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Japan and the Engagement of China: Challenges for U.S. Policy Coordination

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Foreword

The United States, Japan, and China are strategically interdependent. Indeed, each of these powers is increasingly sensitive to changes in the others' capabilities and policies. This is due primarily to China's economic and military growth, together with its dissatisfaction with the region's security architecture and territorial status quo. U.S.-China relations continue to swing repeatedly from various levels of cooperation to confrontation. Although Japan has begun to expand its relations with China beyond aid and commercial ties, it is increasingly wary of China's intentions as a major competitor. This bilateral relationship is taking on its own pendulum effect, while the U.S.-Japan alliance finds added, if not publicly emphasized, purpose. The legacy of history, of course, also weighs heavily in the region. For all these reasons, not to mention uncertain domestic affairs, the triangle is fragile.

While the events of September 11 may provide a rationale for cooperating in the fight against terrorism, are there steps the United States can take now to address some fundamental issues that underlie antagonism and impede further cooperation in Northeast Asia? In this issue of the NBR Analysis, Michael H. Armacost, President of the Brookings Institution and former Ambassador to Japan and the Philippines, and Kenneth B. Pyle, Professor of History and Asian Studies at the University of Washington and NBR's Founding President, examine the challenges for U.S. policy coordination in the region. The authors argue that the United States must coordinate its engagement of China with Japan and recognize that the U.S. relationship with one is inextricably linked to its relationship with the other.

In their essay, Dr. Armacost and Dr. Pyle show that U.S. policy in East Asia has sought to prevent the domination in the region by any one power, to keep the region open to American trade and investment, and to seek the spread of democratic government in order to ensure peace and stability in the region. With the rise of China and uncertainty about its national purpose, the U.S. role in the region is in question. Japan, highly dependent on the United States for security, wants U.S. help in containing China, but, at the same time, Japanese criticism of U.S. military presence and hegemonic intentions in the region is increasingly vocal.

Concerns about China's intentions toward Taiwan and the uncertainty surrounding reunification of the Korean Peninsula continue to justify a U.S. military presence, but economic and political engagement must also be pursued. In light of these challenges, the Bush administration seems poised to pursue new approaches in East Asia.

Dr. Armacost and Dr. Pyle conclude that U.S. engagement with East Asia should aim to 1) encourage collaboration to resolve regional instability, including the China-Taiwan nexus and the Korean Peninsula; 2) share the costs of regulating security, trade, and other regional problems to maintain the "common good" in East Asia; 3) address the challenges of nuclear and missile proliferation and terrorism. To accomplish these goals, Washington will require careful and deliberate action to maintain closer relations with Japan and China than they maintain with each other. The United States, Japan, and China now have a unique opportunity to fashion a new regional order in East Asia.

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Japan and the Engagement of China: Challenges for U.S. Policy Coordination

Michael H. Armacost
and
Kenneth B. Pyle

Relations among the United States, Japan, and China are the key to the balance of power in East Asia. Since the disappearance of the Soviet threat, no substitute has been found to provide a stable basis for the triangular relationship in the post-Cold War environment. With rapid expansion of its economy, modernization of its defense capabilities, and the resolve to arrest Taiwan's drift toward independence, China is the "change agent" in the Sino-Japanese-U.S. triangle at the outset of the twenty-first century. The United States and Japan seek to engage China in a broad, long-range policy framework that will draw emergent Chinese power into a stable regional order, but each country brings very different policy tools and perspectives to this endeavor. The challenge for U.S. policy will be to coordinate its engagement of China with that of Japan. This will require a clear understanding of the dynamics of Sino-Japanese relations and sensitivity to the reality that the U.S. relationship with one will inevitably impact its relationship with the other. In the years immediately ahead, Washington's ability to manage relations with these two powerful, proud, yet vulnerable, great powers will require a clear sense of priorities. The content of U.S. active engagement with Japan and China should focus on three broad tasks: 1) collaborating with each to encourage the peaceful resolution of the Taiwan issue and peaceful coexistence on the Korean Peninsula; 2) shouldering a share of the costs of "common goods" in the Asian region commensurate with U.S. interest in reminding Tokyo and Beijing of their stake in close ties with the United States; 3) and addressing the new challenges of nuclear and missile proliferation and terrorism.

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Introduction

The new post-Cold War order emerging in East Asia will be shaped by the triangular relations among the United States, Japan, and China. Relations among the three nations are of key strategic importance because they are at the heart of the balance of power in Asia.

The importance of these triangular relations is not new. They were critical throughout the twentieth century. When Japan became a continental power early in the century and began its encroachment on a weak and divided China, Japanese-American estrangement was the result. At Versailles in 1919, Woodrow Wilson told his European counterparts that "there was nothing on which the public opinion of the United States of America was firmer than on this question that China should not be oppressed by Japan."[1] The three fundamental principles that were to guide American policy in the region throughout the century had already taken shape, namely: l) to prevent the domination of the region by any one power; 2) to keep the region open to American trade and investment, the so-called "open door"; and 3) to seek the spread of democratic government, the Wilsonian principle of "self-determination," as the surest way to preserve peace and stability in the region.

American pursuit of these principles entailed shifting relations with China and Japan for the remainder of the century. The United States allied with China to defeat Japanese imperial power, but, following the communist revolution in China in 1949, the triangular relationship in the second half of the century took on a different dynamic, although the fundamental goals of American policy remained intact. The Americans abandoned their sympathy and support of Chinese nation-building and forged an alliance with Japan to contain communist power, compelling a weak and dependent Japan to abjure political relations with the People's Republic of China (PRC). Richard Nixon's visit to China in 1971, however, resulted in two decades of more balanced and amicable relations among the three nations, as they joined in a virtual alliance to contain Soviet power in the region.

The post-Cold War environment introduced a new set of dynamics. Disintegration of the Soviet Union undermined the previous sense of common purpose, and no substitute has been found to provide a stable basis for the triangular relationship. What is strikingly new about the triangular relations at the outset of the twenty-first century is the prospect of China as a potential great military and economic power of uncertain national purpose. Historically,

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[1] See Kenneth B. Pyle, *The Making of Modern Japan*, 2nd edition, Lexington, MA: D.C. Heath, 1996, p. 184.

rising powers have challenged the status quo; they have sought to revise the rules and institutions of existing international order; and they have often captured a growing share of trade in a relatively short time, giving rise to intense economic conflicts. It is not forgotten that Japan's emergence as a great regional power early in the twentieth century, accompanied by a revisionist ideology, led to the greatest conflict Asia has ever experienced. One of the great questions about international politics at the outset of a new century is what kind of emergent power will China be.

The decade since the end of the Cold War has been one of turbulence and flux for the three powers. Japan has experienced a time of economic stagnation and political gridlock that has diminished its clout and prestige. The potential size of China's economy, the uncertainty about its future power and purpose as a nation, the potential magnitude of its environmental degradation, competition for resources, and possible political and social turmoil all have alarmed the Japanese. Perhaps equally jarring was the way in which world attention turned from the Japanese miracle to fascination with China. Japan has never had to deal with a strong China in modern times, and nothing was as psychologically disturbing to those Japanese who thought about their future strategic role and their aspirations for leadership in Asia as the rise of China in the 1990s. Still, Japan's market is five times the size of China's, and it possesses a vastly more sophisticated military capability. While its ambitions for a larger place in the sun are temporarily in abeyance, Japan remains a force with which to be reckoned. It remains the world's second largest economy, the largest global lender, and the leading donor of foreign aid; it accounts for nearly 10 percent of global GDP and more than 60 percent of East Asia's GDP.[2] The unsettled nature of the regional order is increasing the value of the Japanese-American alliance to both the United States and Japan.

One of the great questions about international politics at the outset of the new century is what kind of emergent power will China be.

In some ways the renaissance of American power during the 1990s is as important as China's rise in changing the security environment in Asia. The United States has long been aware of the trade statistics that show its economic fortunes tied to Asia, but in the past decade its attention to the strategic stakes in the region has sharply increased. The end of the Cold War has created the conditions of an emergent strategic competition between the

[2] For an assessment of current Japanese power and foreign policy strategy, see Kenneth B. Pyle and Eric Heginbotham, "Japan," in Richard J. Ellings and Aaron Friedberg, eds., *Strategic Asia 2001–02: Power and Purpose,* Seattle, The National Bureau of Asian Research, 2001, pp. 71–128.

United States and China. China has become increasingly critical of the U.S. position in Asia, including its forward presence and bilateral ties. The militaries of both countries look on the other as a hypothetical enemy.

In Japan, this enhanced American engagement in the region is often met with contradictory attitudes. Since the end of the Cold War, Japanese have wanted reassurance of American engagement but now that it is evident they are often ambivalent. They want the United States engaged, but they are wary of Washington's unilateralism. They want consultation, but they are not ready for a dialogue. They want China balanced, but they do not want a confrontation. Even so, it is clear that the post-Cold War era also contains the seeds of a Sino-Japanese strategic competition for regional leadership.

At present, both the United States and its Japanese ally are seeking to engage China in a broad, long-range policy framework that will draw emergent Chinese power into a stable regional order. Japan and the United States, however, bring very different policy tools and perspectives to this endeavor. The challenge for American policy is to work with its ally to coordinate the two engagement policies and to align them in ways that maximize their effectiveness. This will require a clear understanding of the dynamics of Sino-Japanese relations and sensitivity to the reality that the U.S. relationship with one will inevitably impact its relationship with the other.

Attention to coordinating U.S. engagement policies toward China is a challenge of great importance to policymakers for the following reasons: 1) Tokyo and Washington have often been at odds with respect to China; 2) Japanese and American business interests, with government support, are competing for influence and advantage in the China market, and this competition may dampen the enthusiasm for a cooperative approach on economic issues. In the long run, however, the interests of both Japanese and American business are often served by cooperative policy initiatives; 3) different historical memories, policy instruments, and strategic stakes make it difficult to expect that the United States and Japan will wind up with mutually compatible approaches unless both sets of leaders work at it consciously and steadily; and 4) parallel approaches offer the possibility of considerable reward for American interests in solving major issues such as the futures of Korea and Taiwan.

Broadly speaking, U.S. and Japanese interests regarding China encompass a considerable identity of purpose. Both seek a peacefully inclined China as it undergoes the wrenching social and economic changes that industrialization inevitably entails. Both seek to encourage a smooth integration of China into the international political and economic systems, even as it

builds its national power and becomes more assertive of its interests. Both seek the establishment of the rule of law in China, which will facilitate trade and investment, and both desire a broader relationship with the PRC without abandoning ties with Taiwan. The United States and Japan agree on the desirability of patience, flexibility, and restraint in the solution of the Taiwan issue. In addition, both seek China's assistance in achieving the peaceful coexistence and eventual unification of the two Koreas. The United States and Japan both seek China's cooperation in maintaining peaceful maritime transit in the Western Pacific, and they both pursue engagement that is conditional on the responsiveness of China to these policies.

