

The Nature of China's Rise and Why It Matters to the U.S. and Japan: A Japanese Perspective

BY HIROKO MAEDA

China's military buildup has shaken regional stability and poses a challenge to the U.S.-Japan alliance. This view is broadly shared in the U.S. and Japan, but the respective reasons for concern might be slightly different. China's assertive foreign policy has raised concerns in the region, which undercuts the discussion about what type of U.S.-Japan alliance is needed in the post post-Cold War era.¹

Both the U.S. and Japan view this bilateral alliance as important, reliable and time-proven. However, both parties should not ignore the reality that this critical relationship also includes some fragility. When the Democratic Party of Japan (DPJ) took power and then-Prime Minister Yukio Hatoyama announced his new idea on security and foreign policy in 2009, U.S. officials were anxious about the DPJ's policy, though they carefully avoided making negative remarks. Subsequently, when China proposed the "new model of great power relations" for the Sino-U.S. relationship, it seemed that the U.S. agreed to use the term,² which made many in Japan feel uneasy. Moreover, discussions in the U.S. about the concept of offshore balancing triggered some questions in Japan about U.S. strategy in the region.

At present, Japan's relationship with China is complicated. Japan does not want to treat China as an enemy. Japan seeks to encourage China's stable and peaceful rise despite situations where China is showing a tendency to increase its power to secure its own interests. In light of these situations, the

U.S. and Japan need more consultations and should share a strategy for maintaining peace and stability in the Asia-Pacific. They must work together to reaffirm the significance of the alliance, strengthen their security strategy, and recognize the nature of the threat in the regional military balance.

Japan's strategy toward China is to prevent China from becoming a dogmatic hegemon, while at the same time supporting its stable and balanced growth so that China becomes a mature and trustworthy neighbor. However, Japan has put more weight to balancing and hedging than ever before because of Japan-China tensions and China's increasing assertiveness.

Japan's Assessment of the Chinese Security Challenge

In the post-World War II era, Japan had not viewed China as a security threat except in a few cases. When China successfully performed a nuclear detonation in 1964, there was serious discussion among Japanese security experts and policymakers about how Japan should respond. Some claimed that Japan should develop nuclear weapons as well, but after considering the international and domestic conditions, Japan decided not to become a nuclear power. Alternatively, Japan chose to rely on the nuclear umbrella through the U.S.-Japan alliance and maintain adequate economic and scientific capacity as a nuclear-capable nation.

Ever since China pressed forward with its

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open and reform policy in late 1970 and made economic growth a priority, Japan supported China's development. When China declared the "Law on the Territorial Sea and the Contiguous Zone" in 1992 and stated that Senkaku (known as Diaoyu in Chinese) and other islands under dispute in South China Sea were Chinese territory, security experts were acutely alarmed, but it did not create commotion among the Japanese public. At that time, the Japanese government tried to incorporate China into the international community after the Tiananmen incident and attempted to persuade other Western countries that engaging China would be more constructive and realistic. In those days, the so-called "China threat" referred to the concern that China might fall into internal disorder if left alone.

When China conducted a series of missile tests and military exercises off the shores of Taiwan in 1996, the U.S. and Japan worried about the contingency, but the gap of military power between the U.S.-Japan alliance and China was still considerable. Such advantages in the military balance are no longer as stark since China's military budget has risen by double digits for most of the past 25 years (except FY 2010, when the military budget increased by 9.8 percent), while Japan's military budget was on the decline for a decade since 2002. The U.S. defense budget has also faced severe pressure after the wars in Iraq and Afghanistan.

In addition to China's military buildup, China's assertive foreign policy since 2008 (especially after the "Lehman shock") has raised great concern in Japan. Before then, many Japanese worried about the uncertainty of China's future, but at the same time had expectations that China would become a country that attaches more

importance to international law, peace, and cooperative relationships with neighboring countries.³ Contrary to these expectations, China has claimed territory in the South and East China Seas while unilaterally exerting its physical power to change the status quo. In short, through both intention and capability, China has come to show tendencies in its behavior that raise serious concerns for the peace and security in the region.

Where Does China's Military Power End?

