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“Hearing on China’s Role in the World: Is China a Responsible Stakeholder?”

Panel VI: China’s Relationship with Northeast Asian Neighbors

Introduction

In Northeast Asia China’s neighbors are the Koreans, Russia and Japan. Mongolia could also be included depending on how elects to define “northeast.” My testimony will focus on the Sino-Japanese relationship, but I will make a few preliminary observations about Russia, the Republic of Korea (ROK), and North Korea.

In Asia, the enormity of China is a reality. Its central position on the Asian mainland, its enormous population, physical size, booming economy and modernizing military all condition how the comparatively weak contiguous states interact with Beijing. There is no question that China is unquestionably the leading economic and military power on the continent of Asia. Beijing relations with its neighbors are dictated by its **grand strategic objective** of preserving peace and stability in its “near abroad” so that economic development can proceed.

To translate this objective into reality, some scholars argue that there is an ongoing "revival" of the ancient Chinese tributary system mentality in Asia. Some historians of China don’t talk about the “rise of China” as something unique. Rather, they address the "re-emergence" of China, referring to the fact that until 1850 China was the *de facto* pre-eminent power of Asia. China’s strategic objective of stability in its own neighborhood was also one of the principles of the tributary system. The requirement for a stable external environment, immediately surrounding the Middle Kingdom, to ensure its internal stability and prosperity is not very different from what Beijing wants today.

In this regard, China is in a discrete and benign way, re-creating an "imperial" security system and environment in Asia, through the use of economic tools such as market access. According to one informed observer in Singapore (Eric Teo Chu Chew):

“China has ‘conceded’ trade surpluses to all its smaller Southeast Asian and Korean neighbors, in line with the tributary principle of ‘give more, take less’; it is these trade surpluses that are spurring regional economic growth, thus confirming China as the ‘heart’ of the present Asian economic system. Beijing's "generosity" was previously at the heart of the imperial tributary system, which was *de facto* Asia's trading system and WTO of that time. There are no doubts that China is reportedly ‘according’ these trade surpluses to secure the goodwill and respect of its smaller Asian neighbors, especially after resisting attempts to devalue the RMB during the 1997 Asian Crisis, for which China's neighbors thanked Beijing enormously.”

It would be a mistake to over draw this historic analogy; especially since today China has real power, as opposed to its often illusory power during its imperial period. But, it is a fact that Chinese power (economic and military) and the lure of the China market has underwritten a decade and a half of very

adroit diplomacy aimed at eliminating points of tension and disputes with its contiguous neighbors. This is especially true in the area of reconciling boundary disputes with Russia, Vietnam and to a degree with India. Beijing has also put in place military confidence building measures with Russia and its Central Asian neighbors. It has created a multi-lateral dialogue group—first called the Shanghai Five, and now the Shanghai Cooperative Organization (SCO)—to facilitate these confidence-building agreements and deal with transnational issues such as terrorism.

The SCO is a multilateral manifestation of Beijing's single-minded strategy aimed at ensuring good relations with its neighbors. It also is way to ensure that Beijing has a voice in "shaping" the security landscape in Central Asia while also providing a credible example to all of Asia of how China's "New Concept of Security" would work in practice. (Beijing's conceptual alternative to bi-lateral military alliances.)

Relations with Russia

Beijing has been establishing "strategic partnerships" since the mid-1990—yet another approach to ensuring good relations with neighbors and key trading partners. One of the first was with Russia (1996). Five years later the strategic partnership became a formal treaty relationship. In July 2001 a new Sino-Russian "*Treaty of Good Neighborly and Friendly Cooperation*" was signed. This treaty confirms the strategic partnership and in 25 articles lays out the concerns of both capitals about a new world order dominated the US and its European allies.

This treaty was pre-9/11 and for a time its anti-US orientation seemed to have been overtaken by shared the anti-terrorist interests of Moscow, Beijing and Washington. Over the last year or so, however, the notion of an anti-US relationship between Beijing and Moscow seems to have reemerged and both countries have taken action to "oppose US influence." Impeding, or at best not supporting, US policy objectives toward Iran and North Korea are the two most obvious examples.