While the United States and Japan are both pursuing policies of conditional engagement, seeking in some degree to influence the emergence of China and to moderate its policies, each brings different perceptions, approaches, and policy tools to the implementation of engagement. Japan's engagement policy has a number of characteristics that distinguish it from American policy. First, geographical propinquity makes China more immediately dominant in Japan's strategic calculus on a range of issues, including environmental degradation, energy competition, territorial disputes, and potential fallout from political turmoil. Second, the burden of twentieth century history weighs heavily on Sino-Japanese relations, and has left a legacy of Japanese guilt and remorse for suffering inflicted on China during fifteen years of occupation, often causing Japan to concede the moral high ground to China and inhibiting a self-confident and assertive Japanese policy stand. Third, the unique aspects of the postwar system in Japan, which give its foreign policy a strong economic orientation and weak political leverage, have led Japan to shape its engagement policy largely through the use of development aid. Fourth, Japan's position in the international system as a middle-ranking power in alliance with the United States has often influenced the way in which it engages China. Japan does not wish to be hostage to the alliance in its China policy, and it will seek as much autonomy in this policy as is consistent with maintenance of strong alliance relations. Finally, Japan historically has a strategic culture that tends to accommodate the external environment. This recurrent characteristic of Japanese policymaking reinforces the cautious nature of Japanese engagement policy and gives it a strong tendency to avoid confrontation and to adopt a wait-and-see pragmatism.

As a consequence of recent developments, including a more confrontational Chinese approach to the Taiwan issue and generational change in Japanese domestic politics, Japan's China policy is evolving toward a more political approach. Prior to the end of the Cold War, Japan pursued a China policy that separated economics from politics. Economic engagement remains the dominant Japanese approach, but a recent series of events has contributed to the increasing politicization of the relationship. Economic engagement is increasingly hedged.

In contrast to the cautious pragmatism of the Japanese engagement policy, U.S. policy is assertive of the traditional American goals in East Asia of opposing the emergence of a dominant regional power, seeking free and open trade, and promoting democracy. U.S. engagement policy is based more on a global perspective and is exercised through political-military policies and influence in international organizations. American policy is constrained from the use of official aid to communist countries, including China. (The Export-Import Bank does provide loans and guaranties for American exports and investments in China.) Instead it depends heavily for its economic influence on the encouragement of private initiative and economic forces and its influence in international financial institutions. The forward deployment of 100,000 American troops in East Asia, the network of bases and alliances in the region, and the role of the Seventh Fleet in maintaining regional security give the U.S. engagement policy a far more assertive character, which is reinforced by the promotion of democratic values challenging the legitimacy of the Chinese political system. Owing to this more high profile stance, American sensitivity to the complex, multifaceted dynamics of the strategic triangle has sometimes been lacking. Successful coordination of engagement policies with Japan will require a greater sensitivity to the dynamics of Sino-Japanese relations.

It is sometimes compared to the historic relationship of Germany and France, but the Sino-Japanese relationship is unique. The relations between China and Japan have long been complex and replete with nuances that American policymakers dealing with the two countries must constantly have in mind. Historically Japan was on the outskirts of the Chinese cultural sphere, sufficiently remote to maintain its own strong sense of cultural identity. In pre-modern times, Japan, unique among East Asian nations, remained aloof from the Sino-centric world order. Japanese regarded their emperor no less than the Chinese emperor as "the son of heaven." Cultural borrowing from China, once thought to have been stimulated by the irresistible radiance of Chinese culture, is now understood to have been motivated more by Japanese awareness of strategic danger from the continent and the need to strengthen their own central government institutions than by cultural awe. Historically, while steadfastly resisting incorporation into the Sino-centric order, Japan, it should be noted (when thinking about Japan's future options), also found ways to accommodate to that order and to maintain useful relations with it. In modern times, Japan's more rapid development, together with the institutional backwardness of China, created a scenario that almost inevitably invited Japan to dominate its neighbor with results that we all know.

U.S. policymakers must remember that the Japanese-Chinese relationship is replete with complexity and nuances.

It is not easy for Americans to understand fully the geopolitical realities that dominate the relationship today. It is even more difficult for Americans to plumb the depths of the historical emotions and complex psychology of the relationship. The historian Akira Iriye neatly sums up the tangled background of feelings this way:

> The Chinese and Japanese have lived as Asian neighbors for nearly two thousand years. Being geographically so close and yet psychologically quite remote, despite their common cultural roots, the two peoples have developed a sense at once of commonality and disparity, interdependence and autonomy, mutual respect and suspicion, attraction and repulsion, and admiration and condescension toward one another. They have talked of their shared heritage and their identity as Asians, but they have not hesitated to seek outside assistance to fight against one another. They have contributed to each other's cultural and modern transformation, but their patterns of development have been vastly dissimilar. Throughout, the fact of their existence and the patterns of their association have been among the most enduring features of the history of East Asia.[3]

Sino-Japanese Relations Today

Sino-Japanese relations today are unsettled. They reflect deep ambivalence on both sides. The weight of history and the realities of geopolitics prompt Tokyo and Beijing to regard each other warily. Each pursues policies of economic and political engagement toward the other, while hedging their bets. Over the past twenty years, bilateral trade, investment, official aid, and technology transfers have grown dramatically. China needs Japan's economic cooperation to hasten its modernization, and Tokyo appreciates the size and dynamism of China's economy and has sought to expand economic cooperation and to promote mutually beneficial interdependence. Indeed Japan has furnished more than $23 billion in concessional economic aid to China since 1979. More recently, Japan's imports from China have increased rapidly, as its consumers have switched from branded goods to cheaper but high-quality substitutes from China. Japanese manufacturers—under pressure to increase profit margins—are outsourcing production to lower-cost, yet high-quality plants on the Chinese mainland.

Still, sentiment in Japan toward China is in flux. Some Japanese journalists now complain that "the dragon is swallowing the sumo wrestler." The rapid movement of Japanese production facilities to China has inspired some criticism of the "hollowing out of Japanese

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[3] Akira Iriye, ed., *The Chinese and the Japanese: Essays in Political and Cultural Interactions*, Princeton, NJ: Princeton University Press, 1980, p. 3.

industry." Others worry that China's high tech exports are supplanting Japanese suppliers.[4] There has been a perceptible increase in public anti-China opinion, reinforcing Tokyo's desire for "an anchor to windward"—a hedge against the possibility that China may emerge as a rival rather than a friendly competitor. Hence, Japan's continued reliance on defense cooperation with the United States, its readiness to collaborate in missile defense research, its bid for an autonomous intelligence gathering capability, and its energetic efforts to compete diplomatically for influence in virtually all the countries on China's periphery.

China's policy toward Japan has similar features, such as conditional engagement accompanied by hedging. Beijing regularly solicits Japan's economic support. Commercial ties have flourished; Japanese foreign direct investment is welcome; and China has exhibited a receptive attitude toward some pan-Asian regional ventures in which Japan has taken the lead, including ASEAN Plus Three. At the same time, China continues to hammer the Japanese in response to any hints of an enlarged regional security role. It publicly criticizes the U.S.-Japan alliance. It periodically seeks to introduce dissonant notes into U.S.-Japan relations. Furthermore, while actively pursuing friendly relations with its Asian neighbors, it has withheld support for Tokyo's bid for a permanent seat on the UN Security Council.

A number of forces encourage Beijing and Tokyo to pursue closer collaboration. Their economic interests are complementary. China needs capital; Japan needs markets; both depend on trade and require secure lines of communication to key trading partners—most importantly their suppliers of oil. China still accords top priority to the modernization of its economy, and it needs outside help to accomplish this objective. Japan is a prime source of assistance through its overseas development assistance (ODA), exports of capital equipment, flows of investment funds, technology transfers, technical assistance, and help in educating China's human capital. Japan, struggling with a prolonged bout of economic sluggishness, is counting on exports to China to help rekindle its growth and on imports from China to lower its cost structure.

Strategically, Tokyo and Beijing share an interest in avoiding, or at least postponing as long as possible, overt military rivalry. Both are anxious to avoid the diversion of resources an arms race would provoke. The Chinese have no wish to see Japan embark on a strategically independent course, nor deviate from long established limitations on its defense policy. Conversely, the Japanese have no desire to see China build a blue-water navy or project power

[4] In fact, it appears that the number of manufactured products in which Japan and China compete has been overstated. By some calculations it is as little as 20 percent.

into those areas of Asia where Japan's maritime interests are engaged. Indeed, Japanese thinking about China's future is marked by contradictory fears: 1) its possible failure to cope with the challenges of modernization; and 2) the potentially hegemonic power China could acquire if its bid for rapid modernization is crowned by success.

With U.S. military, economic, and political preeminence in the region well established, both Japanese and Chinese bridle at displays of unilateralism in American policy, and the hubris they occasionally detect in official U.S. pronouncements. Both perceive the potential advantages of cooperation to limit U.S. preponderance. Moreover, at a time when Europe is swiftly expanding its continental market and groping for a common defense and foreign policy and when North Americans are moving fitfully toward free western hemispheric trade, there are obvious incentives for Sino-Japanese cooperation in pan-Asian initiatives—e.g., ASEAN Plus Three. In a world in which borders are arguably less consequential and certainly more porous, there is a growing awareness in both countries of the need to tackle certain problems (e.g., environmental pollution) together. These considerations notwithstanding, powerful forces complicate Sino-Japanese relations, exacerbating latent sources of mutual distrust.

The Legacy of Japan's Cold War China Policy

Japan's China policies today appear to be in transition, but past experiences weigh heavily on how the Japanese perceive their future choices. Throughout the postwar period virtually all Japanese political leaders, even during the height of American hegemony in Japan, hoped to pursue an independent China policy. They saw Japan's interests vis-à-vis China as distinct from U.S. interests, and they did not trust the instincts of Americans in making China policy. Repeatedly over the past half century, Japan quietly sought to develop an autonomous China policy, acquiescing in American policy leadership only when it seemed essential to the priority of maintaining the fundamental cohesion of the alliance.

At the end of the Occupation, Japan had a markedly different perspective of China than America's postwar leadership. In desperate economic straits, politically crippled, and strategically dependent, Japan hoped to build a new relationship with China on an almost exclusively economic foundation. Sino-Japanese trade was important to both countries. On the eve of the Pacific War, China accounted for 17 percent of Japan's imports and 27 percent of its exports. Prime Minister Yoshida Shigeru, the consummate realist who recognized the paramount Japanese interest in associating with the Pax-Americana and believed that Americans had an imperfect understanding of Chinese society, pressed for as much

leeway in Chinese policy as he could acquire. Yoshida believed that a key element of Japan's recovery was restoring trade relations with China. "I don't care whether China is red or green," he told an American correspondent in 1949, the year of the Chinese revolution. "China is a natural market, and it has become necessary for Japan to think about markets."[5] Moreover, he found U.S. policy toward the Chinese revolution and the Sino-Soviet alliance misguided. Yoshida, who had spent many years of his early career in the foreign service in prewar China, was convinced that Chinese culture and national character would eventually break up the Beijing-Moscow alliance. Americans, he believed, did not understand China. In his memoirs, published in 1957, he wrote: "America has not reached the point of truly knowing China. It can be said that the policies which America has adopted toward China in the postwar period have been almost a total failure."[6] Similar doubts about America's capacity to understand China and about the effectiveness of America's China policies have persisted to the present among Japanese leaders.

Japanese leaders doubt America's capacity to understand China and the effectiveness of U.S. China policies.

Nonetheless, as a consummate realist Yoshida was compelled to accept the American position so far as the larger picture of U.S.-Japan relations required. The roots of Japan's present China policy lie in the negotiations that brought an end to the American occupation of Japan. Shortly after the San Francisco Peace Treaty was signed, in an atmosphere influenced by the Korean War and the McCarthy investigations, and while the peace treaty and the Mutual Security Treaty were before the Senate for approval, Yoshida was pressured to sign a letter largely drafted by Secretary of State John Foster Dulles, which, while indicating that Japan "desires ultimately to have a full measure of …commercial intercourse with China," stated that "the Japanese Government has no intention to conclude a bilateral treaty with the Communist regime of China." The Yoshida government therefore was forced to sign a peace treaty with the Nationalist government on Taiwan, although Yoshida refused to acknowledge the Chiang Kai-shek government as the government of all China. In effect, he maintained a two Chinas policy.

