

PHP Report
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Japan's Comprehensive China Strategy

Expectations for the emergence of China as a "strategic partner"
and Japan's strategy

"Japan's Comprehensive China Strategy:" Task Force Members

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Introduction

On the one hand there is China, a country continuing to achieve remarkable economic growth and gradually expanding its global “presence.” On the other hand, there is Japan, a nation searching for direction in the context of the collapse of the '55 system and transformed post-cold war international order. We have entered into an era in which Japan and China must face one another directly and cooperate in creating a mutually-constructive relationship.

Economic ties between Japan and China have already achieved a level of interdependence that neither nation wishes to upset. Both countries can ill afford to overlook the interests of the other. Far from limiting cooperation to the economic sphere, the two powers have much to gain by also enhancing collaboration in other areas and contributing to regional and global development. It can be said that the relationship between the two countries is a “mutually beneficial relationship based on common strategic interests.”

At the same time, however, it is difficult to imagine that existing problems between Japan and China – an outgrowth of both the historical legacy of the past century and present geopolitical realities – will be settled in the immediate future. Neither country is comfortable with the other becoming a hegemonic power, nor is either nation willing to accept the other as “superior.” While Japan and China have enjoyed a long history of cordial relations through centuries of cultural exchange, it has proven difficult to establish and maintain a calm, composed, and rational political relationship in the context of the modern international system.

Post-war reconciliation between France and Germany is often cited as a model for Japan and China to move beyond the past, yet circumstances in Asia have less in common with those in Europe than may be apparent on the surface. France and Germany were able to achieve rapprochement only after a series of painful lessons accumulated as a result of centuries of catastrophic warfare, repeated attempts at post-war reconciliation, and the eventual construction of a shared European order. Japan and China, on the other hand, have had a markedly different experience. In the contemporary era, attempting to solve differing national interests by military force is not an option. Rather, the only acceptable way to solve problems mandates that nations work toward co-existence and co-prosperity through mutually-beneficial solutions.

In recent years, China’s remarkable economic development has not only functioned as a principal driver of global economic growth but also served as the foundation of China’s rapidly expanding national strength. Far from being limited to the economic sphere, this development has had far-reaching effects in the political and military spheres as well. This reality can no longer be ignored. The current Chinese leadership considers the maintenance of a peaceful international environment essential for continued economic growth and has begun to actively embrace a role as a “responsible stakeholder” in both regional and global politics and economics. Japan welcomes these developments. At the same time, however, China, an enormous developing nation, continues to face a number of problems. Domestically, the number of urgent problems continues to rise, and the central leadership, hesitant to let go of out-dated realist conceptions of “state sovereignty” and “security,” has a tendency to be overly sensitive to advice and criticism from the international community. It is incumbent

upon Japan, as a neighboring great power, to vastly expand the level of intellectual capital that it invests in researching and analyzing China, and, together with the rest of the international community, actively utilize all available bilateral and multilateral frameworks to ensure that China continues along a desirable path well into the future.

When designing its policies toward China, Japan must first clarify for itself exactly what kind of international order best serves Japanese interests and what kind of role it is prepared to play in establishing and maintaining that order. Japan is no longer the impoverished and “defeated” country of a half-century ago but a global player primed to undertake a valuable role in the areas of economics and international security. Politicians must be aware that irresponsible actions such as excessively politicizing foreign policy or making insensitive statements about the past send the wrong message to international society and risk giving the world a less-than-ideal impression of Japan. While it is important for Japan to treat the high praise that it has received from international society as an important asset of its post-war diplomacy and continue along this path, leaders must also be sure to carry out reform where necessary and take pains to increase Japan’s standing as a reliable and constructive global leader. Only a Japan that has achieved a delicate combination of national strength, respect, and trust will be capable of constructing a sound relationship with China that serves the interests of both countries. Such a relationship would also make a substantial contribution to the peace and stability of the region.

The process of compiling the policy recommendations

① Analysis of contemporary circumstances and expectations for the future

In order to think effectively about a comprehensive strategy for Japan to adopt vis-à-vis China, it was first necessary to conduct an analysis of China’s contemporary circumstances and compile a list of future expectations based upon those findings. Five possible scenarios were created for “China in 2020”: 1) a mature power, 2) a hegemonic power, 3) an immature power, 4) an unstable power, and 5) total collapse. Among these, it was found that the third scenario – China as an immature power – seemed most probable.



② The ideal “China in 2020” from Japan’s perspective

On the one hand, Japan’s ideal scenario is for China to develop into “a trustworthy neighbor” (p.15), which would be possible in the “China as a mature power” scenario. A “mature power” is a nation that respects pluralism and diversity, maintains the same values both overseas and at home, enacts policies that place paramount importance on the well-being of people, and has achieved both economic and social development.

Japan’s comprehensive China strategy is one which aims to fill in the gap between the ideal scenario (the objective) and the most probable scenario (the reality). It is a strategy that puts China closer to becoming a mature power and avoids the realization of any one of the three undesirable scenarios.