Today, in an interesting historic juxtaposition, Russia is the weak party compared to its neighbor. Up until the collapse of the Soviet Union it was China who was the weaker of these two enormous continental neighbors. The economic weakness and attendant exodus of Russians from the Russian Far East has over the years suggested to some analysts that eventually China would attempt to reclaim parts of the Russian Far East that had once been part of greater China. In fact, it is not hard to find Russian analysts who worry about this very point and are concerned that selling Russian high tech weapons to China could, over the long run, backfire. So while some in Moscow may quietly fret about the growth of Chinese power, and Russian weakness in its Far East, a Sino-Russian confrontation on this point seems very unrealistic. The treaty essentially rules this out, and it would be counter to Beijing's desire for a peaceful neighborhood. Further, changing international norms and Russia's massive nuclear arsenal make it very unlikely that a weakened Russia will suffer the same fate as China in the 19th century.

Relations with the Republic of Korea

Since normalization in 1992, relations between the Republic of Korea and its Korean War foe the Peoples Republic of China have developed at a remarkable pace. Initially trade inspired, the subsequent political normalization between Seoul and Beijing has also been dramatic. In normalizing relations with Seoul, Beijing ignored the protests of its North Korean ally and acted in its best interests.

Beijing tries to assuage its old allies in Pyongyang by characterizing its current policy toward both Koreas as “equidistant,” suggesting that Beijing is attempting to even-handedly balance its interactions between Seoul and Pyongyang.

In truth, for well over a decade Beijing’s actions have explicitly signaled that it recognizes that it is Seoul who ultimately will determine the policy orientation and strategic alignment of the Korean peninsula whenever reunification finally takes place. Having reached that judgement Beijing has been quite effective in improving relations with Seoul. The improvement in political relations is really quite remarkable when one considers that it was only 56 years ago that the intervention of “Chinese volunteers” prevented the peninsula from being reunited in 1950. The MacArthur led UN forces were on the verge of reaching the Yalu River frontier between Korea and China following the successful flanking assault at Inchon.

Growth in political and economic relations have both been so dramatic that at this point it is difficult to characterize one or the other as being the driving force. At the end of the Cold war trade had pride of place. Since 1992 the bilateral trade relationship has grown at a double digit annualized rate of around 20 percent, and by 2002 China had supplanted the US as Seoul’s number one trade partner. As Korea specialist Scott Snyder has written, “ Korean companies are pouring investment into China in a wide variety of sectors including automobiles, textiles, information technology, telecommunications equipment, machinery components/equipment manufacturing and the chemical/petroleum sector.” As mentioned in my introduction, Korea runs a trade surplus with China. (By the way, the best way to keep abreast of bi-lateral relationships throughout Asia is through a quarterly e-journal called *Comparative Connections* that is published by the Honolulu based research center Pacific Forum/CSIS.)

Political relations have not lagged. All members of the CCP Central Committee have officially visited Seoul; cabinet level exchanges have been regularized, high-level defense ministry exchanges started in 1999. Political and economic interactions have generated cultural and social interactions in Korea. Reportedly Koreans are looking back to common Confucian and Buddhist roots with China. Korean students are traveling and studying in China in very large numbers. Over 30,000 Korean students are studying in China, and according to Seoul National University, Chinese has replaced English as the most popular language studied among liberal arts majors. In short Chinese “soft power” is proving to be as big an attraction economic linkages. Of course, to some degree, economic and trade linkages beget language training and interest in Chinese culture, since young Koreans are sensitive to future employment opportunities.

But, China also looms large to South Korea because of North Korea. Since Kim Dae Jung’s initiated his “sunshine” approach to North Korea (in other words, engage them) the interests of Beijing and Seoul have converged in policy approaches that are aimed at economically stabilizing North Korea. The objective is to prevent an implosion, with the hope that eventually Kim Jong-il will follow the Chinese model of economic development with “socialist characteristics.”

Seoul has persuaded itself, after closely studying German reunification, that a collapse of North Korea and rapid de-facto reunification would destroy the South Korean economy. They want a long period of peaceful coexistence between the two Korea’s while North Korea gets its economic act together before proceeding to reunification.

For its part China is equally worried about a collapse of the North Korean state and the attendant flood of economic refugees into China. They also appreciate the importance of having a buffer between the US military in South Korea and Manchuria. That after all was one of the primary reasons why they intervened in 1950. This is especially true so long as the cross-Taiwan Strait situation has the potential to lead to Sino-US conflict.