Because the Eisenhower administration was of two minds regarding Japan's trade relations with the mainland, Japan was able to take advantage of American ambivalence and develop very substantial trade with the PRC in spite of its political non-recognition.

[5] Yoshihide Soeya, *Japan's Economic Diplomacy with China, 1945–1978,* Oxford: Clarendon Press, 1998, p. 21.

[6] J.W. Dower, *Empire and Aftermath: Yoshida Shigeru and the Japanese Experience, 1878–1954,* Cambridge, MA: Harvard University Press, 1979, p. 403.

While Secretary of State Dulles wanted to isolate the PRC economically, in part as a means of forcing it to break with Moscow and turn to the West, President Dwight D. Eisenhower feared that a Japan cut off from trade with China might be driven into the arms of the communist bloc. Such ambivalence resulted in a kind of American benign neglect of the appearance of private trade organizations achieving agreements that opened trade with the PRC.

As a result of this benign neglect, the Japanese were given latitude to develop trade ties with the PRC. So long as Japan adhered to the political conditions imposed by the United States, recognized Taiwan, supported its UN membership, and adhered to strategic restrictions on exports to China, the United States showed little concern; and Japan acting through non-governmental actors was free to quietly develop a substantial trade with China during the 1950s and 1960s.

The Japanese were skillful in utilizing the peculiar features of their own political structure to facilitate trade ties with China. A "division of labor" was established. For example, mainstream and anti-mainstream elements within the ruling conservative party tended to look after their respective ties to Taiwan and the mainland. And they found ways of deploying socialists to work on the China issue when it suited their purpose. The close links between government and business also facilitated the segregation of firms to work the Taiwan or the mainland side of the commercial street.

Private initiatives among competing groups with a variety of motivations often ran ahead of government initiative. The Japanese individuals behind these trade agreements, in some cases left-wing, in others right-wing, were motivated by past ties with the PRC and by an Asianist philosophy, which saw Japan's future tied more closely with China and other Asian countries than with the West, as well as by a deep sense of guilt for the suffering inflicted on China during the war years.

The absence of a government determination to manage trade resulted in a complex, pluralist structure. The complexity was heightened by Taiwan's sensitivity to Japan's trade with the PRC and Beijing's sensitivity to Tokyo's trade with Taiwan. As Soeya observes, "the Taiwan factor was at times a more potent influence on the development of Japan-China trade than the Washington factor, albeit at a less fundamental level."[7] Although the issues surrounding Japanese trade with the PRC are often characterized as *seikei bunri*—the separation of politics from trade—the reality was that it was highly political. Chinese Premier Zhou En-lai,

[7] Soeya, *Japan's Economic Diplomacy*, p. 55.

who had spent many years as a student in Japan, played a key role in facilitating the private agreements, and by 1964 Japan had become China's leading trade partner. So incensed was Taiwan (supported by pro-Taiwan members of Japan's Liberal Democratic Party, the LDP) by the developing trade ties with the PRC and the prospect that Japanese Export-Import Bank credits might be used to facilitate it, that former Prime Minister Yoshida was dispatched to Taipei to reassure the Kuomintang (KMT) leadership that Japan would not give the appearance of giving economic aid to support trade and that it would remain wholly private. Conversely, Beijing (supported by pro-Beijing LDP members) expressed its disapproval of the apparent deference to Taiwan. Successive Japanese administrations were repeatedly whiplashed by the strong political currents and compelled to reiterate their pledge of non-intervention in the trade, which by 1966 had risen to occupy more than a quarter of Japan's Asian trade.

Japan's Memories of the Nixon Opening to China

Nixon's stunning opening to China in the 1970s entailed an abrupt psychological distancing of the United States and Japan. Painful memories of the administration's decision to leave the Japanese in the dark as to U.S. plans are still strong in Tokyo. The shock left a legacy of Japanese wariness over Sino-American relations that remains a significant, although often submerged, ingredient of the complex psychology in the triangular relationship today.

Sino-American rapprochement altered the balance of power in the Cold War and fundamentally changed the political landscape in East Asia. The surprise Nixon opening to China in 1971 and the fall-out from it were more momentous for East Asia, one of Japan's leading diplomatic historians later observed, than the fall of the Berlin Wall in 1989.[8] The goal of President Nixon and his National Security Advisor, Henry Kissinger, was to extricate the United States from Vietnam by establishing a new set of relations with the two communist powers. Initially stunned by the lack of prior consultation by the American president, the Japanese hastily moved to normalize relations with the PRC ahead of the United States.

While Nixon's demarche did not totally change the international system in East Asia, it did revolutionize the way it worked. As Ogata Sadako observed in her fine study of the normalization process:

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[8] Aruga Tadashi cited in Walter La Feber, *The Clash: U.S.-Japanese Relations throughout History*, New York: Norton, 1997, p. 358.

> No American action left a more profound impact on Japanese foreign policy in the postwar period than the unilateral decision by President Nixon to go to Beijing to seek rapprochement. The impact went far beyond the immediate reaction of sourness or of rushing to move ahead of the United States. It changed the meaning of the U.S.-Japan Security Treaty and forthwith the alliance itself.[9]

Beijing had grown increasingly uneasy over Japan's growing strength, and Nixon played to its fears. He found the Chinese leaders agitated over the specter of a resurgent Japan. If, as the Guam (Nixon) Doctrine of 1969 intimated, the Americans pulled back from Asia, Japan would develop greater autonomy. The Chinese were worried that Japan's growing civilian nuclear-power program would give Tokyo the option to produce nuclear weapons, and U.S. Secretary of Defense Melvin Laird had said that the United States might not oppose a nuclear Japan. In fact, Japan's new director of the Defense Agency, Nakasone Yasuhiro, was asserting the need for an autonomous defense; and an unprecedented Defense Agency white paper, issued in 1970, declared enigmatically that "in view of the danger of inviting adverse foreign reactions and large-scale war, we will follow the policy of not acquiring nuclear weapons at present."[10] Japan signed the Treaty on the Nonproliferation of Nuclear Weapons but delayed ratification of the treaty for six years while it negotiated independent reprocessing capabilities in its civilian nuclear-power program. During this time, the oil crisis of 1973 became a watershed in reinforcing Japan's determination to develop civilian nuclear power.

Nixon and Kissinger played on China's concern over Japan's increasing power. Kissinger recalls:

> On my first trip to Peking Zhou En-lai accused us of tempting Japan into traditional nationalist paths. It took me some time to convince him that the U.S.-Japan alliance

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[9] Sadako Ogata, *Normalization with China: A Comparative Study of U.S. and Japanese Processes*, Berkeley: Institute of East Asian Studies, University of California, 1988, pp. 104–105.

[10] To a reporter at the time, Nakasone Yasuhiro remarked that "a triangular stalemate is developing between the United States, the Soviet Union and China and in this stalemate we will find our security without joining the nuclear club ourselves." But he observed in an address at about the same time that:

> both the 1963 partial nuclear test ban treaty and the current nuclear non-proliferation treaty are primarily designed—even if covertly—to preempt, or rather deter, both Japan and West Germany from acquiring nuclear arms and thereby undermining the basis of US-Soviet nuclear hegemony. China opted for "going nuclear without pants." Japan, on the other hand, has remained non-nuclear, preferring to be decently dressed. Only history will be able to determine who was wiser. Whether wise or foolish, Japan should not forget…that nuclear arms policies tacitly are a reflection of a US-Soviet agreement regarding their respective share of the trophies of World War II.

See Selig Harrison, ed., *Japan's Nuclear Future: The Plutonium Debate and East Asian Security*, Washington, DC: Carnegie Endowment, 1996, pp. 11–13.

> was not directed against China; indeed that the surest way to tempt Japanese nationalism would be to set off a competition for Tokyo's favor between China and the United States.[11]

Zhou said to Nixon, "Japan's feathers have grown on its wings and it is about to take off….Can the U.S. control the 'wild horse' of Japan?"[12] Nixon assured Zhou and Mao that the United States intended to maintain the security treaty with Japan; otherwise Japan would have to build the capability to defend itself. Nixon and Kissinger convinced the Chinese leadership to see the Mutual Security Treaty in a favorable light, persuading them that it was targeted at a potential Soviet threat and that it served to contain "Japanese unilateralism." In fact, two years later at one of their meetings Mao lectured Kissinger on the need to be more attentive to the Japanese. "When you pass through Japan, you should perhaps talk a bit more with them. You only talked with them for one day [on your last visit] and that is not good for their face."[13] Kissinger also wrote in his memoirs that "the Chinese, indeed, came to stress that U.S.-Japanese relations were more important than U.S.-Chinese relations."

The Cold War order was now configured in a dramatically different way. The end of Sino-American confrontation freed Japan to normalize relations with China, which Prime Minister Tanaka achieved in September 1972, transferring diplomatic recognition from Taiwan to the PRC; and in 1978 China and Japan concluded a Treaty of Peace and Friendship. The destruction of the Sino-Soviet alliance and the formation of a virtual U.S.-China-Japan entente radically shifted the power balance in East Asia, undermining the Russian position in the region. For a quarter of a century, the Chinese maintained a benign view of the U.S.-Japan Security Treaty.

The Japanese reaction to the Nixon opening, however, was ambivalent and conflicted. On the one hand, it portended a new regional stability and opened the way for Japan to develop a new relationship with China—a relationship that had hitherto been frustrated by American wishes. On the other hand, there were deeply troubling aspects to the Nixon opening. The Japanese felt a sense of betrayal at the way in which it transpired. After being promised that the United States would consult closely with Japan over any changes, Prime Minister Sato was told only shortly before the public announcement of Kissinger's presence in Beijing. Still today, the memory of this "nightmare," as one Japanese diplomat termed Nixon's unilateral action, influences Japanese thinking about the triangular relationship. A recent book by the

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[11] William Bundy, *A Tangled Web: The Making of Foreign Policy in the Nixon Presidency*, New York: Hill and Wang, 1998, p. 236.

[12] La Feber, *The Clash: U.S.-Japanese Relations throughout History*, pp. 355–358.

[13] Henry Kissinger, *White House Years*, Boston: Little, Brown 1979, p. 1088.

Japanese scholar Ijiri Hidenori cautions his countrymen to learn from this experience of abrupt change without prior consultation (*atamagoshi gaiko*) that American attitudes toward China are especially subject to oscillation between antagonism and friendship.[14] The implication is that sudden change could well happen again.

There was soon a further sense of slight as the United States seemed to be giving much greater weight and enthusiasm to its new relations with Beijing than to its long standing ties with Japan. On August 15, 1971, the anniversary of Japanese surrender and one month after the announcement of his planned visit to China, Nixon announced his "New Economic Policy," which was aimed primarily at the mounting Japanese trade surplus and cut the dollar loose from gold, imposed an import surcharge, and forced the upward valuation of the yen. Once again, Prime Minister Sato was given only a few minutes of advance warning. In his announcement, lest there be any doubt who the culprits were, Nixon added that the economic threat that the United States faced was "far more serious than the challenge that we confronted even in the dark days of Pearl Harbor."[15]

Together the two policy departures came to be referred to in Japan as "the Nixon shocks." The Nixon opening not only signaled a Sino-American rapprochement that freed Japan from the American-imposed freeze on political relations with mainland China and led to a normalization of Sino-Japanese relations, it changed the dynamics of the Japanese-American alliance and began decades of mounting trade antagonisms. Gyoten Toyo, the prominent finance official, recalls that Japanese leaders saw the shape of the triangle changing to their disadvantage. The twin Nixon shocks left the impression in Japan, wrote Gyoten, that the Americans were "playing a kind of China card to Japan" and that "the Nixon administration was thinking about the possibility of using Communist China as a counterweight to Japan in post-Vietnam Asia."[16] Indeed, Nixon appeared to favor a balance of power that would put Japan on its own. In January 1972 he remarked, "I think it will be a safer world and a better world if we have a strong, healthy United States, Europe, Soviet Union, China, Japan, each balancing the other, not playing one against the other, an even balance."[17]

Nixon's opening to China changed the dynamics of the Japanese-American alliance and began decades of trade antagonisms.