③ Japan’s vision for the East Asian region and Asia-Pacific order

In order to ensure that China becomes a “mature power,” what is essential is a multilateral, not only bilateral, framework. To this end, it is incumbent upon Japan to clarify for itself not only what kind of country it hopes to become, but also what its vision is for a regional order. Accordingly, an investigation was carried out to determine what kind of regional order best serves Japan’s interest; both in East Asia and the greater Asia-Pacific region.



④What can Japan do? An analysis of Japan’s strengths and limitations

Upon reaching the afore-mentioned objective (i.e. the realization of a China and regional order that are both in Japan’s interest), an investigation was conducted to examine the strengths and limitations of Japan’s “political/diplomatic,” “military,” “economic,” and “domestic political/social” power overseas .



⑤Investigation into what measures Japan can take to ensure that China develops into a “mature power,” (Compilation of policy recommendations)

After completing an analysis of the current Japan-China relationship and the contemporary international environment, exploring what sort of China and regional order would be ideal for Japan, and examining the strengths and limitations of Japanese power, we compiled a number of policy recommendations.

※This project began in July 2006 and consists of a series of debates and conferences examining Japan’s comprehensive China strategy. The policy recommendations included within this paper were compiled in advance of Prime Minister Yasuo Fukuda’s December 2007 visit to China and are based upon the conclusions reached by the project’s participants up to that point. This report does not represent the project’s final report. The final report is currently scheduled for release in April, 2008.

<<Policy Recommendations>>

<In order to achieve stability and prosperity in the Asian region>

1. Establish and institutionalize trilateral (Japan-US-China) summit meetings

Despite the central importance of Japan-US-China trilateral relations for the stability and welfare of Asia, the leaders of the three nations have yet to come together with the specific purpose of engaging in strategic dialogue. Japan ought to take initiative and propose that a trilateral summit meeting be held among Japan, the United States, and China. Such a meeting would be a first step toward the creation of a framework to allow these three powers to share responsibility for continued peace and development in the region.

A summit meeting would provide a venue for each country to express any concerns and/or misgivings it may have about the policies of other parties. For example, China fears that the United States and Japan have moved to strengthen their security alliance as a means to contain China, the United States is concerned that discussion of an Asia-wide community is an initiative aiming to exclude America from the region, and Japan worries the United States and China will begin to exclude Japan from consultations over issues intrinsically related to its national interest. Regularly-held trilateral summit meetings would go far toward creating an environment of trust and effectively minimize such concerns. Additionally, such a development would also be in keeping with the “synergy between the Japan-US Alliance and Asian diplomacy” concept advocated by Prime Minister Fukuda.

2. In addition to efforts to strengthen the Japan-US Alliance and Japan-US-Australia strategic dialogue, create a Sino-Japanese strategic partnership

While simultaneously moving to strengthen the Japan-US Alliance and expand its value as a “public good” in Asia, Japan must actively work to eliminate China’s concerns about the Alliance. It must clarify for China that neither the Japan-US Alliance nor trilateral strategic dialogue between Japan, the United States, and Australia is intended to contain China. In order to deepen ties between the activities of the security partners and those of other countries in the region, China and other Asian nations must be invited to participate in existing bilateral and trilateral training exercises.

The United States remains an invaluable ally of Japan and ties between the two countries continue to be of extreme strategic importance, yet Japan must keep a close watch on the future evolution of relations between the United States and China, which is already a relationship defined by conspicuously close economic ties. Strong ties with both the United States and China can play a mutually complementary function and go far toward strengthening Japan’s position in the trilateral relationship.

3. Proactively examine the possibilities for the creation of a framework for regional cooperation in East Asia and work to push the process forward

In addition to continuing to advocate region-wide economic integration, Japan must also actively suggest possibilities for further regional cooperation, in particular with regard to transnational issues such as the environment, terrorism, and the spread of

infectious disease. Generally speaking, the active participation of countries such as the United States, India, and Australia would be ideal, but the participants in a given initiative will necessarily vary depending on the issue in question.

There are some leaders who remain concerned that China may become excessively influential in a region-wide multilateral institution, and therefore it is abundantly clear that Japan must remain actively involved in the process so as to avoid criticism that it has become a passive participant in regional cooperation. Additionally, because Southeast Asian nations have actively employed a traditional “power balancing” approach in response to concerns about China’s expansion, particularly with regard to security issues there is no need to worry about China behaving unilaterally within multilateral frameworks.

4. Advocate “the institutionalization of peace” as a long term objective for the region

Japan’s embrace of pacifism in the post-war era has been immensely beneficial for both Japan and the world as a whole. No matter the outcome of the current debate over constitutional reform, Japan should maintain the principle of abandoning military force as an option for settling international disputes. However, Japan should also be aware that simply declaring that it will not exercise military force is an insufficient measure to guarantee the security of the nation. As a long-term objective, it should aim for the construction of a multilateral framework that encapsulates the norm of “non-use of military force.”