The Chinese government announced that it would increase its military budget by 10.1 percent this year in spite of the slowdown of total economic growth. China's military buildup has already far exceeded what is necessary to defend its territory. CCP leaders consider it a vital mission to make the PLA a "winnable" military while increasing Chinese public support for the party by connecting military power to national prestige.

China's defense strategy leaves much ambiguity, as is the case with its decision-making process. For example, one of Xi Jinping's demands to the PLA is "to achieve forces that can fight and win battles." This sounds valorous but is also unclear. How large is the scale of the fighting they are describing? Do they consider and plan for the possibility of a two-front war?

China's ultimate military goal might be to obtain an edge over the U.S. in a global competition, but this goal is a sweeping ambition compared to focusing on acquiring A2/AD capabilities. It is predicted that China's GDP would surpass that of the U.S. in the near future, but there is still a significant gap in comprehensive national power between both countries. Furthermore, China faces various difficult problems on the home front. China is surrounded by many

countries, which hinders China’s ability to expand its zone of influence along its periphery.

It is well-known that there are a plethora of serious domestic problems in China. China’s domestic hardships inevitably affect its foreign and security policy. One of the most difficult challenges that China has to tackle is maintaining stability in an aging society.

China's Demographic Challenges

Many developed and developing countries have to face the problem of securing people’s lives and maintaining economic growth with an aging population. However, China’s situation might be more severe than other cases since its working-age population had already begun to decrease before China became a relatively rich country (by per-capita measures). It is said that China faces the danger of falling into the “middle-income trap,” but some demographers claim that we should instead call it the “middle-income cliff” in China’s case.

Considering China’s demographic problem, it is not certain how long China can hold the

trend in its assertive foreign policy. There is a possibility that Chinese people would notice that the biggest problem for their development exists inside China and not outside, which could cause China to return its focus to prioritizing peaceful international environment to maintain economic growth. Given these challenges, there is also the possibility that China would become more assertive if the CCP tries to divert the Chinese public’s attention from existing domestic problems. In that case, it is easy to imagine that Japan would be an apt target for the CCP. While China’s military buildup at its current rate cannot be continued in the long term, the U.S. and Japan must work together to manage the political risks and instability in the region in the immediate future.

Disadvantage of Distance

Even though it is highly unlikely that China’s military capability would be able to surpass that of the U.S., China has a competitive advantage over the U.S. in the Asia-Pacific region in terms of geographical distance. The distance to Asia from the U.S. arguably makes the U.S. a more credible partner for

	when population bonus ends (year)	per-capita GDP*
Japan	1990	23,504
Singapore	2010	30,391
Hong Kong	2010	32,040
South Korea	2014	27,724
China	2015	9,722
Malaysia	2020	15,571

(* USD, PPP)

Figure 1: Per-capita GDP at the end of population bonus (Source: “Long-term Forecast of Global Economy and Population 2006-2050,” Japan Center for Economic Research, March 2007)

Asian countries, since it is not suspected to have territorial ambitions in the region. On the contrary, in regards to power projection, the distance brings disadvantages against the United States.

There exists a large gap in both military and economic power between the U.S. and China, and the influence of the U.S. far exceeds that of China's. As China achieves economic growth, it has become the largest economic partner for most Asian countries, while the same countries also rely on the U.S. for security guarantees. If China continues its military buildup, Beijing's influence in the region might be able to exceed American influence even before China's military power reaches parity with U.S. military power.

Despite this, the United States has built a valuable asset in the region that China does not have: the U.S. alliance network and military presence in the region. The U.S.-Japan Alliance is the cornerstone of peace, security, and stability in the Asia-Pacific.

It seems that China's immediate goal is to gain anti-access/area denial (A2/AD) capabilities designed to disrupt U.S. power projection in the western Pacific. Under severe defense budget constraints, the U.S. and Japan must meet the challenge of the power shift in the region by enhancing technology development, ensuring smooth and effective operation of U.S.-Japan security arrangements, and strengthening security cooperation with other partner countries.