[14] Ijiri Hidenori, *Amerikajin no Chugokukan*, Tokyo: Bunshun shinsho, 2000, pp. 8–17, 230–231.

[15] Michael Schaller, *Altered States: The United States and Japan Since the Occupation*, Oxford: Oxford University Press, 1997, p. 236.

[16] Ibid, p. 241.

[17] Harrison, *Japan's Nuclear Future*, p. 17.

At the same time, the Nixon shocks, which often seemed to treat China—by virtue of its size, nuclear weapons, and geopolitical potential—as the more significant power in Asia, offended Japanese national pride. Still today, the fact of Japan's position in the triangle as the one country whose military power was constrained has been responsible for a range of subtle and often unspoken nuances of the complex relationships. In December 1971, in the aftermath of the Nixon shocks, Miyazawa Kiichi reminded other countries that Japan retained the option of rearmament:

> Recent events have been influenced by distinctions between "first-rate" and "second-rate" nations, using nuclear capabilities and atomic stockpiles as yardsticks. If the major nations of the world who have nuclear capabilities try to be too assertive and push Japan around too much and too far, they may run the risk of opening up what they most want to avoid. There is already a body of opinion in Japan that feels that dependence on the U.S. nuclear umbrella is basically incompatible with Japan's national sovereignty. When the coming generations assume a greater role in the society, they may want to choose the lesser of two evils and opt to build their own umbrella instead of renting their neighbor's, if only to satisfy their desire to be their own masters. This may become likelier as time passes and memories of Hiroshima and Nagasaki recede.[18]

As one of Japan's leading strategic thinkers put it, should the United States increase its pressure on Japan, presumably on economic or defense issues, or should the Soviet Union build up its power unduly in the Far East, Japan always had the potential threat of a nationalist response: revision of the constitution, conversion of its industry and technology to military purposes, development of nuclear weapons, and so on. The implied threat gave Japan bargaining power to maintain its lightly armed posture.[19]

Although bruising Japanese sensibilities, the Nixon opening to China laid the groundwork for mutual accommodation among the three powers. Over the next two decades a wide-ranging consensus was reached on issues critical to all parties. It was tantamount to a U.S.-Chinese-Japanese entente to contain Soviet influence in East Asia. This trend picked up steam later in the 1970s. It was facilitated by the gradual transformation of the U.S. alliance with Japan from a unilateral strategic guarantee into something that began to approximate a more normal alliance. This transformation was surely facilitated by Russia's efforts to play a larger role in Asia. Moscow began building a significant Pacific fleet; it

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[18] Ibid.

[19] See Kenneth B. Pyle, *The Japanese Question: Power and Purpose in a New Era,* Washington, DC: American Enterprise Institute, 2nd edition, 1996, pp. 39–41.

inherited U.S. bases at Cam Ranh Bay; its air force and navy began intruding regularly into Japanese air space and territorial waters; and it staked out a more active strategic presence in the Asian subcontinent, as well as Indochina.

The changed strategic environment transformed the political climate in Japan and enabled hitherto taboo military cooperation between Japan and the United States such as joint planning, intelligence sharing, joint exercises, and joint training. In addition, it led to at least tacit U.S.-Japan-China security cooperation against the Russians. Significantly, during the mid-1970s the Pentagon eliminated planning for the contingency of war with China, a policy that stood for the remainder of the Cold War.

In addition to this virtual alliance against the Soviet Union, Japan and the United States acknowledged that Taiwan was a part of China, and all three powers pledged to work for a peaceful reconciliation. Although China reserved the right to reunify Taiwan by force and the United States maintained an interest in assisting Taiwan's capacity for self-defense, differences over interpretation of the agreements were played down. Beijing accepted America's continued regional security role, including the alliances with Japan and South Korea. Japan and the United States encouraged China's economic reforms and its entry into the World Bank, the Asian Development Bank, and the International Monetary Fund. China was seen to be on the path to political reforms, and differences over issues of human rights were soft-pedaled.

While initially harsh in its treatment of an ally, the Nixon opening helped to create a new and balanced triangular situation, easing Sino-Japanese enmity and leaving the United States in the position of having good relations with both nations. This implicit entente of the three powers from the mid-1970s to the end of the Cold War was an anomalous period in a century of triangular relations. For more than fifteen years, until the Tiananmen incident, the United States enjoyed close ties with both Japan and China and did not have to choose between them.

Japan's Aid-Based Engagement Policy

At the end of the 1970s, while the United States concentrated on strategic cooperation with China to oppose Soviet power in East Asia, Japanese policymakers quietly set about establishing a very different sort of relationship with China. Owing to the nature of the postwar Japanese state, ODA became the key instrument of Japanese foreign policy. Accordingly, in sharp contrast to the American approach to China, which is forbidden by law to provide aid to a communist government, the centerpiece of Japan's engagement policy

became economic aid. This policy, complex in its motivations and multifaceted in its perception by both donor and recipient, was based on a long-term view of the development of the bilateral relationship.

In contrast to the 1950s and 1960s, the government now assumed a lead role in formulating Japan's economic policy toward China. The lead role that political parties and private groups had hitherto played was displaced by the Japanese government, which in close cooperation with the Keidanren and the Japan-China Economic Association assumed the central role in planning, coordinating, and financing economic relations with China. It was an independent, carefully conceived effort to engage China and to serve multiple Japanese long-term interests.

To understand the contrasting and complex views of Japanese aid and the recent controversy over its effectiveness as a Japanese policy to engage China, it is necessary to understand the little known genesis of this policy. In September 1951, the San Francisco Peace Treaty provided for Japanese war reparations and, in light of the fifteen years of occupation of Chinese territory and the resulting casualties exceeding 10 million Chinese, the claims against Japan could have been astronomical, severely impairing Japanese economic recovery. In the Japan-Republic of China Peace Treaty signed on April 28, 1952 (the same day that the San Francisco Peace Treaty took effect), Taiwan explicitly renounced the right to demand reparations from Japan. It is likely that this was the result of U.S. pressure, although Chiang Kai-shek recalled in his memoirs that Japan was in such dire economic straits that, "with the Red imperialist forces now intent on grabbing Japan, anything in our policy likely to enfeeble Japan would be counterproductive."[20]

Overseas development assistance became the key instrument of Japanese foreign policy toward China.

Consequently, in 1972, at the time of the normalization of relations with the PRC, the Japanese argued that since Taiwan, representing China, had renounced the right to reparations, the PRC was not legally entitled to it.[21] For many years Zhou had favored waiving reparations as a way of separating the Japanese people from their government and weakening the pro-Taiwan forces in the Diet. But even Zhou En-lai in 1972 was so angered by Japan's "legalistic argument" that he threatened to send Japanese negotiators home. In the

[20] See Wakamiya Yoshibumi, *The Postwar Conservative View of Asia*, Tokyo: LTCB International Library Foundation, 1999, pp. 130–131.

[21] Chae-Jin Lee, *Japan Faces China: Political and Economic Relations in the Postwar Era*, Baltimore, MD: Johns Hopkins University Press, 1976, p. 124.

end, intent on the higher goal of cementing a new relationship with Japan and the United States, Zhou and Mao agreed to waive any claim to reparations.[22]

Subsequently, the Chinese came to regret this decision. Following the rise of the pragmatic Deng Xiaoping in 1977, with an ambitious program of economic modernization, the Chinese desperately needed capital. The PRC had long avoided foreign loans as a matter of principle, determined to be self-reliant and remembering China's bitter history of economic exploitation, but Deng's pragmatic approach changed that.[23] At this point, Japanese policy underwent a subtle but highly significant transformation. It was occasioned by a crisis in the economic relations that followed the first euphoria of Japanese investment in China in 1978, when nearly four-dozen contracts for Japanese investment were concluded with the Chinese, including the building of a gigantic steel plant at Baoshan near Shanghai. This "China fever" among Japanese business interests was short-lived, as the rosy assumptions of the Chinese proved unreal. The Chinese were forced to suspend and cancel dozens of contracts, including ones for the Baoshan plant, which resulted in protests and demands for compensation from the Japanese business interests.

At this moment of crisis in their economic relations, the Japanese government leaders moved to assert a stronger hand in the relationship. During his October 1978 visit to Japan, Deng indicated receptivity to low interest Japanese government loans in the form of ODA. As the respected and influential Japanese economic commentator Hasegawa Keitaro wrote at the time:

> Reading between the lines, many Japanese saw Deng's statement as a request for reparations from Japan for damage caused during World War II. It cannot be denied that many Chinese still desire war reparations from Japan and feel that now is the time to make this demand known, enabling China to extricate itself from its economic difficulties. And yet officially the reparations issue has already been settled. In 1972, at the time of the restoration of Sino-Japanese diplomatic ties, Premier Zhou En-lai resolved it by renouncing China's right to make reparation claims. Naturally even then there was strong opposition within China to Zhou's decision, and it has not yet died out. Economically, payment of reparations by Japan would play a decisive role in helping China overcome its economic crisis. Deng hesitated to make an open request for reparations, however, for it would reflect unfavorably on the earlier decision by Zhou, who is still held in high esteem. The real intent of

[22] Zhu Jianrong provides a persuasive account of the factors influencing Chinese thinking in the decision to waive reparations. See *Gaiko foramu*, October 1992.

[23] Chae-Jin Lee, *China and Japan: New Economic Diplomacy*, Washington, DC: Hoover Institution Press, 1984, p. 113.

> Deng's statement, therefore, was to signal his difficulties to the Japanese so that they would come forward on their own accord with a reparations offer.[24]

Hasegawa went on to propose that Japan begin a program of "what is essentially reparations." If there was any doubt about Deng's intentions he was more explicit in later years. Amidst rising tensions between the two countries in June l987, Deng asserted that Japan had an obligation to assist China's development because, he said, "it has the biggest debt to China. In 1972 China did not ask for reparations. Frankly speaking, we harbor dissatisfaction over this point."[25]

The Japanese government now took the lead in framing a policy of engaging China through economic aid. Prime Minister Ohira Masayoshi and Foreign Minister Okita Saburo[26] responded to Deng's request and sought to stabilize the threatened economic ties between the two countries. During their visit to Beijing in December 1979, they provided Japan's first postwar government loans to China. They were disposed to provide substantial economic assistance for a number of reasons: 1) they welcomed the political moderation of Deng and his new economic pragmatism as contributing to regional stability; 2) they saw it as an opportunity to advance Japanese economic interests through investment in infrastructure projects that would facilitate trade and encourage Chinese openness to further Japanese investment; and 3) the Japanese privately thought of this as reparations owed China. By providing grants and low interest loans, Japan hoped to nurture friendly relations, overcome the animus left from the wartime occupation, draw China into peaceful participation in a stable regional order, and structure an interdependent economic relationship that would benefit Japanese trade and investment and provide some measure of leverage to moderate Chinese policy. The circumstances under which Japanese ODA began, therefore, left a tacit understanding on both sides that it was related to the Chinese expectation that Japan was obligated to provide reparations. As a consequence, Japan has repeatedly been willing to overlook the ways in which its aid to China has contradicted the guiding principles of its foreign aid policies and endure the often-highhanded manner that China has adopted in its continuing expectations of this aid.