<Toward a long-term and proactive diplomacy vis-à-vis China>

5. In order to increase Japan’s ability to transmit overseas, cooperate with the private sector and strengthen the government’s public diplomacy regime

The role of the media in the public policy dialogue has expanded in recent years and shifts in public opinion now exert a substantial degree of influence over foreign policy. In light of these changing circumstances, effective overseas broadcasting and public relations have become more important than ever before. If the government’s support campaign for a given policy initiative is insufficient it will not garner the appreciation of the people and could be easily defeated by the negative campaigning of another country. Despite this reality, however, it is difficult to make the case that the Japanese government’s current public relations regime is sufficient. The government ought to look at public relations as an important part of its larger strategy and act to strengthen its public diplomacy regime.

The Ministry of Foreign Affairs, the Japan Foundation, the Agency for Cultural Affairs, NHK and other government-affiliated organs regularly engage in public diplomacy, and in some sense they, along with the Ministry of Economy, Trade and Industry and other similar institutions, are all responsible for promotion of the “Japan brand.” However, because individual activities are carried out in isolation rather than as part of a cohesive, unified vision, the end result is a message that lacks consistency and is relatively ineffective. Departments involved in the promotion of the “Japan brand” should establish

a venue for holding regular discussions about public diplomacy. Furthermore, in addition to increasing the level of investment in training its own public relations specialists, the government should also make greater use of specialists from the private sector.

As for public diplomacy vis-à-vis the Chinese people, the use of Chinese-language transmissions is of course of critical importance, but it should also be realized that overseas media, in particular western media, also have a significant impact on policy toward China. Unfortunately, relative to Japan's economic strength and highly-educated populace, the use of reports written by Japanese people in the international press remains extremely rare. Limited access to international media sources and a weakness in foreign languages are likely factors behind this phenomenon, and it is therefore important to build up an organization capable of providing support to Japanese intellectuals, politicians, and others when they want to communicate with the international media. Support should consist of research support, assistance in accessing the media, and language support (translation, proof-reading, etc.).

Publishing magazines aimed for international distribution is one example of a valuable tool that can be utilized to strengthen the overseas influence of domestic media. In order to ensure that this effort is as effective as possible, editors should be appointed based on merit and without regard for their country of origin. For example, when selecting an editor for a magazine targeting Chinese readers, it may be advisable to employ a Chinese national.

6. Establish a post in the cabinet secretariat tasked with framing a regional strategy. Expand the level of investment in intellectual capital and formulate a China strategy.

There currently exists no post or mechanism within the cabinet secretariat tasked with framing Japan's regional strategy. A mechanism should be established to design and implement strategies vis-à-vis China, Northeast Asia, the United States, Southeast Asia, Oceania, Southwest Asia, etc.. Centered on the Cabinet, this mechanism's primary function would be to coordinate the government's response to changing circumstances in the region. Meanwhile, adjustments should be made so that the activities of domestic institutions involved in researching China and companies active in the Chinese market better complement one another.

As far as Japanese foreign policy is concerned, China is already a significant player and will become still more important in the future. Consequently, Japan should expand the level of its support for and investment in institutions involved in researching China. Japan must pay constant attention to China's evolution and tackle the challenges it presents with a healthy competitive spirit. In the modern era, Japan, in an effort to catch up to the Western powers, earnestly researched the West but failed to make a similar effort toward Asia. Falling victim to a superiority complex vis-à-vis its neighbors, Japan mistakenly believed that it understood the region simply by virtue of being "Asian." This mindset has heretofore prevented Japan from sincerely facing its neighbors.

Although China studies has an exceptionally long history in Japan, from the end of the war to the normalization of relations there was almost zero exchange between the two countries and it is difficult to say that the average Japanese citizen's understanding of China during that era was sufficient. Bilateral relations post-normalization, on the other hand, have become excessively emotional on occasion; e.g. from initially describing the

relationship as one of “friendship” to a recent period in which mutual resentment, embodied in such slogans as “oppose Japan” and “detest China,” defined each nation’s view of the other. Attempting to fully understand China will no doubt prove a difficult task, yet we must make every effort to stay free of bias. It would be a mistake to view China as a threat from the outset, and we should approach the task with a delicate balance of caution and a healthy competitive spirit. Doing so will greatly assist our efforts to understand China.

The purpose of this research effort is to describe the ideal strategy for dealing with China’s ongoing transformation. During this process, Japan must make it clear to China that although Japan will approach its neighbor with a nuanced combination of “hedging” and “engagement,” the basis of its China policy will remain “cooperation.”

7. Toward a Japanese defense capacity capable of responding to changes in the international situation

In order for Japan to maintain an appropriate defense capacity, it must be capable of responding to emerging threats (terrorism, etc.) and other changes in the international environment. Failure to acquire this capacity could result in a precipitous change in the military balance of the region, which could conceivably invite otherwise avoidable Chinese adventurism. Of particular urgency is the need to strengthen Japan’s remote islands defense capability.

In order to avoid an arms race in East Asia, both Japan and China must work to promote dialogue and further confidence-building.