Japan's Response: A Series of Security Policy Reforms

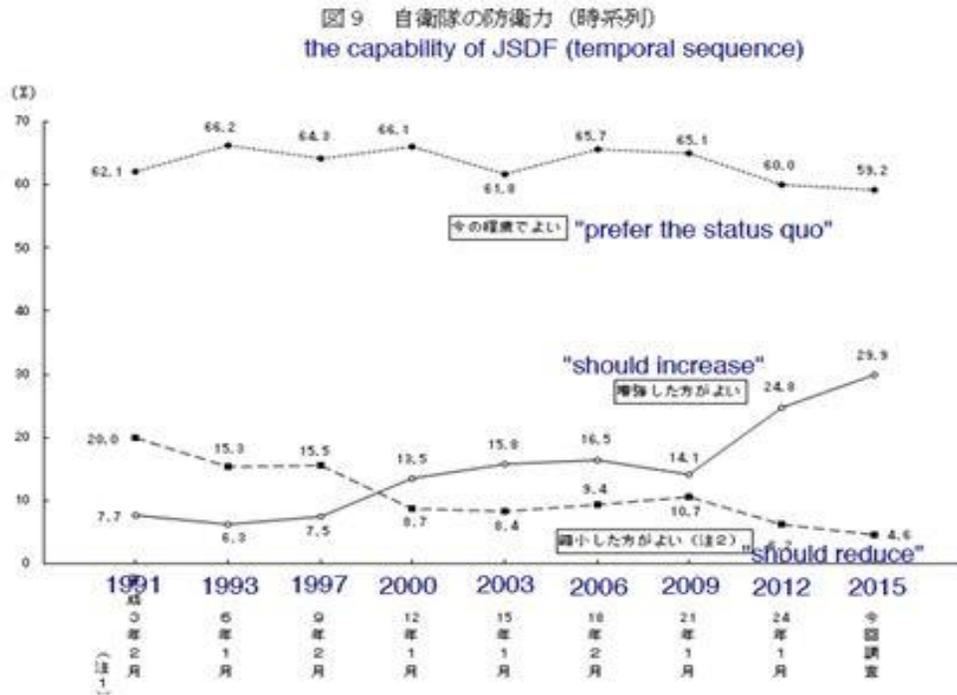
The Abe administration in Japan has promoted a series of security reforms since it came into power in 2012: the establishment of the National Security Council (NSC); adoption of the National

Security Strategy (NSS), the National Defense Program Guidelines (NDPG), and the Mid-Term Defense Program; development of security legislation including the re-interpretation of collective self-defense; and outlining the new principle behind "the Three Principles on Transfer of Defense Equipment and Technology." Also, the Abe administration increased its defense budget for the first time in eleven years in 2013 (by 0.8 percent), which continues to increase slightly since then.

The defense budget of Japan traditionally accounts for about one percent of its GDP. Some experts suggest that Japan should set a numerical target (e.g., 1.5 percent) and increase the defense budget. Actually, from the military standpoint, there is no logical reason for "one percent," and setting a numerical target might have the effect of provoking strong opposition in Japan. It is more realistic to reinforce the equipment specifically on a case-by-case basis in accordance to a mid- to long-term strategy.

The cooperation in new fields such as cyber and space is extremely important not only for security but also for economic interests, scientific development, and individual freedom. Additionally, it would be easier to garner more public support in deploying various efforts and increasing the budget in these new fields rather than raising budgets for a military buildup.

Despite the importance of cooperating in new security fields, the domestic and international legislation related to this sphere is quite underdeveloped thus far. The U.S. and Japan should be quick to lead the international discussion and establish rules. In regards to cyber security, the Japanese government needs to examine the necessary conditions to invoke the right of self-defense or collective self-defense; which would have



(Cabinet Office, Government of Japan, 2015.3)

Figure 2: Public poll on the capability of Japan Self-Defense Force (Source: Cabinet Office, Government of Japan, 2015)

implications for determining the classification for state-sponsored cyber attacks and help determine the authorization needed for the use of countermeasures. ⁴ Both governments (especially Japan) should put more efforts toward training experts who can connect their expertise to foreign and security policies.

Joint Cooperation for Maritime Capacity Building of ASEAN Countries

China employs “salami-slicing tactics” in East and South China Sea, increasing its control over disputed area by using physical and coercive measures in incremental steps to minimize the use of forceful countermeasures by neighboring countries. While other claimants cannot take effective military measures, China is steadily changing

the situation around disputed areas. In particular, the artificial structures which China has been building are going to form a strategic triangle of man-made features in the waters, which would have a considerable impact on the maritime situation in the South China Sea and military operations..