As a result, Beijing continues to gently prod Pyongyang regarding its nuclear weapons program. I believe that Beijing is sincere in its position that it would like to end North Korea's nuclear program. But it is not concerned enough to apply serious economic pressure that could cause the Kim regime to collapse. It does not fear North Korea nuclear weapons per se, and apparently does not worry that Pyongyang will share nuclear weapons with anti-Chinese Islamic terrorists. Beijing is content to balance economic support to the Pyongyang against the political pressure necessitated by being a central player in the Six-Party process.

Its goal is to maintain a reasonably stable situation. But, Beijing is also aware that as long as the situation is not resolved it has the potential to introduce instability and conflict on China's doorstep (witness the July 4th missile launches), which it certainly wants to avoid. On balance Beijing hopes that Washington will eventually compromise and deal directly with Pyongyang, so it does not have to make the hard choice of really applying serious pressure on Kim and his regime.

Sino-Japanese Relations: What has Happened Over the Last Decade

The current downward spiral in Sino-Japanese relations—characterized by some as poisonous—is a significant departure from the overall situation since Sino-Japanese rapprochement throughout much of the Cold War period. Compared to today, the period of 1971 to 1992 could be called the “heyday” of Sino-Japanese reengagement. During this time Japan gave China considerable aid and transferred much-needed technology as a proxy for reparations for Tokyo's aggression in the 1930s and 1940s.

Beijing politely acknowledged Japanese statements of contrition, and high-level meetings were cordial in a period during which Tokyo's financial aid was crucial to Beijing's domestic reform agenda and Cold War imperatives demanded stable ties. In other words, Beijing's larger strategic agenda, at home and abroad, resulted in cooperation and the minimization of “history” as an issue between the two countries.

In the wake of the end of the Cold War, and especially by the end of the 1990s, latent tensions in the relationship began to surface in both countries. Causal factors included a post-Tiananmen focus by Beijing on nationalism/patriotism, and, as its economy took off, China became less dependent on Japan. This trend was symbolically underscored by Jiang Zemin's unpleasant visit to Japan in 1998—during which he publicly hectoring the Japanese regarding history. The visit made relations worse instead of better. It made direct public criticism of China not only politically acceptable in Japan, but also politically beneficial. Since that time, relations have been characterized as “hot economics and cold politics.”

Currently, the Chinese public's perception of Japan's purported lack of remorse over the many depredations and atrocities committed by the Imperial Armed Forces—created by sundry textbook flaps, Yasukuni Shrine visits, and disputes about the Nanjing massacre—has shaped and constrained the political space that Beijing has to operate. I believe that China would prefer a politically “correct”

relationship with Japan, and almost certainly does not want the Japanese public to conclude that China poses a security threat to Japan.

History Alone Not the Only Problem

It would be a mistake to blame history alone for the current downward trajectory. However, Beijing has so far not been willing to be diplomatically accommodating with Tokyo until the questions of history are resolved. Tokyo's perceived failure to be appropriately contrite about its past was used as the public pretext for Beijing's open opposition to Japan's attempt to gain a UN Security Council seat, the issue that sparked demonstrations in China in April 2005. This is especially true since President Hu Jintao became personally involved in attempts to resolve the dispute triggered by the Yasukuni Shrine visits of his Japanese counterpart.

In fact, there are other fundamental sources of friction: competition for regional leadership; growing nationalism in both societies; territorial disputes; Taiwan; military modernization in both countries and the concomitant perceptions of threat in both capitals and a growing competition over potential energy resources in areas close to both Japan and China—especially in the East China Sea and Siberia. Many of these concerns overlap: disaggregating them is difficult, especially since they go to fundamental issues of national security, national psychology, and self-image.

Today is a unique historic circumstance in Northeast Asia. For the first time, a powerful Japan and powerful China are facing one another. For the 75 years between the Meiji Restoration and WWII it was the weakness of China and the growing power of Japan that created instability. A politically coherent China that is economically vibrant, nuclear armed and globally influential is a unique geopolitical fact for the Japanese in the modern era—as it is for the rest of Asia and the United States.

Has the United States Contributed to the Current Situation?

The US was certainly not at the center of this problem. Despite the assertion that Chinese often make at unofficial gatherings, it is not in Washington's interests to promote the rivalry as a way to make Japan cling even more tightly to the US-Japan Alliance. Beijing acknowledges that Washington did not instigate tensions, but it apparently thinks Washington enjoys the current situation very much. Otherwise Washington would try to ameliorate tensions by pressuring the Japanese.