8. Promotion of a policy on student exchanges that emphasizes youth and quality

Japan must make an effort not only to increase the number of exchange students from China but also to create a system that attracts the top students to Japan and provides them with competitive scholarships to support their studies. In this process, relevant institutions should undertake a comprehensive investigation into oft-heard complaints from foreign students studying in Japan (e.g. “after graduation, it is difficult to find a job,” “even if you can find a job, it is difficult to get promoted,” “Japanese degrees are not valued as highly as degrees from western universities”) and come up with a plan to establish an “after-care” system to support students post-graduation.

In order to increase the number of students coming to Japan, the government should expand the system of two- or three-week summer exchange programs for Chinese high school students so that they can learn more about Japan. There is no shortage of Chinese nationals who, after coming to Japan, say “once I actually saw what it was really like, my image of Japan completely changed.” Measures must be taken to bring over Chinese young people – including individuals who do not already have a particular interest in Japan – and improve Japan’s image in China.

<To ensure that a conflict of interests with China does not devolve into an international dispute>

9. Establish and institutionalize high-level talks on political and security issues between Japan and China

High-level economic dialogue at the cabinet-level has already been established to comprehensively address economic issues between Japan and China, yet no similar mechanism exists for political and security dialogue. Japan should propose the creation of a cabinet-level mechanism to address these issues. If the two nations convene “high-level security talks” at regular intervals, dialogue could eventually be institutionalized at the government ministry level, particularly between each nation’s defense department. This development would go far toward establishing an environment of trust and ensuring that, in the event that a conflict of interest does occur, mechanisms for effective crisis management are already in place.

10. Request that the Chinese government increase the transparency of its defense budget and clarify its strategic intentions

China is in the midst of a rapid military buildup, yet there remain a number of areas where it has not yet made the content and objectives of this expansion clear, and, as a result, it has come to be seen by other countries as either an extant or potential threat. The Chinese government continues to insist that “In recent years, China’s defense expenditures have become increasingly transparent and it is completely unrealistic for any country to be completely transparent about its strategic intentions,” yet it remains abundantly clear that, relative to many other countries, the level of transparency in China remains remarkably low. Henceforth, Japan should not only continue to request that China increase its transparency, but also clearly state specific examples of items and information that it wishes for China to make public.

11. Call for the strengthening of a “conflict-prevention mechanism” in Northeast Asia

In order to avoid conflict and engender a stable peace in Northeast Asia, Japan and China should significantly expand bilateral dialogue.

In order to solve the various problems presented by North Korea (e.g. peaceful denuclearization of the Korean Peninsula), it is imperative that Japan and China continue to closely collaborate.

With regard to the Taiwan Straits issue, Japan wishes for existing issues between Taiwan and China to be peacefully resolved through dialogue. Japan respects the wishes of peoples on both sides of the Strait, but maintains that the issue is not only a problem of concern for Taiwan and China, but one which stands to have a profound impact on the entire region. Consequently, Japan does not welcome any behavior from either side – such as unilateral moves to change the status quo – that exacerbates cross-strait tensions.

In order to most effectively deal with non-traditional threats and other global issues, it is important to involve the Taiwanese people in various multilateral frameworks in the

region. China's ruling Communist Party has adopted the slogan of "putting people first" (以人为本), and if it truly sees guaranteeing the well-being of all people as its responsibility, then it should be persuaded not to isolate or alienate the Taiwanese people.

12. Promote research of Sino-Japanese relations so that Japan and China can achieve a shared understanding of modern history

In addition to expanding substantive research into the various events of the Second World War, Japan and China should broaden the scope of research to include an examination of the modern history of East Asia (including their two countries) in its global context.

Whenever the issue of "history awareness" arises, there is a tendency to focus strictly on the events leading to the war between China and Japan. Henceforth, the scope of the history issue should be expanded to include not only Japan's post-war growth but also its late 19th and early 20th-century modernization. For China, which seeks to achieve a "harmonious society" and "sustainable development," there are a number of lessons that it can take from Japan's experience. Relative to most other countries, Japanese society enjoys a relatively small gap between rich and poor and has succeeded in developing without causing excessive harm to the environment. While Japan's successes can serve as a model for China's own development, the failure of the "bubble economy" can also serve as a lesson on what China ought to avoid. Japan and China will face a number of similar challenges in coming years (e.g. aging societies), and such issues provide various opportunities for joint research.

<In order to promote a "win-win" cooperative relationship>

13. Expand the level of cooperation in such fields as environmental protection and energy conservation

Japan has already shifted the bulk of the aid it sends to China into fields related to the protection of the environment. Both nations have agreed to expand environmental cooperation and practical efforts to tackle these issues are already underway. Despite this progress, however, the priorities of the two governments continue to differ. Japan prioritizes a reduction of greenhouse gas emissions, while China views the formulation of measures to reduce pollution as its most pressing concern. Furthermore, there is the possibility of an emotional confrontation emerging between Japan, which has already implemented a number of measures to increase its energy efficiency and protect the environment and may not be able to do much more, and China, which is still in the process of developing and whose leaders insist that it has limited resources with which to address environmental problems. Japan may enjoy a far more secure and clean environment than China, but its leaders should also be aware that the level of greenhouse gas emissions per-capita in Japan remains higher than that of China. China, on the other hand, needs to be convinced that no country has anything to gain from ignoring environmental problems and that a decision to proactively address these issues, which have already become a target of global concern, will greatly improve its reputation

overseas. Failure to effectively address these problems now will only result in tragedy for future generations.