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[24] Hasegawa Keitaro, "Should We Leave China in the Lurch?" *Japan Echo*, vol. 8, no. 3 (1981), pp. 97–109.

[25] Allen S. Whiting, *China Eyes Japan*, Berkeley: University of California Press, 1989, p. 158.

[26] Okita, perhaps Japan's leading postwar strategist of economic development, played a key role in devising Japan's economic engagement policy. He had a deep personal interest in China. Born in Dalian, Manchuria, where his father published a newspaper for the Japanese colonial population, he served as an economic planner for colonial development in the Greater East Asia Ministry during the war. He had assisted China's aluminum and steel industries in Manchuria during the war. In the immediate postwar period he was influential in shaping the reparations requirement to fit Japanese economic strategy. More recently he had served as an economic advisor to the PRC.

At the very outset, Japan's new policy of economic engagement of China raised problems with other countries, including the United States. Americans and Europeans complained that unless aid grants were "untied," western business interests in China would suffer. ASEAN countries complained that Japanese aid to China would come at the expense of aid to Southeast Asia. The pro-Taiwan forces in the Diet complained that aid might strengthen the Chinese military. Ohira therefore announced his "three principles" to guide Japan's aid to China: to consult closely with the United States in determining its aid policy; to implement a balanced loan policy in view of the interests of other Asian countries (especially ASEAN); and to avoid support for China's defense-related industries. How extensively these principles were subsequently observed is the subject of debate among all parties.

In the two decades after 1979, ODA became the centerpiece of a comprehensive engagement strategy. China became the principal recipient of Japanese ODA, although not always on an annual basis. Unlike other developing nations whose aid from Japan was negotiated annually, Tokyo extended aid on a multi-year basis to finance projects that China proposed. Total Japanese aid during this period amounted to over $23 billion. Much of it was for large-scale infrastructure projects including ports, roads, airports, and railways, which proved lucrative for Japan's firms while also promoting the interdependence of the two economies and integration of China into the world economy. Trade and investment grew substantially. Japan continued as China's leading trade partner and total trade grew to $66 billion in 1999. At the same time, owing to its reliance on Chinese raw materials, Japan became a net importer after 1986 and ran a $19.5 billion deficit in 1999.

From 1979 to 1999, Japanese aid to China amounted to $23 billion, most of which went to large-scale infrastructure projects.

Japanese engagement policy addressed other challenges and opportunities critical to Japan's long-term interests in China. In the 1990s increasing support was directed to environmental and energy projects. Starting in 1993 China became a net importer of oil. China's expanding dependence on imported energy supplies and the prospect of competing with China for energy sources prompted ODA support for Chinese projects that explored for new domestic sources and greater energy efficiency. Similarly, the prospect that industrial pollution from China would affect Japan led Tokyo's Ministry of International Trade and Industry in 1992 to initiate its Green Aid Plan, which depended partly on ODA funds. The plan sought to support Japanese commercial interests, matching private capital with public funding, while contributing to Chinese efforts to stem massive environmental degradation.

The Burden of History

Japan's economic engagement of China was part of a comprehensive foreign policy strategy toward Asia that took shape in the 1980s. This strategy would serve Japan's economic goals by ensuring access to markets, raw materials, and sources of energy and the preservation of good relations with all countries that were key to Japan's economic progress. The effort to foster a friendly interdependence with China was fraught with frustrations. Because the Chinese saw the aid as reparations owed to them, they were not inclined to express gratitude or even to publicize it among the Chinese people. On the contrary there was a disposition to remind the Japanese repeatedly of their obligation to make restitution for the wartime damage and destruction. This obligation, in the Chinese view, entailed not only reparations but also apology, self-reflection, and remorse.

The issues of war responsibility have been profoundly divisive among Japanese parties, factions, groups, and generations. Even within the ranks of conservatives there was no consensus on how to address these issues. The rise of popular nationalism in Asia, and the remembrance of Japanese imperialism as a central element of this nationalism, made the interpretation of Japanese history an international issue. Appeals to nationalism were embedded in the contemporary politics of China. As a consequence, the years since the signing of the Treaty of Peace and Friendship in 1978, while marked by a substantial expansion of Japanese-Chinese economic relations, at the same time saw a succession of political disputes growing out of Chinese demands for historical self-reflection.

These disputes followed a certain pattern. They were generally occasioned by Chinese anger over an apparent Japanese unwillingness to acknowledge responsibility for wartime damage and atrocities committed in China. Chinese demands for apology were a mixture of genuine anger, intimidation, and manipulation. Typically these disputes resulted in Japanese acquiescence to Chinese demands. But neither in China nor in Japan was there closure. Still, the government was painfully aware that a failure to stem anti-Japanese sentiment abroad would jeopardize its foreign policy strategy. In nearly every one of these disputes, Tokyo retreated in the face of Chinese accusations, while critics at home charged appeasement and opinion in China held that Japan still had "not atoned on the psychological level."[27]

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[27] Sun Pinghua, president of the China-Japan Friendship Association, in 1988, quoted in Kojima Tomoyuki, "Japan's China Policy: The Diplomacy of Appeasement," *Japan Echo*, vol. 15, no. 4 (1988), p. 27.

The role of the Japanese Ministry of Education in screening Japanese history textbooks and especially their interpretation of Japanese imperialism in Asia was a focal point of these disputes. In 1982 Japanese press reporting led to charges that the Japanese Ministry of Education was whitewashing Japanese aggression and atrocities committed at Nanjing and elsewhere. In response to these continual charges, the Ministry subsequently authorized the inclusion of considerable additional material on these atrocities in textbooks, which resulted in intense criticism from conservatives in Japan who resent foreign interference in the writing of national history and who dispute the more critical interpretations of the national past. Their well-publicized denials have inevitably served to renew Chinese criticism.

In 1985, Prime Minister Nakasone Yasuhiro's official visit to the Yasukuni Shrine, the national war memorial, occasioned protests in both China and Korea. In the face of these protests, Nakasone promised not to repeat an official visit to Yasukuni; and no subsequent prime minister did so until Prime Minister Koizumi Junichiro made his official visit on August 13, 2001. Soon after he left the prime ministership in 1987 Nakasone Yasuhiro, brooding about the Asian distrust of Japan that had plagued his administration, observed that: "I think a century must pass before the suspicion and distrust of our neighbors will dissipate." He was particularly sensitive to the anti-Japanese sentiment among students in China, which he tried to address by increasing the funding for cultural and student exchanges. In fact, owing to the stimulus of Nakasone and others, the number of students from China increased rapidly in the1980s and thereafter. Students from the mainland studying in Japan numbered 501 in 1980, but by 1990 they numbered 18,063, and in 2001 there were 44,041 (by which time they constituted 56 percent of all foreign students in Japan).[28]

National sentiment in both China and Korea was frequently inflamed by the statements of Japanese politicians, which seemed to justify Japan's imperial past. In most cases the offending politician, if he were a member of the government, was promptly forced to resign. One notable incident occurred in 1987 when Deng told a visiting Japanese party leader that Japanese politicians should learn to be "more humble" and to resist the revival of militarism. An exasperated Japanese Vice Foreign Minister anonymously referred to Deng as a leader who was "above the clouds" and "hard in the head," hinting at senility. He was soon identified, and Chinese anger was pacified by compelling the Japanese bureaucrat to take early retirement.

In the 1980s and early 1990s, the Japanese repeatedly deferred to such pressure and refrained from joining the West's increasing criticism of China's restraints on political freedom.

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[28] *Japan Times*, October 11, 2001, p. 2.

The assumption was that a long-term policy of economic engagement would help to stabilize a rising China, foster friendly interdependence, and serve Japan's own economic interests. As the director general of Asian Affairs at the Foreign Ministry, Tanino Sakutaro, explained:

> We should remember that a more stable, affluent China will benefit not just itself but all of Asia and in fact the world. We need to avoid reacting emotionally and applying only Western values to each new set of political and social phenomena as it unfolds in China. Instead we should direct our efforts to bringing China into the framework of Asian peace, development, and prosperity.[29]

This Asian strategy entailed not only distancing Japan from western criticism of Chinese human rights violations but also deferring to Chinese criticism of Japanese past misdeeds. In short, it translated into a long-range view of economic self-interest and a short-term approach of low political posture.

The Chinese leadership persistently raised the history issue in circumstances that privately angered many Japanese. The PRC president during the 1990s, Jiang Zemin, was particularly persistent in hectoring the Japanese.[30] Never was this so painful as in 1995, when Jiang, on the occasion of his first state visit to South Korea, held a joint press conference with President Kim Young Sam, and the two Asian leaders lectured Japan on adopting, as Jiang said, "a correct view of history." Jiang went on, "We must be vigilant against a Japanese militarist minority. Although a half century has passed since the end of a war between China and Japan, some Japanese politicians still have a wrong historical view." To which Kim added, "We will correct Japan's bad habits."[31]

Many Japanese feel that their government has made substantial efforts to apologize to China for past aggression. They especially emphasize the visit of the emperor and empress in 1992, the first such imperial visit to China, the planning for which generated protracted concern and controversy in Japan lest it inject the imperial institution into politics or result in an

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[29] Quoted in Michael H. Armacost, *Friends or Rivals? The Insider's Account of U.S.-Japan Relations*, New York: Columbia University Press, 1996, p. 139.

[30] Although there is speculation that Jiang had personal reasons for harping on Japanese militarism, his biographer writes that "so far as we know, Jiang lost no close family members in the war with Japan…. [He did] not harbor any of the instinctive, visceral anti-Japanese hatred…." Bruce Gilley, *Tiger on the Brink: Jiang Zemin and China's New Elite*, Berkeley: University of California Press, 1998, pp. 14–15.

[31] Quoted in Michael H. Armacost and Kenneth B. Pyle, "Japan and the Unification of Korea: Challenges for U.S. Policy Coordination," in Nicholas Eberstadt and Richard J. Ellings, eds., *Korea's Future and the Great Powers*, Seattle: University of Washington Press, 2001, p. 134.

untoward incident that damaged Sino-Japanese relations. Nevertheless the government went ahead with the visit hopeful that it would lay to rest the past and turn the corner in bilateral relations. This was not the case.

Although the issue of historical interpretation would seem to be for Japan and its Asian neighbors alone to resolve, it plays into the triangular relationship as a recent incident illustrates. As he flew over Fukuoka on the first leg of a trip to the United States in 1997, Jiang Zemin radioed a message to Emperor Akihito by way of the control tower below: "We wish good health to the Emperor, peace to the Japanese people, and prosperity to Japan." In Tokyo, according to the Asahi Shimbun, the Foreign Ministry was pleased at this thoughtful gesture by the Chinese president. However, after Jiang landed in Honolulu, where he stopped before continuing on to Washington, his first official acts were to drive to Pearl Harbor, lay a wreath at the Arizona Memorial, and give a speech recalling a war in which Chinese and American soldiers fought shoulder-to-shoulder against fascist invaders. The mood at the Japanese Foreign Ministry abruptly changed: Jiang was once again using history to put the Japanese on the defensive in the context of triangular relations.[32] Conservatives in Japan have targeted the "Tokyo War Crimes Trial View of History" as the source of their anger. Although this view was principally articulated by Americans at the time of the Occupation, the United States has since, in deference to its alliance with Japan, generally avoided any occasion that might draw it into the continuing controversy over the interpretation of the past. For example, it is reported that the Chinese sought unsuccessfully to have President Bill Clinton visit Nanjing during his 1998 visit.

