPJ-led government to power, there will be anxiety in Washington about what that means for the alliance and for the hard-gained progress in broadening it over the last decade, given Ozawa's view that Japan can only deploy troops outside its borders in a UN-authorized peacekeeping operation.

As for the U.S. elections, both Beijing and Tokyo are watching with considerable interest and some unease. For Beijing, there are reasons rooted in history. Whenever China has become an issue in U.S. Presidential campaigns, notably in 1980, 1992, and 2000, U.S. relations with China have suffered as a result. The rhetoric of Presidential candidates vis-à-vis China can heat up, indeed it already has done so, with candidates attacking China's food and safety product protection and warning that Chinese imports could be imperiled, condemning China for undervaluing its currency and gaining unfair trade advantage, for providing material support to a government in Khartoum engaged in

genocide, and for a non-transparent military build-up, to name a few of the themes raised so far.

There is reason to fear things could get worse, much worse. The Beijing Olympics fall in August 2008, at the height of the U.S. Presidential campaign. American attention will be focused on China, as hundreds of million American television sets are tuned to the sporting spectacle. The attention of activist groups seeking to heighten public attention to issues such as Darfur, Tibet, Taiwan independence, the environment, human rights, labor rights, and religious freedom also will be focused on Beijing, and you can be sure there will be efforts to dramatize these causes, perhaps through demonstrations. Beijing does not have a track record, to use a sports metaphor, of tolerating such challenges. I don't need to spell out worst-case scenarios here; you can create them as well as I. I simply want to highlight the timing, as Americans are set to elect their President.

Finally, from Beijing's perspective, there also of course is no little interest in the identity of the man or woman who will be the next President. If it is a Democrat, and if as expected the Democrats strengthen their control of the Congress, it could be bad news for China on the trade side. There are few remaining Democrats committed to free trade. We might expect new legislation that constricts American imports of Chinese products, either related or not to the recent food and product safety issues. Democrats also have a history of being more aggressive on human rights and labor issues than Republicans, so such issues could rise in the agenda. A Democratic President is sure to make global warming a much bigger issue than it has heretofore been. With China the world's number one or two emitter of greenhouse gases and unwilling to accept mandatory controls on emissions, one can foresee the possibility of confrontation. On the other hand, some of the Republican candidates, more so than the Democrats, are either unknown or worrisome to Beijing primarily on security issues and Taiwan.

Tokyo's prism is somewhat different. It shares Beijing's preference for Republicans on trade issues. More broadly, there is a widespread belief that Japanese security officials and experts prefer Republicans, because they are seen as strongly supporting the U.S.-Japan alliance and a robust U.S. security posture in Asia while Democrats are seen as more favorable to China and less committed to maintenance of the forward U.S. security presence in Asia.

Personally, I believe the belief I just described is less relevant and less true than it was a few years ago. In fact, there is a broad consensus among national security experts in the two parties about relations with Japan, and for that matter with China. There are nuances of difference among individual advisors, and indeed among the Presidential candidates, but they are as likely to be within parties as between parties.

Value of a Trilateral Forum

All of which brings me back to where I started – the importance of the relationship among these three powers, and the value of more open and clear

communication among them because of all the uncertainties and anxieties on each side. I have been involved in a so-called "Track 2" process, a series of meetings by leading academics, think tank representatives, and former government officials from our three countries. I'd be happy to share the names of the participants with you, but in the interests of time I would simply note here the American participants – Jim Steinberg, Kurt Campbell, Richard Bush, Jing Huang, Carlos Pascual, Kevin Nealer, Mike Green, and Jonathan Pollack – and the heads of the Japanese and Chinese delegations, Ambassador Koji Watanabe and Ambassador Wu Jianmin. One of our goals is to persuade our respective governments to engage in periodic three-way government talks. We don't need a new organization in the region. There already are enough of them, and the next one in northeast Asia is likely to be a six party northeast Asia regional forum. We need conversations, at first at modest levels but ultimately at the top.

There is much public discussion about senior-level meetings among the U.S., Japan, and Australia, and sometimes India is added to the list. Certainly there is a logic to such groupings, which would be based on existing alliances and on values. But it would be a mistake, in my view, to develop a new grouping on an exclusive basis, leaving the impression that the U.S. is building up new multilateral relationships in Asia that exclude, or might be interpreted as aiming at, China.

In saying so, I do not mean to imply that we should set up a trilateral grouping of the U.S., Japan, and China as a favor to China. It would be in the interest of all three countries. We have many areas of possible cooperation – energy, environmental protection, North Korea, establishing and solidifying regional organizations, and putting in place security confidence-building measures in the Western Pacific.

The principal reason why we should have such a grouping is, as I said at the outset, that these are the three preeminent countries in the Asia-Pacific region in terms of security, political influence, and economics, and the relationship among them will have a greater impact on peace, security, and stability in the 21st century than any other factor. It is sometimes argued that the three countries have large differences in values and interests, and therefore a grouping would be ineffective. In 1945, President Roosevelt led the world to creation of a United Nations in which the U.S., USSR, Republic of China, United Kingdom, and France had permanent seats on the Security Council. Roosevelt's theory was not that these five powers had uniquely common interests and values. On the contrary, their differences were huge. But he and the other founders of the UN believed in a "concert of powers." They thought that the major powers, above and beyond other countries, had a special role in working together to assure peace and security. This conception was the necessary realistic complement to the democratic, egalitarian principle that underlay the General Assembly. It is as relevant today in the Asia-Pacific region as it was then for the global community.