Bad Sino-Japanese relations are definitely not in Washington's interest, and the possibility of a military confrontation – deliberately or by accident -- between Japan and China over territory and resources in the East China Sea is a cause for great concern.

Despite past instances when the US has sought to exploit the rivalry (e.g., Nixon playing on China's fears that Japan might seek to take over Taiwan as a spur to US-PRC normalization), neither the Clinton nor Bush Administration consciously attempted to create differences between Tokyo and Beijing. Still, our alliance with Tokyo means that the United States is not an impartial observer in the rivalry. Over the past five years the Bush Administration has encouraged Japan to take a more equal role as a partner—as outlined in the Armitage-Nye Report of 2000--primarily to strengthen the alliance.

A strengthened alliance with a democratic Japan, which we should not forget is still has the second largest economy in the world, would be in the US national interest even if China were weak and self-absorbed. Because it is not, a strengthened alliance is also motivated by a need to “hedge” against an

assertive China. (Both the 2006 National Security Strategy of the United States and the Quadrennial Defense Review Report from DoD are explicit in stating a need to “hedge” against China.) Our explicit hedging strategy has not been lost on Beijing and contributes to its views that Washington is “complicit” in Japan’s more assertive policies.

The alliance, as it exists, also strengthens Tokyo in its dealings with Beijing. Japan is wrestling with how to deal with Beijing without bowing and scraping. The alliance empowers Tokyo so that Japan does not have to either kowtow or to militarily confront. In other words, it gives Tokyo greater flexibility in how it chooses to interact with Beijing.

Neither Tokyo nor Beijing is Content to be Number Two in Asia

I believe there is a rivalry between Japan and China over who is recognized as Asia’s leading power. My colleague at CNA, Dr. David Finkelstein has pointed out in a recent paper that the Sino-Japanese rivalry is not ages old. It has its roots in the relatively recent disruptions to the traditional Asian order occasioned by the coming of Western powers in the 19th century. This caused “national emergencies” in both China and Japan and brought these countries into full contact with one another. To be sure, the Chinese had been traditionally dismissive of the Japanese, who were referred to as “eastern barbarians,” “island barbarians” or “dwarf bandits.” The Japanese were a lesser caste in the Sino-centric world order. Japan, for its part, understood it was part of the Sinitic culture zone, but never saw itself as part of China's traditional world order, nor was it part of the tributary system. The two countries peacefully coexisted –largely ignoring one another.

Since the West began to interact with Asia in the 19th century, it has been the objective of both Japan and China to be treated with respect and as an equal in dealings with the “West.” In dealing with one another, however, no such feelings existed. Since the Meiji restoration, Japan has considered the rest of Asia as backward and appointed itself to lead the region. The national myth that WWII was an attempt by Japan to “liberate” the region is but one manifestation of this “conceit.” “It was America, not China, that defeated us in the war” is one expression of this attitude one sometimes hears from Japanese.

Post-war Japan saw itself as the natural leader of Asia since it was the first Asian economy to take off. Its economic development would set the pace for the economic development of the region –the so-called “flying geese” concept. Today, we still see Japanese preoccupation with its leading role in Asia: the notions that —Japan should be the “thought leader of Asia” or that Japan needs to take a leading role in East Asian regionalism are contemporary examples. Nonetheless, Japan has recognized that the rules of the game have changed and that the “flying geese” model no longer applies. As a result, it is grappling with its conception of itself and its place in the regional order.

China, for its part, recognizes that, in the 19th and the first half of the 20th century, Japan took its leading role in Asia mainly at China’s expense. Starting with the annexation of the Ryukyus, Japan began to nibble at the Chinese empire. The overwhelming Japanese success in the Sino-Japanese War of 1895 was a shock to both the Chinese court and to the “West.”

Since that time, the Chinese have been involved in a “revolution” to transform a traditional civilization into a modern nation state, and Japan has played the largest role in that revolution, for good or ill, over the past 100 years. Today the government of the PRC is the self-appointed torchbearer for the historical legacies of over a century of resentment over Japanese abuse of China. As my CNA

colleague Dr Finkelstein has written, the CCP is the official “curator” of the historical grievances the people of China harbor toward the Japanese.