Their success in compelling the Japanese to hold to a low posture, repeatedly apologize for the past, and punish political leaders for their outbursts led the Chinese leaders to overplay their hand. A new generation of Japanese politicians was emerging in the 1990s. They had no firsthand recollection of the 1930s and 1940s and had long since tired of the Chinese demands for apology and atonement. Jiang Zemin's visit to Tokyo in November 1998, the first visit of a Chinese head of state to Japan, became a turning point. Japanese leaders are virtually unanimous in describing President Jiang's 1998 visit to Tokyo as the pivotal event in rising popular frustration and anger with Chinese criticism. Jiang's hectoring in the presence of the emperor and his demand that the Japanese provide a written apology for past aggression exhausted Japanese forbearance. In part Japanese exasperation and anger was the result of timing. Jiang's visit was preceded by a visit to Tokyo by the new Korean president, Kim Dae Jung. His willingness to address the Japanese in their own tongue and to ease the bans on Japanese investment and importation of Japanese popular culture delighted them. Above all, the tone that Kim

[32] *Japan Digest,* October 31, 1997.

set indicated his willingness to put the past behind him and emphasized that "South Korea should also rightly evaluate Japan, in all its changed aspects, and search with hope for future possibilities."[33] Kim's magnanimity stood in marked contrast to the confrontational approach of Jiang Zemin, who during his visit the following month pointedly told the emperor and other Japanese leaders that China was not yet ready to forgive the past. By making clear his determination to establish a new and positive relationship with Japan, Kim succeeded in attaining an explicit written apology for the past. The Chinese demanded the same kind of written apology but were unwilling to prepare the ground as Kim had. The visit ended on a sour note.

Politicization of Sino-Japanese Relations

At the end of the 1990s, Japan continued its economic engagement of China but, in the light of changed conditions, a new Japanese wariness was increasingly evident in its approach to China. A host of new issues arose that contributed to the growing politicization of the bilateral relationship. Cautiously, incrementally, and at times almost imperceptibly, Japan began to respond to the new strategic conditions of the post-Cold War era. Partly as a result of American dissatisfaction with Japan's response to the Gulf War and to the confrontation with North Korea, and partly as a result of China's assertiveness in the Taiwan Strait crisis in March 1996 and Japan's increased appreciation of the value of the alliance, Tokyo agreed to a revision of the Guidelines for U.S.-Japan Defense Cooperation. These revised guidelines provide for an increased but still modest role for Japan in the event of a regional crisis and seek to draw Japan into a tighter, more integrated, more reciprocal, and, therefore, more effective operational alliance. Foreseeing the likely Chinese reaction, Tokyo policymakers were accordingly uncomfortable at being pressed by the Americans to revise the guidelines and also to join in funding of and joint research for a theater missile defense (TMD) program. Following the August 1998 North Korean missile launch over Japanese airspace, Tokyo quickly decided to launch its own information gathering satellites and in September 1998 agreed to the long-standing American request for joint research on TMD.

The revisions to the Guidelines for U.S.-Japan Defense Cooperation seek to draw Japan into a tighter, more integrated operational alliance.

As late as January 1996, in discussions between Japanese and Chinese officials over security matters, the Chinese told the Japanese that "continued friendly relations between

[33] Armacost and Pyle, "Japan and the Unification of Korea," in Eberstadt and Ellings, eds., *Korea's Future and the Great Powers*, p. 143.

the United States and Japan are in China's interests." Since then China has become deeply suspicious and frequently openly hostile in its view of the U.S.-Japan alliance. Some Japanese leaders went to great lengths to persuade China that increased defense cooperation with the United States is directed at the Korean problem and does not apply to Taiwan. Officially Tokyo preferred to leave the impression of ambiguity, but Ozawa Ichiro, the head of the Liberal Party, which was at the time a coalition partner of the LDP, affronted his hosts during a February 1999 visit to Beijing by explicitly stating that the increased Japanese support of U.S. military operations in conflicts in "the vicinity of Japan," as provided for in the revised Guidelines, applied to the Taiwan issue and that "being ambiguous and blurring the essence of the matter" solved nothing. Jiang Zemin refused to receive him, and instead sent sixth-ranking Communist Party Standing Committee Member Wei Jianxing to tell Ozawa that "we see no reason to be interfered with by another country about the preservation of our territory." To which Ozawa retorted: "Of course Japan, too, sees no reason to be lectured by China on the issue of our national security."[34] While Tokyo officially muted its response to Chinese criticism of Japan's increasing military cooperation with the United States, it is likely Ozawa was encouraged by LDP leaders to speak out.

It is clear that since the 1990s Sino-Japanese relations have become more politicized. Japanese domestic developments helped to impel a new approach, and the collapse of the Soviet Union contributed to the further deterioration of the left wing at home. Not only did this translate into fewer sympathizers with Chinese aspirations, the exit of an older generation of "China hands" with ties to Chinese leadership and the emergence of a new and more outspokenly nationalist generation of Japanese leaders, less inclined to define an approach to China based on guilt, gratitude, or common culture, contributed to a more politicized attitude to Sino-Japanese relations. The decline of the left wing enabled debate over hitherto taboo subjects including constitutional revision and crisis preparation. The Diet passed legislation according official recognition to the national anthem and flag. The Defense Agency moved into imposing new headquarters at Ichigaya in Tokyo. Panels set up in the Diet to undertake discussions of constitutional revision were given responsibility of discussing the issue of collective self-defense; and the Koizumi cabinet, taking office in April 2001, adopted a decidedly positive view of the exercise of collective self-defense. The new prime minister making clear that a revision or reinterpretation of the constitution was necessary for this purpose.

With the passing of an older generation of "China handlers," Beijing lost most of its effective defenders. By the late 1990s the number of old China hands in the LDP who could be

[34] *Nikkei Weekly*, March 8, 1999; and *Japan Digest*, March 1, 1999.

counted on to defend and mend the relationship was sparse. Those who were identified with sympathetic views of China such as Kono Yohei or Kato Koichi were now on the defensive. Kato was widely criticized when he said in a 1998 speech that "Japan, the U.S., and China should construct a triangular relationship and maintain an equal distance from each other."[35] A number of younger generation LDP lawmakers were now openly hostile in demanding an end to the constant deference to Chinese hectoring.

Bureaucratic management of the Chinese relationship and pursuit of a policy of separating politics from economics are increasingly compromised by growing LDP and public attention to bilateral issues. In the summer of 2000, Chinese naval research ships were repeatedly sighted roaming Japanese coastal waters without prior notification and without any declared purpose. The press referred to them as "spy ships." Opinion surveys showed a mounting popular antagonism toward Chinese activities and policies. LDP hawks insisted on the suspension of a new aid package and even Foreign Minister Kono Yohei declared that "Since [Chinese ships] secretly entered our exclusive economic waters, we cannot put up with such action."[36] By February 2001, a bilateral agreement to provide advance notification of marine research activities in each other's economic waters had been reached, but the experience left the Japanese with an increased uneasiness and suspicion of Chinese intentions.

There are indications of a growing popular sympathy and interest in Taiwan. As Japan's former colony where its rule was conducted with a lighter hand than elsewhere, Japanese business and political circles had maintained strong ties in Taiwan. This warmth was enhanced by the advent of democratic politics on the island. The president of Japan's National Defense Academy recently summed up the growing Japanese affinity for Taiwan.

> Their economy is in good shape. They have free elections. There is a sort of respect for Taiwan. We don't hear Taiwanese people criticizing Japanese like the mainland Chinese do. They don't demand apologies for the wartime. We feel more comfortable with people from Taiwan.[37]

Trade and political ties with Taiwan remain strong. Japan is the largest exporter to Taiwan, supplying electronic equipment and components to the island's flourishing high-tech industries. Japanese lawmakers have extensive and cordial relations with their Taiwanese

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[35] Christopher B. Johnstone, "Japan's China Policy: Implications for U.S.-Japan Relations," *Asian Survey*, vol. 38, no. 11 (November 1998), p. 1081.

[36] *Agence Presse*, August 28, 2000.

[37] *Far Eastern Economic Review*, July 22, 1999, p. 22.

counterparts. It was noteworthy that when Lee Tung-hui, the former president of Taiwan, sought a visa to seek Japanese medical treatment in 2001, the Japanese press unanimously supported the Taiwan side in a controversy with Beijing for the first time since normalization of relations with the PRC.

An emergent Sino-Japanese competition for regional leadership is most evident in the growing economic rivalry. In the long run, the underlying contradiction of Japan's policy of providing massive aid to an economic competitor was bound to raise mounting questions at home. Already there are serious doubts about a policy that treats China simply as a developing economy. The 2001 white paper of the Ministry of Economy, Trade, and Industry (METI) expressed alarm at China's startling economic growth, which it described as "a new threat to Japan." Previous white papers had treated China as a newly industrializing economy, but the new document issued in May 2001 emphasized China's increasing rivalry with Japan for economic leadership in the region. It pointed out that China receives more foreign investment than any other country except the United States, owing to its productivity, its vast domestic market, its growing industrial capacity, and its "pool of outstanding engineers and technicians." METI described China displacing Japan in traditional areas of textiles and machinery but also as a threat to Japan's position in electronics and information technology. METI's ominous conclusion was that Japan's leadership in the region was jeopardized, as its share of foreign investment in other East Asian countries had declined from 25 percent to 10 percent over the preceding decade.

Japan's massive aid to China continues, but it is coming under increasing public scrutiny and severe criticism from LDP politicians. Japan's comprehensive economic engagement policy, not to mention the enthusiasm of American and Japanese business for investment in the Chinese market, always did run the risk that it would build China as a competitor and even a political-military threat. The grudging way in which China has viewed this aid, however, has led to growing doubts in Japan about its effectiveness in meeting Japanese goals. Viewing massive Japanese reparations as owed to China, Beijing has not felt any need to inform the Chinese people of this aid as a symbol of Japan's desire for friendly relations. Nor have Chinese leaders seen any need to meet Japanese expectations of moderating the buildup of Chinese military preparedness including the development of nuclear armaments. Japanese critics further point out that China itself is giving aid, sometimes to regimes that the Japanese do not support. Finally, the Chinese leadership has gone to lengths to ensure that ODA does not permit Japanese business interests to gain a dominant role in their economic development. In short, the Chinese view of Japanese aid is diametrically opposed to the way in which Japan views it.

In the summer of 2000, owing to this greater wariness, both the Foreign Ministry (MOFA) and an LDP foreign policy subcommittee undertook reviews of ODA policy toward China. These reviews originated partly in the context of harder economic times and a desire to make ODA more efficient and more responsive to the national interest. Reference to the national interest was new and indicative of the greater scrutiny ODA was receiving. The MOFA committee, headed by former head of the Economic Planning Agency, Miyazaki Isamu, who was known to have friendly ties with Chinese Prime Minister Zhu Rongji, was designed to propitiate the LDP hawks, educate the public by clarifying the purpose of aid to China, and recommend ways to enhance its efficiency. Its report, made public in early 2001, called for a reduction of three percent in accord with the overall cut in the ODA budget, an end to the favorable multi-year loans, closer project-by-project reviews, and an emphasis on aid to China's inland areas and to environmental projects rather than the massive infrastructure works of the past.