The U.S., Japan, and other regional partners want to resolve the disputes through negotiations based on international law. But, considering the situation in which China does not cease unilateral activities, it is necessary to strengthen the U.S. alliance network and to enhance the maritime capacity of ASEAN and other partner countries to put a brake on China’s one-sided behavior. Japan supported the respective coast guards of the Philippines and Vietnam by providing them with vessels and equipment. In February 2015, the Japanese government approved the new

“Development Cooperation Charter,” which is replacing the old Official Development Assistance (ODA) charter. The new charter lifted the ban prohibiting any use of ODA for military purposes, and instead clarifies that building the capacity of the military to implement public welfare or disaster relief is one of the most important goals for Japan’s foreign assistance programs.

Comprehensively taking into account each recipient country's requests, its socio-economic conditions, and Japan's bilateral relations with the country, Japan has the prerogative to decide on the content of each ODA project. During the process of the planning and implementation of the projects, Japan tries to consult and cooperate with other donor countries to avoid an overlap of foreign aid. It is desirable that the U.S. and Japan cooperate to enhance maritime capacity building for partner countries, which allows for more effective support as well as improves interoperability among those countries.

Opposing China’s Dividing Strategy

When countries make accusations against China, they often criticize China for utilizing a “dividing” policy to weaken the adversary’s coalition or alliance partnerships. We can call these tactics “punishment and rewards” or “public flogging.” The “punishment and rewards” tactic does not need an explanation and is often-used in international relations (better known as 'carrots and sticks'), but the “public flogging” tactic may be unique to China. "Public flogging" is illustrated when

China picks one country in the opposing group and uses a very harsh policy toward that country while implementing a more tolerant policy toward others. For example, France became the target for Beijing when western countries criticized human rights abuses in Tibet in 2008. In ASEAN, the Philippines became the target of Chinese “punishment.”

Again, Japan and the U.S. should share the vision of a peaceful order in the Asia-Pacific as well as a comprehensive China strategy. Building a constructive relationship with China and supporting its stable growth should be the basis of the China strategy for the U.S. and Japan. However, this is all the more important going into the future because China is an increasingly influential power. As China seeks to become a responsible stakeholder, the U.S. and Japan should not be passive towards China's aggressive behavior. It is difficult to imagine that the existing problems between China, the U.S., and Japan will be settled in the immediate future. On the contrary, the coming decade might be the most difficult period for Japan-China and U.S.-China relations since the end of World War II. Both Japan and the U.S. have to strengthen and expand cooperation, as well as be both patient and prudent to achieve a peaceful transition to establish a rules-based order in the Asia-Pacific region.

Notes

¹ The draft of this paper was submitted in March 2015. Since then the guidelines for Japan-U.S. Defense Cooperation has been revised and Japanese government passed the new security bills which enable Japan to take more proactive role in the security field. The security and defense cooperation of U.S. and Japan has been deepened and expanded, even though there still remain some circumstances to discuss. For instance, it hasn't negotiated enough that how the U.S. and Japan can cooperate under the so-called "gray zone" situation.

² Susan E. Rice, "America's Future in Asia," speech delivered at Georgetown University, Washington, DC, November 20, 2013, at <https://www.whitehouse.gov/the-press-office/2013/11/21/remarks-prepared-delivery-national-security-advisor-susan-e-rice>.

³ Akio Watanabe, Junichi Abe, Akio Takahara, Toshiya Tsugami, Hiroshi Nakanishi and Hiroko Maeda "Japan's Comprehensive China Strategy: Expectations for the emergence of China as a 'strategic partner' and Japan's strategy," PHP Report, February 2008.

⁴ Takahisa Kawaguchi, "New agenda for cybersecurity and America's actions" analysis report for the research project "New agenda for the U.S.-Japan alliance in the global commons (cyber, space and the Arctic Sea)" (サイバー空間の安全保障をめぐる課題とアメリカの動向) (研究プロジェクト「グローバル・コモンズ (サイバー空間、宇宙、北極海) における日米同盟の新しい課題 (平成 25-26 年度)、分析レポート), Japan Institute for International Affairs, August 15, 2014.