Fortunately, the Hu Jintao administration has adopted the slogan of “scientific development” and stated that it will work to achieve a balance between economic growth and the environment. However, there remains a great deal of doubt as to whether awareness of the severity of these problems has penetrated the lower-levels of the Communist Party leadership. In addition to assisting China with capital, energy-efficient technology, and policy advice, Japan must also dispatch personnel to the problem areas and confirm conditions on the ground. Furthermore, in addition to having Japanese firms compile assessments of China’s environmental conditions and point out regions that have fallen behind, Japan should also consider publishing reports that positively evaluate regions that are proactively working to reverse environmental damage.

14. Attract Chinese capital, investors, and tourists and use them to buoy Japan’s economic growth

China’s economic expansion has reached a level where it is now a key driver of the global economy. Japan must make use of this development to improve its own economic circumstances. Japan continues to see countries like India and Vietnam as important players, but in terms of economic scale and value as a trading partner, for the time being it is difficult to believe that Japan’s economic relations with these countries will surpass its relationship with China in importance anytime in the near future.

In order to make maximal use of Chinese capital and people to revitalize the Japanese economy, a system should be put in place to facilitate the entry of both Chinese entrepreneurs and their capital into Japan. The current system for issuing visas is extremely rigid and excessively complex and a study should be commissioned to examine the feasibility of a more flexible and straight-forward procedure for Chinese businessmen,

On the other hand, a large percentage of foreign criminals are Chinese nationals and in order to ensure that a simplified immigration procedure does not worry the Japanese people, it is important to continue to conduct thorough crackdowns on illegal immigrants from China. Additionally, a system of tight checks should be put in place to oversee the transfer of capital from and into China by Japanese companies in possession of security-related and other sensitive technologies.

15. Continue to provide aid and support so that the rule of law takes hold and the Chinese people’s livelihood continues to improve

Some have made the argument in recent years that Japan should no longer provide ODA to China in light of China’s ever-increasing defense expenditures and the fact that it is itself an aid donor to other developing countries. Nevertheless, Japan should continue to provide aid for the following reasons: ①Many of the problems occurring in China, particularly those concerning the environment, infectious disease, and food safety, are issues that stand to have a significant impact on Japan as well. ②It is consistent with the Japanese government’s commitment to making a contribution to the international community and respecting basic human rights. ③Aid can contribute to bringing about an improvement in Chinese sentiment toward Japan. ④As a practical problem, demanding

that China improve its human rights protections without offering any assistance can hardly be expected to effectively achieve Japan's goals. ⑤There are a number of areas in which Japan can make a contribution to the establishment of rule of law and doing so is in the interests of both Japanese corporations and Japanese nationals active in China.

However, China's economy has already reached a level of development where Japan should feel comfortable reducing the percentage of aid directed to programs aimed at eliminating poverty. While such aid should remain as a symbol of bilateral friendship and as a tool for improving Japan's image in China, the focus of ODA should begin to shift toward supporting the establishment of legal frameworks and institutions tasked with protecting intellectual property rights and guaranteeing product safety.

Symbolic aid should be granted to the most highly-visible and needy regions. Japan can support China's efforts to achieve social development and create a "harmonious society" through its various NGOs and other organizations.

16. Carry out aid projects in other countries through bilateral cooperation

Even China has in recent years begun to actively provide aid to other developing nations. Japan and China should begin to collaborate in order to cut down on waste and dispense aid more effectively. For example, the two countries could establish a joint fund for aid distribution.

The selection criteria and methods used by China's aid distribution programs remain non-transparent and there are a number of examples of times when its insensitivity to local circumstances invited resentment from local residents, international institutions on the ground, and international society. Even the Chinese government has come to realize the necessity of establishing clear guidelines and selection criteria for its aid programs. Japan, which already has a specific set of guidelines, can work with China to formulate an effective ODA plan.

Even if there are areas where Japan and China are not able to cooperate in disbursing aid to other countries, there is no need for the two countries to engage in any sort of competition. Japan's foreign aid activities are one of the areas for which it has received a great deal of praise from international society, and the government should maintain its commitment to cooperating with international institutions and NGOs to respond to the needs of local communities.

<< “China in 2020” and Japan’s Strategy >>

Anticipated trends in China's development through 2020

Toward 2020

In order to ensure that both China and the regional order evolve in a manner in line with its national interest, Japan must frame its China policy with a medium- to long-term perspective. This project analyzed the current Japan-China relationship, anticipated future circumstances, and compiled a list of policy recommendations based on the following three assumptions:

- ① At the 18th Party Congress in 2012, a group of leaders from the next generation will take the reins of power from the current leadership and there is a high probability that this group will remain in power through 2020. The policies of the next administration are unlikely to depart significantly from those of Hu Jintao.
- ② China will experience a large generational shift between 2020 and 2030. This decade will mark the first time that those born and raised as single children under the “one-child” law will acquire positions of power and it is difficult to predict exactly what effects this development will have on Chinese society.
- ③ The Chinese government's long-term plans have a tendency to select 2020 as their end-date.