Post-Cold War Reconfiguration of the Strategic Environment

As a host of new issues in Tokyo's bilateral relations with China created a new wariness in Japan, the nature of the triangular relationship has been unavoidably impacted. Triangular relations among China, Japan, and the United States provide the core of the East Asian balance of power, and, as we have seen, these relations have assumed a variety of forms. The United States allied itself with China to defeat Japan in World War II and with Japan to contain the Chinese in the 1950s and 1960s. Following Beijing's split with Moscow, Tokyo and Washington forged a virtual entente with China to limit the Soviet Union's influence in Asia in the 1970s and 1980s. In the more recent post-Cold War era, diplomatic relations within the triangle have assumed a more fluid and complex pattern. The current configuration of triangular diplomacy has been reshaped by a number of developments.

The demise of the Soviet Union at the beginning of the 1990s, the growing strength of the Chinese economy, and the stagnation of the Japanese political economy combined to create what at first glance appeared to be a different strategic environment in East Asia. The Cold War paradigm that had heretofore controlled the configuration of the regional order weakened, but it did not wholly disappear. Important remnants of the Cold War remained. Korea remained divided. Taiwan's future was unresolved. Japan and Russia still were without a peace treaty. Governments that were at least nominally communist held on to power. The American security structure in the region designed for the Cold War remained. Efforts to build multilateral institutions where none had previously existed produced new but fragile organizations.

Still, the old paradigm was eroding. If the outlines of a new regional order were not yet apparent, signs of change were everywhere. The trends toward increasing interdependence in the region, the strategic implications of economic development and rising nationalism, the pressures of democratization on foreign policy, and the revolution in military affairs all marked a new turbulence and flux. China's robust economic growth raised the possibility of a challenge to the regional power balance.

The End of the Cold War

The end of the Cold War took away the strong imperative that China, Japan, and the United States had to cooperate in a strategic partnership to contain Soviet power. Freed of a concern with the northern border, China could redirect its attention to Taiwan and other offshore issues—claims to the Senkaku/Diaoyu Islands, the Spratleys, and offshore oil fields—all of which raised the possibility of conflict with American and Japanese interests. The more confrontational approach was dramatized by the Taiwan Strait missile crisis in the spring of 1996, when China fired missiles into waters close to Taiwan to demonstrate displeasure with Taiwan's assertions of greater independence. These missile tests alarmed the Japanese because they evoked an image of a militant China projecting its power into the sea-lanes heedless of the interests of Japan. Still, Tokyo was cautious, expressing only "understanding" of American actions in deploying two aircraft carriers to the Strait. As a Foreign Ministry spokesman explained, "[Our] position is much more vulnerable than that of the United States, so what we can do or say is very limited."[38]

The end of the Cold War has led to more confrontational approaches in U.S.-Japanese-Chinese relations.

The end of the Cold War also had new implications for the U.S.-Japan alliance. Washington was no longer inclined to subordinate trade issues to strategic concerns. The Gulf War, the first international crisis of the post-Cold War period, strained the alliance, as Japan was unable to muster a consensus on personnel support of the coalition assembled by the United States. A similar inability to meet the expectations of the new era was evident in 1994 when the showdown with North Korea over its nuclear weapons program made conflict appear imminent. Citing the great Japanese stake in dealing with the proliferation in its immediate region, the U.S. command in Japan asked the Japanese government to contribute fuel and material for

[38] Quoted in Johnstone, "Japan's China Policy" *Asian Survey*, p. 1081.

American forces, to provide ships and planes for sweeping mines and gathering intelligence, and to cut off financial flows to North Korea, but Japanese officials equivocated and were obviously relieved when the confrontation was defused. Defense Secretary William Perry later said that if conflict had ensued and American forces had not had access to Japanese bases, "it would have been the end of the alliance."

It was relatively simple to harmonize America's security policies with Japan in the face of a single principal threat—the Soviet Union—but Japanese authorities appear less comfortable relying so heavily on the United States when they must adjust to a more complex interplay of regional forces. These developments notwithstanding, a veneer of stability is likely to persist in the strategic competition for some time. China may eventually emerge as a strategic rival of the United States and of Japan, but for the moment it does not possess the air and naval capabilities to challenge America's maritime interests in the Western Pacific. Likewise, the United States does not possess the aspiration or political will to assume a more ambitious security role on the Asian mainland.

The Globalization of Markets

Over the past two decades, economic interdependence among the members of the triangle has grown dramatically. The United States and Japan are now China's first and second largest trading partners; the United States and China occupy comparable positions in Japan's trade. While a growing proportion of U.S. commerce is with its immediate neighbors in the western hemisphere, Japan and China follow closely on Canada's and Mexico's heels. Immense U.S.-Japanese-Chinese trade flows are increasingly matched by comparably large exchanges of portfolio and foreign direct investment that knit these markets ever more closely together. Growing economic interdependence increases the respective stakes in managing triangular relationships peacefully, but globalization fosters anxieties as well as benefits. These anxieties continue to provoke irritants and disputes in the respective bilateral economic ties.

As an example, Tokyo has preferred to avoid confrontation, allowing others to press China on a range of issues. This disposition is apparent in human rights issues. The Japanese were unenthusiastic about punishing China with sanctions in the aftermath of the Tiananmen incident and were the first of the G-7 nations to abandon this punitive stance a year later. In fact, this was one notable occasion on which the United States and Japan coordinated their engagement policies, as President George Bush and Prime Minister Kaifu Toshiki conferred and the former encouraged Japan to take the lead in easing sanctions. Japan thus resumed its economic engagement with China. Even when Beijing undertook nuclear testing in 1995, heedless

of Tokyo's protests, the Japanese response of briefly freezing grant aid was minimal. Likewise Japanese negotiators reached an early agreement with China on WTO accession, leaving it to China's other major trading partners to do the heavy lifting. American trade officials were irked, knowing that Japan had made minimal demands on China and that whatever concessions the United States won would apply to China's other trading partners. U.S. Trade Representative Charlene Barshefsky remarked, "By and large, the Japanese have not contributed to the creation of a commercially meaningful agreement."[39]

In the aftermath of the Tiananmen incident, Washington's determination to link trade and human rights in its approach to China caused heartburn in Tokyo. Former President Nixon remarked at the time that "Anyone who thinks Japan will introduce democracy into China must be smoking pot."[40] When visiting Beijing in 1994, Prime Minister Hosokawa Morihiro delighted his interlocutors by declaring that it was wrong to try to impose western concepts of human rights on other countries. Still, U.S. concerns could not be ignored, and over time there was greater Japanese support for a critical stance of Beijing's suppression of human rights, if only as a counter to Chinese criticism of Japan's past misdeeds. Nearly every year following Tiananmen the United States submitted a resolution to the Human Rights Commission condemning Beijing's suppression of human rights and sought Tokyo's cosponsorship. Eventually, a bureaucratic compromise was reached within the Foreign Ministry between the North American Affairs Bureau, which adopts an America-first stance, and the Asian Affairs Bureau, which takes a China-first position: Japan would vote for the resolution condemning Chinese human rights violations but not cosponsor the resolution.

A Changing Balance of Power

Relative power within the triangle is continuously shifting. Since the mid-1990s, the relative positions of the United States and China have improved, while Japan's has deteriorated. The renaissance of American power has been in one sense reassuring to the Japanese, by making Washington appear a more capable, thus more reliable, partner. At the same time, U.S. primacy has prompted some Japanese to empathize with China's promotion of "multipolarity" and "multilateralism"—euphemisms for its desire to check America's preponderance. To date, China's residual need for American (as well as Japanese) help in modernizing its economy, its respect for U.S. military prowess, and its perception that Washington's ambitions are constrained by a host of domestic preoccupations all temper its

[39] *New York Times*, July 10, 1999.
[40] *New York Times*, March 9, 1990.

zeal to construct a countervailing coalition. Needless to add, Japanese temptations to play along with Beijing on this score are disciplined by a clear-eyed recognition of its larger stakes in cooperation with the United States.

The ebb and flow in the U.S.-China bilateral relationship after Tiananmen, however, renewed Japanese fears of both entrapment and abandonment in their relations with the United States. Times of tension between China and the United States have alternated with warming relations, as when President Clinton spent nine days in China in 1998 without visiting Japan. His visit was closely watched by the Japanese, always sensitive to the potential for change in triangular relations. Their concern was not allayed when the U.S. president, with Jiang Zemin at his side, praised Chinese economic management and spoke critically of Japan's failure to stimulate its economy and lead the region out of its financial crisis. There was, in short, a fluidity in the triangular relations.

The Ascendancy of Domestic Politics

In a world in which fears of great power conflict have receded, domestic factors exert a more powerful influence on foreign policy and introduce major complications in U.S.-Japan-China triangular diplomacy. In some ways their leaders' preoccupation with domestic issues moderates the external conduct of all three countries. Internal problems divert attention, as well as resources, away from foreign policy. Domestic factors also limit the degree of intimacy conceivable in bilateral relations within the triangle. Japan's economic stagnation and political paralysis temporarily limit the strength and scope of Tokyo's role as a diplomatic partner. Nevertheless, Prime Minister Koizumi's commitment to structural economic reform has evoked an enthusiastic response in Washington, and he has proposed a surprisingly robust set of measures for counterterrorism cooperation in the wake of the September 11 attacks on the Pentagon and World Trade Center. Domestic weakness in the ruling parties of Japan and China tempt each to direct nationalist sentiments against the other.[41] In the United States, critical fault lines are clearly visible on China policy within the Republican Party. Right wing conservatives mainly want to contain and punish Beijing, while Republican corporate types essentially are preoccupied with doing business in China. Such factionalism, which is apparent in Democratic ranks as well, contributes to the political volatility of Sino-U.S. relations. Similar difficulties afflicted U.S. ties with Japan in the mid-1990s but are currently moribund.

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[41] In the run-up to Japan's Upper House elections in July 2001, the Agriculture Ministry successfully championed punitive tariffs on Chinese leeks, mushrooms, and tatami reeds in a blatant ploy by the ruling LDP party for rural votes.

Regional Security Trends

Finally, new features of the Asian security equation could reshuffle the deck. Developments in Korea and the Taiwan Strait, in particular, provide opportunities for tension reduction and insistent demands for cooperative triangular diplomacy to avert crises or resolve long-standing disputes. Shared concerns about quelling the chaos in Indonesia inspired parallel policies in Beijing, Tokyo, and Washington in support of UN-sponsored peacemaking efforts in East Timor. Renewed anxieties about the Asian economy are spurring accelerated efforts to foster new regional institutions, though whether these will be pan-Asian or trans-Pacific remains to be seen.[42]

These trends are a reminder that managing triangular diplomacy will pose daunting challenges. At present, the triangular balance appears more benign than threatening. Relations among China, Japan, and the United States appear more "correct" than "cordial," but their content and atmospherics are subject to continuing adjustment. The prospect for military conflict between them currently seems remote; the potential for cooperation is being tested; the possibilities of future rivalry cannot be ignored.

U.S. Approaches to Triangular Diplomacy

Americans have been groping for more than a decade for new guidelines to shape policy toward the major power balance in Asia. During the Cold War the policy requirements seemed clear and straightforward: mobilize and manage a global alliance against a fixed adversary. The United States no longer faces such a threat, and in some respects that relaxes the demands of security policy in East Asia. Given the scope of U.S. primacy, however, Washington has acquired a new strategic aim: dissuading others from ganging up against the United States—which is what great powers generally do when confronting a state that has accumulated as much military, economic, and political clout as America now possesses.