What makes the history debate so contentious is that, for China, when it comes to Japan, history appears to have ended in 1945. Little credit is given for postwar Japan’s “peaceful rise” or for its positive contributions to China’s rise. The focus on the first half-century in part can be attributed to China’s tactic in stressing the worst. But China is also reluctant to debate the history of the second half of the century since it contains too many contentious and detrimental aspects for China.

Globally, China’s economic clout is yielding political influence that increasingly comports with its membership in the UN Permanent Five. In terms of comprehensive national power—a PRC affectation for calculation of its place in the world in terms of “power” –Beijing sees that it is roughly equal with Japan today, with trend lines in its favor. Chinese (and many others around the world) see that China’s power is growing, while Japan’s is stagnating. In truth, the situation is more complex, but these perceptions are vitally important.

Being Number One to do what?

This section addresses the point of being a stakeholder. In the case of Japan, I think its pursuit of permanent membership in the United Nations Security Council (UNSC) is as much a search for international recognition and prestige as it is a genuine interest in speaking for underrepresented Asian nations in an international forum or a willingness to shoulder the burdens associated with genuine “leadership.” Moreover, Japan and China are unable to act as honest brokers and stakeholders in dealing with the difficult issues in the region because their own interests are often at odds with international interests. China’s unwillingness to really pressure North Korea is a case in point.

I do think that Tokyo’s worries about being supplanted by China as Asia’s leading power contribute to its drive to become a more “normal” state, at least to the extent that it wants to be able to play a security role in maintaining regional stability—which is a stakeholder role Washington would welcome and encourages. At the same time this does contribute to tensions by providing Beijing an opportunity to conflate history with Japan’s current security ambitions. Beijing can assert Japan is a looming threat to the region because Japanese militarism is once again on the rise.

How Important is the Yasukuni Shrine Issue?

Yasukuni and nationalism are inextricably linked. Many Japanese and some US experts believe that Yasukuni is just a pretext: if visits to Yasukuni by democratically-elected officials were made illegal, China would then lodge an official complaint to Japan about the content of history textbooks; in short, there will always be flash-points around the history question.

China makes use of arguments over history because it is politically convenient for it to do so. On the other hand, there is recognition in Beijing that the current level of stress between China and Japan is not in China’s interest. I believe that if Yasukuni can be resolved, absent some other precipitating event, China has no interest in keeping tensions high.

As a historian by education and avocation, I am troubled how WWII is portrayed in the newly renovated museum (Yushukan) collocated with Yasukuni. The portrayal of Japan as the aggrieved

party manipulated into war by the US outrages most US visitors--including me. So I do have a degree of sympathy for the China's insistence that Japan needs to get its 20th century history "right."

Implications for US policy

The forces of nationalism and domestic politics in both Japan and China make this situation particularly resistant to third party intervention. Nonetheless, the U.S. must be conscious that some in Asia feel Washington is encouraging Japan to take a more militant line or indirectly profiting from it.

However, incidents between Chinese and Japanese commercial and military vessels in the East China Sea have for the first time since World War II made the use of force a possibility—with consequences that could lead to war. This is not likely, but remains a possibility. Plainly, then, U.S. interests are involved. For this reason alone, the USG should be concerned about the downward spiral in Japan-China relations. It is important that Washington understand that this is more a sovereignty issue than an energy resource issue, which makes it especially dangerous.

The US has to be clear about policy objectives. Washington is not going to solve the history question, nor is it going to make China and Japan like one another. But it is not in the US interest to promote or tolerate strategic rivalry; it is in the US interest to promote trilateral cooperation. While identifying a productive approach will not be easy, the USG cannot simply ignore the rivalry because, left unattended, there is no confidence that both sides would deal with it in ways that promote US interests.

A strong argument was made that the USG also needs to be candid about the fact that its interests and obligations means that it must "lean Japan." That does not mean that relations between Washington and Beijing and Tokyo are a zero-sum game. This needs to be clear to both capitals. It does mean however, that it will be difficult for the US to be "objective" about the overall relationship. Nor, because of US interests at stake, should it be.

Washington must be particularly careful not to appear to be tilting toward China. This could have a negative impact on the alliance and on Japan's efforts to achieve a leading role in Asia.

But, the idea of pressing China to become a responsible stakeholder in the international system makes sense in this context—especially since Japan is apparently anxious to play a stakeholder role. Having both Japan and China as common stakeholders with the United States is trilateralism at the grand strategic level.