“China in 2020”

1) The “China as a mature power” scenario (Japan's ideal scenario)

The Chinese government maintains the quadrupling of per-capita GDP in the two decades between 2000 and 2020 as official government policy. It successfully shifts from fast-paced growth to sustainable development, implements adjustments to the industrial structure, and achieves its objective. Labor-intensive industries are transferred to the mid-west and people in rural areas also receive the blessings of economic development.

Improvements in the standard of living stimulate a desire among the Chinese people to actively participate in the political process and this eventually evolves into a democracy movement. While there remain concerns that rapid democratization will foment political instability, a shared awareness spreads throughout society that progress toward political democratization and the realization of a “harmonious society” are necessary to maintain economic development. Particularly those young Party members who majored in law, economics, and other similar fields and were educated overseas begin to champion gradual democratization. China's political and social development gradually catches up with its economic development.

Outside its borders, China does adopt policies to limit American hegemony, but avoids direct confrontation, choosing instead to maintain a cooperative relationship with the United States. By quietly carrying out military and intelligence exchanges with the United States, Japan, and other neighboring countries and making a sincere effort to see that its defense expenditures and strategic intentions are made as transparent as possible, China contributes to confidence-building in the region. Rather than impatiently forcing a solution to the Taiwan issue, China adopts a posture that maintains the status quo and stresses a solution through dialogue.

Brimming with confidence due to its economic success and social stability, China, now with extensive experience working through multilateral institutions, seeks to play a role

in international society as a responsible power. From Japan's perspective, China is well on its way to becoming a "trustworthy neighbor."

2) The "China as a hegemonic power" scenario (a scenario Japan hopes to avoid)

Despite having a number of domestic problems, China increasingly seeks to assert itself internationally and pours the capital gained from continuing economic expansion into increasing its military strength. China, now a military superpower, increasingly utilizes heavy-handed measures to settle territorial disputes with neighboring countries.

A generation which has not experienced the Cultural Revolution and knows only prosperity takes the reigns of power from the previous generation. Brimming with confidence and dissatisfied with the US-dominated international system, this new generation promotes anti-Americanism and calls for China to act in a manner befitting its great power status.

While still unable to directly challenge US military supremacy, China develops a military capability beyond what is necessary for national defense and, now armed with the strength to intimidate smaller nations, moves to expel America from central Asia and the Korean peninsula. The United States comes to see China as a full-blown threat and Asian countries find themselves in the unenviable situation of having to choose sides.

3) The "China as an immature power" scenario (the most probable scenario)

China continues to be faced with a number of domestic contradictions and societal problems and, even after its economy stalls for a brief period of time, continues to evolve into a political and economic global power.

In order to maintain growth, the Chinese leadership desires a peaceful international environment and the possibility that it would initiate large-scale military conflict remains extremely small. However, the danger that the Taiwan issue or territorial disputes in the South and East China Seas could result in an unplanned military clash remains. Additionally, the rapid modernization and transformation of the People's Liberation Army into a high-tech military, coupled with its still non-transparent defense expenditures and strategic objectives, causes both the United States and China's neighbors to remain suspicious of China's intentions. While still unable to directly challenge US military supremacy, China becomes a military rival, improving its military capabilities to the point where it is capable of inflicting sufficient damage upon any adversary.

Nevertheless, although China surpasses Japan to become the world's second largest economy in GDP terms, per-capita income and social infrastructure remain at levels on par with an undeveloped nation. Following Deng Xiaoping's advice to focus on building national strength and avoid conflict with other powers (韬光养晦), China continues to promote an "omni-directional foreign policy" in order to ensure continued economic development and, despite openly protesting America's unipolar domination of the international system, makes every effort to avoid direct confrontation. China not only attempts to establish leadership in Asia, but also actively works to expand its diplomacy with states in Africa and Latin America in order to guarantee access to energy resources. It succeeds in expanding its presence in these regions, but, as a result of its indifference to human rights and the environment, its actions ultimately breed resentment from both international society and the local people.

Despite experiencing a period of stagnation as a result of accumulated bad debt and various attempts to tighten the belt on its over-heated economy, China possesses the tools to overcome such challenges and, upon completing a series of adjustments to the economy, embarks on a new period of growth. Economic ties between Japan and China continue to qualitatively deepen. Not only does commerce between the two countries expand, but bilateral investment, which had to this point been primarily unidirectional, also becomes more balanced as China increases the level of its investment into Japan.

Environmental challenges, water scarcity, various problems in the countryside, population issues (e.g. a graying society and labor shortages), a growing gap between the rich and poor, and other domestic problems remain serious and the central government, fearing a national crisis, proactively works to solve them. The central government's priority shifts from economic growth to ensuring an equal distribution of the fruits of economic development. Although the middle class continues to expand, the proportion of poor relative to the total population remains large and the government finds it difficult to effectively address the many discontents of its largest constituency.

Although a move toward democracy continues to be seen at the village level, progress in democratizing decision-making within the party and institutionalizing good governance practices remains slow. The primary demands of the people are stability, rule of law, checks on power, and continued economic growth, and the CCP remains in power.

4) The “China as an unstable power scenario” (a scenario Japan hopes to avoid)

In 2005 there were as many as 87,000 instances in China of protests and civil unrest related to unconstitutional land expropriation. Similar disturbances also occurred in the localities and rural areas. The Communist party has relied on control of the media and various forceful measures to prevent discontent from boiling over, but its tactics have hurt the Party's legitimacy and weakened the people's trust in the government.

There is a possibility that the next destabilizing event in China – be it a large-scale accident resulting in substantial contamination of water supplies, a financial crisis that causes widespread runs on state-run banks, or an outbreak of infectious disease – could trigger a “second Tiananmen.” Not only would such an event bring the Chinese economy to a screeching halt, but it would also have a far-reaching impact on the Japanese economy.

In this scenario, various domestic social problems and popular discontent foment xenophobic nationalism and lead to massive riots similar to the anti-Japan demonstrations seen across China in 2005. The Communist Party leadership, although fully aware of the danger inherent in fanning the flames of nationalism, decides to use it to parry criticism away from the central government.

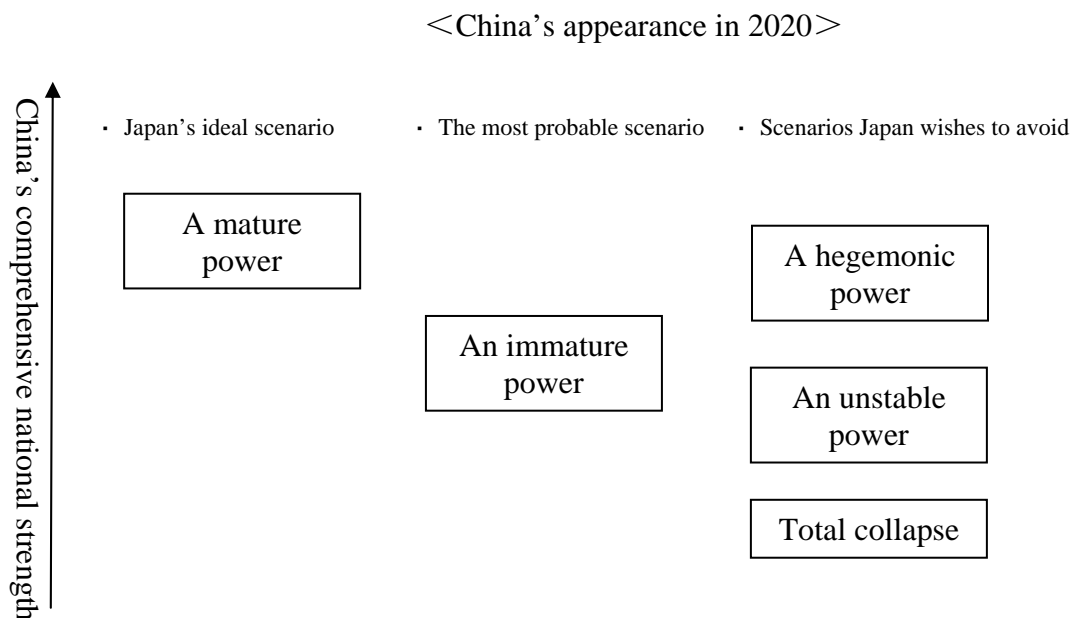
The People's Liberation Army continues to modernize and transform itself into a high-tech military force, but due to a lack of transparency concerning the decision-making process within the PLA itself, America and other countries in the region regard it with suspicion. With regard to the Taiwan issue, at the same time that hard-liners on the mainland call on the central government to unilaterally change the status quo and reunite China as soon as possible, support among Taiwanese for independence rises in response to the deepening chaos in China and the situation across the Taiwan Strait becomes increasingly tense. Chinese fighter planes and warships appear in the East China Sea and nearby the Senkaku Islands with increasing frequency and lead to an accidental collision

with a Japanese vessel. The governments of both nations actively work to prevent the situation from escalating, but the incident breeds resentment among domestic constituencies and increasing tension between Japan and China becomes inevitable.

5) The “total collapse” scenario (the probability of this scenario occurring remains low, but it is worth considering for the sake of crisis management)

Although the Chinese government shifts its policy away from an insular focus on economic expansion and moves to pursue sustainable development, the working-age population (ages 15-59) begins to decline in 2014, and by 2020 the percentage of the population over 60 has reached 17%. Decades of rapid economic growth come to an end before income disparities and the gap between the urban and rural areas are corrected and those Chinese who had yet to benefit from economic development remain left behind. The frustration and discontent with the Communist Party felt by those who have had their lives and health ruined by worsening environmental problems reaches its peak. Popular demonstrations and riots that had until this point remained more-or-less isolated expand across regional borders, becoming organized in the process. The Communist Party, overwhelmed by the massive riots now occurring throughout the country, attempts to maintain social order by force and is showered with criticism from international society. Economic growth grinds to a halt and China descends into chaos.

The most probable scenario for “China in 2020” is that of “China as an immature power,” but the ideal scenario for Japan is that of “China as a mature power.” On the flipside, the scenarios that Japan wishes to avoid are “China as a hegemonic power,” “China as an unstable power,” and “total collapse.”



At the same time that Japan promotes a policy toward China that aims to bring about the “ideal scenario,” it should also take steps to prevent the realization of those scenarios which Japan would like to avoid.

The “mature power” status that Japan seeks for China is that of a “trustworthy neighbor.”

Japan's vision for the Asian order

Japan's ideal China — 「A trustworthy neighbor」

In order for Japan to consider China a 「trustworthy neighbor」, China must:

- Be willing to share a vision(※)for either the East Asian region or Asia-Pacific region with Japan
- Develop into a pluralistic nation that maintains the same values at home and overseas and possesses both the will and ability to place the well-being of people above all other interests
- Completely institutionalize the “rule of law”
- Develop in a sustainable manner (e.g. preservation of the ecosystem, a more balanced income distribution, equality of opportunity, increased regard for health and safety, etc.)
- Grant its people freedom of access to information (from both domestic and overseas sources), freedom of expression, and freedom of the press
- Succeed in spreading a healthy, as opposed to xenophobic, nationalism
- Possess an objective awareness of both itself and others
- Not use the history issue as a tool of foreign policy
- Remove the veil of secrecy surrounding its policymaking process and place all official statistics on the public record
- Bring the transparency of its defense expenditures and strategic intentions in line with international norms
- Not use the threat of military force or economic coercion in pursuit of its national interests

The vision that Japan should have for the Asia-Pacific and East Asian regions

- A prosperous and peaceful region
- A region in which the unique traditions and cultures of nations are able to coexist

The Asian region is full of a diverse array of cultures, values, and ethnicities. Japan has for sometime been a consistent proponent of a vision for the region that aims to ensure that this diversity is respected by all its members. A cursory glance elsewhere in the world reveals that there are a number of regions suffering from violent religious and ethnic disputes, yet the Asian region, despite a number of unsettled disputes and various other potential sources of destabilization, has in recent years enjoyed relatively peaceful growth and development. It is abundantly clear that a key to the region's future development will be continued respect for the diversity of its membership.

Although in the post-war era Japan has come to adopt democracy and respect for basic human rights as two of its core principles, it has maintained a “quiet diplomacy” vis-à-vis the rest of the region and avoided demanding that other countries adopt similar values. Japan has tended to be sympathetic to the “Asian way” (i.e. countries pursue economic development without sacrificing cultural heritage) for two distinct, but important reasons: the trauma that resulted from the Second World War and its understanding that the

arbitrary imposition of democracy on other countries often foments social instability,. However, widespread social transformations – in particular the rise of the middle class – in the era of globalization has given rise to a global democracy movement. The time has come for Japan to more proactively assist nations not only in achieving economic prosperity but also in creating the laws and institutions necessary for political democratization. Henceforth, Japan should treat the creation of societies which value the peace, prosperity, and well-being of their people as one of its foreign policy objectives.

- The institutionalization of peace in East Asia

As a long-term objective, the nations of East Asia ought to aim for the creation of a system of relations among states based on the principle of the non-use of military force. Such a development would go far toward eliminating conflicts of interest between states.

After abandoning the self-righteous pacifism that naively assumes global and regional security will be guaranteed merely because it possesses a war-renouncing constitution, Japan must have the resolve to take things to the next level and establish a “reciprocal mechanism” for renouncing war. Due to a number of difficult-to-solve problems in East Asia, it will be difficult to achieve this objective in the immediate future. Nevertheless, China’s influence in Asia is rising and Japan should articulate a strategic vision for the region that adopts a long-term outlook and keeps circumstances in perspective.

As for Japan’s vision for the region, the Japan-US alliance will remain the central pillar of its diplomacy for the foreseeable future. There currently exists no alternative mechanism capable of making a similar contribution to regional stability. On the other hand, as China continues to increase its political and economic clout in Asia, Japan must be sure to stay involved in existing networks and avoid showing “emotional opposition” as China’s relative influence grows. Japan’s interest would be served by the creation of a link between a region-wide framework for cooperation and its alliance with the United States.

Although it remains difficult to imagine that China will surpass the United States in terms of military strength in the near future, the possibility that American military strength and China’s comprehensive national power will achieve a kind of balance in Asia does exist. On that occasion, Japan must make every effort to avoid being pressured to choose between the United States and China. Japan must also work to ensure that the two countries do not exclude it altogether from discussions about Asia’s future course. In a certain sense, the emergence of relative power parity between the United States and China could facilitate the institutionalization of regional peace. In such an event, Japan should take diplomatic initiative and lead multilateral discussions about a long-term vision for the region’s future.