Two options to accomplish this aim are essentially academic, i.e., a retreat to Fortress America or a reliance upon collective security arrangements in Asia. Neither option has any champions within Washington's policymaking circles. This leaves four other possibilities for rearranging the dynamics of the triangle.

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[42] For one view of the prospects see C. Fred Bergsten, "America's Coming Economic Conflict with Europe and Asia," *Foreign Affairs*, vol. 80, no. 2 (March/April 2001), pp. 16–27.

Under the first, the United States might emulate the role played by Great Britain in nineteenth century Europe—i.e., the broker and balancer of last resort. This would imply a more equidistant posture vis-à-vis Japan and China and greater reliance on local forces to establish and maintain the regional equilibrium. Theoretically, this option would permit the United States greater diplomatic maneuverability while limiting defense burdens.

Despite these notional advantages, however, the option has many limitations. If America is resolved to play a balancing role in Asia, it is easier and cheaper to maintain a stable regional equilibrium with the Japanese alliance than without it. Flexible access to Japanese bases permits the United States to project its power efficiently into the Western Pacific, while Japan picks up an equitable share of the cost of U.S. forward presence. Far from complicating its relations with Asian nations, the alliance remains a source of reassurance to them. Its termination would generate a host of new political uncertainties, weaken the security underpinnings of the region's prosperity, and precipitate drift toward renewed U.S.-Japanese rivalry. The alliance, moreover, is natural, linking as it does the fates of two democracies that are both great maritime trading nations.

Alternatively, the United States could encourage pan-Asian regionalism while seeking to anchor it to a stronger trans-Pacific relationship with the United States—much as Washington has accommodated the drive for European integration, while seeking to harness an emerging European Community to U.S. interests through strengthened trans-Atlantic institutions. For now, the United States has nothing to fear in current levels of Sino-Japanese cooperation. Closed forms of pan-Asian regionalism could, however, develop in ways inimical to U.S. interests. For example, tighter economic/political links between China and Japan could reinforce residual mercantilist reflexes, and limit the scope of American diplomacy in the region. At the same time, other Asian countries would find the prospect of a Sino-Japanese condominium worrisome.[43] At a minimum the United States needs to ensure healthy trans-Pacific economic links as a counterpoint to the further evolution of pan-Asian regionalism. And U.S. strategic interests are best served by cultivating close ties with Beijing as well as Tokyo.

The United States has nothing to fear in current levels of Sino-Japanese cooperation.

[43] An alliance between a great continental power, China, and a great maritime trading nation, Japan, with different political traditions and contradictory historical memories, seems implausible as long as the United States remains cordial with both. At the moment, moreover, regional cooperation efforts are floundering. ASEAN has lost cohesion. APEC is increasingly vapid. And current tensions between Japan and its Korean and Chinese neighbors put a cloud over ASEAN Plus Three's prospects.

A third possibility would be to presume that China will ultimately emerge as a military threat and get on with the job of containing it. This course would at best be premature and, at worst, counterproductive. China poses no current military threat to the United States, nor is it predestined to threaten America in the future. Neither Japan—nor any other Asian nation—is prepared at present to join policy efforts explicitly targeted against China. Pursuit of containment, barring a major Chinese provocation, would result in diplomatically isolating the United States rather than China and risk inciting nationalism and neutralism among America's Asian friends, while forfeiting the benefits that might be derived from a more constructive relationship with Beijing.[44]

This leaves an approach akin to what the foreign affairs writer Joseph Joffe has characterized as a "Bismarckian" policy of engagement with Japan, China, and all other consequential states of Asia. The purpose of the policy would be to utilize key relationships to consolidate a generally favorable territorial and political status quo in the region. It would not require that the United States resist all territorial adjustments, merely that it discourage their accomplishment by force. It would not impel Washington to "contain" China; on the contrary, it would encourage efforts to enlist Beijing in multilateral arrangements designed to regulate security, trade, and other transnational problems. It would presume retention of alliances with Japan and Korea as well as forward deployments of other U.S. units in the Asian Pacific area as an earnest example of U.S. intent to preserve a stable regional balance of power. It would require the cultivation of constructive relationships with both Tokyo and Beijing, not least to dissuade their coalescence against America. Operationally, it implies preserving closer ties with China and Japan than they maintain with each other.

Tokyo as well as Beijing should welcome such an approach. In practical terms it would require Washington to provide both with strong reminders of the value they derive from close ties to the United States. That value has been most apparent to them in the past, when the United States contributed generously, even disproportionately, to the "common goods" of the region by providing open access to U.S. markets, world class universities, and research centers; by maintaining a military stance that serves both as a deterrent and a source of reassurance (e.g., by keeping the sea lanes open); and by demonstrating a readiness to expend political capital on behalf of multilateral arrangements and institutions even though they may on occasion limit America's own diplomatic flexibility.

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[44] China's bid for accession to the WTO, in fact, provoked a broader debate in the United States over China policy. The conclusion of this debate was to treat China as a more normal country with whom the United States should strive to maintain a productive, if wary, relationship.

Among these policy alternatives, the latter offers the greatest benefits and the fewest risks, although it can be diplomatically demanding and far from cheap. The Clinton administration appeared to be groping toward a policy of this sort after 1995, although its approach to Asia was marked neither by consistency nor dexterity. Its management of U.S. ties with both Japan and China was erratic, and coordination with Japan of U.S. policies toward China was poor. The George W. Bush administration has had an additional incentive for such an approach: the need to elicit cooperation from Beijing and Tokyo in the struggle against international terrorism.

U.S.-Japan Relations

All sides of the U.S.-Japan-China triangle are not equilateral. The Bush administration recognizes Japan as a valuable ally with which it shares basic political values; during the 2000 presidential election George W. Bush dubbed China a "strategic competitor." Though some predicted that defense cooperation between Tokyo and Washington would atrophy when the Cold War ended, to the contrary, it has intensified, particularly since 1996. This reflects the impact of four major developments.

One is the revival of American power. A decade ago many Japanese perceived that America was in decline and wondered whether Washington might retreat from Asian security responsibilities. Today, the United States enjoys preeminence in many of the most consequential facets of national power. While American preponderance brings its own problems, it has allayed Japanese doubts about U.S. capabilities—a matter of no little significance to a country whose diplomatic tradition for nearly 100 years has emphasized close alignment with the West's strongest nation. The Bush administration has clearly indicated its desire for closer ties with Japan.

A second development is the rise of China. Whatever else one may say about China's recent dramatic economic ascent, uncertainties as to how Beijing will exercise the power it is swiftly accumulating serve as a reminder to the American and Japanese governments and people that the alliance remains a valuable insurance policy for which the premiums remain relatively modest.

A third, the globalization of financial markets, is impelling Japan toward market-oriented economic reforms and administrative deregulation—e.g., greater transparency, tighter supervision of banks, wider patterns of corporate disclosure, greater acceptance of international accounting standards, etc.—that were previously embraced by the United States,

Western Europe, and many countries in Latin America. These structural adjustments are gradually easing some of the toughest regulatory barriers to market entry in Japan. Current economic conditions, moreover, reinforce awareness of our mutual indispensability. Sluggish domestic demand in Japan makes it even more reliant for growth on the U.S. export market; meanwhile large Japanese capital flows into the American market serve to offset a declining U.S. savings rate and help finance a huge current account deficit. These factors moderate the intensity of U.S.- Japanese economic disputes, which in the past occasionally threatened to undermine security cooperation.

Finally, debate on security issues within Japanese political circles is marked by a growing, if reluctant, realism. Over the past decade, Japan has removed legal impediments to its participation in UN-related peacekeeping activities, and, by revising the Defense Cooperation Guidelines, it has expanded the parameters for defense cooperation with the United States both in peacetime and with respect to contingencies in "adjacent areas." It has commenced a freewheeling debate about the revision of constitutional constraints on defense policy. It has fired at North Korean naval vessels intruding into its territorial waters, tightened institutional arrangements for crisis management, launched a quest for autonomous satellite surveillance capabilities, cautiously signaled its intent to acquire more extensive power projection capabilities (i.e., helicopter carriers and aerial-refueling and replenish-at-sea capabilities), agreed to pursue joint research with the United States on ballistic missile defenses, and passed legislation facilitating cooperation with America and others in combating international terrorism. While some of these steps may imply Japanese doubts about America's long-term reliability as an ally, in the aggregate they open the door to more robust U.S.-Japan defense cooperation.

In light of these developments, it is not surprising that U.S.-Japan security ties have been strengthened, trade relations have been relatively tranquil, political spats muted, and diplomatic coordination improved.

U.S.-Japanese relations are not, to be sure, without problems. When the Asian financial crisis struck in 1997, Tokyo and Washington never developed a common analysis of its causes, let alone a joint strategy for overcoming them. When Pyongyang launched a missile over Japanese territory without prior notification in August 1998, U.S. and Japanese policy responses were not merely uncoordinated, they were obviously out of sync. When President Clinton visited China in 1998, he not only bypassed Japan but also failed to defend the U.S.-Japan alliance to his PRC hosts, while joining in their public criticism of Japanese economic policy. Troublesome incidents involving U.S. military personnel in Okinawa periodically recur. And while Washington has recently restrained its tendency to lecture Tokyo

on macroeconomic policy, impatience with its delays in tackling structural problems persists in policymaking circles. There is no crisis in the bilateral relationship, but neither are there grounds for complacency about its future. This is consequently a timely moment to draw Japan into a deeper and mutually comfortable political relationship.

U.S.-China Relations

U.S. relations with China have followed a different trajectory over the past decade, fluctuating unsteadily between cooperation and contention, as Washington and Beijing have responded in differing ways to key developments:

- The demise of the Soviet Union removed the central threat that brought Beijing and Washington together. No overriding purpose now binds their fates or impels them to sublimate other interests to shared strategic concerns.

- The Tiananmen incident undermined domestic support in both countries for a broad strategic partnership. It prompted many Americans to doubt whether China was a fit partner for the United States, while many Chinese leaders became convinced that Washington was determined to subvert its political system.

- Taiwan's democratization and the "Taiwanization" of its politics altered the way leaders in Taiwan, China, and the United States viewed the Taiwan issue. Authorities in Taipei ceased claiming to represent mainland China, made little pretense of heeding the "One China" principle, and devoted effort to securing wider international recognition of its achievements and status. As Beijing perceived Taiwan drifting toward separation, it sought new means to persuade, if possible, or coerce, if necessary, Taiwan's fidelity to the One China principle and put renewed emphasis on blocking its quest for wider international recognition. Democratizing reforms in Taiwan, meanwhile, increased the moral dimensions of the island's claim on Washington's defense support and political cooperation.

- China's rapid economic ascent, its rising defense budget, its substantial arms purchases from Moscow, and its occasionally truculent tactics vis-à-vis Taiwan, reinforced the disposition of some American conservatives and liberals to regard Beijing as Moscow's natural successor as principal strategic rival of the United States.

- America's re-emergence as the preponderant regional power in East Asia, meanwhile, reinforced China's determination to take Washington down a notch or two and to collaborate where possible with others to constrain its influence.

These developments clearly complicate the management of U.S.-China relations, inspiring suspicion and mistrust on both sides. Yet despite the ups and downs in their political relationship, U.S.-China economic ties have continued to expand. U.S. exports to China grew about 13 percent annually throughout the 1990s, and investment there tripled in the same period. China even replaced Japan in 2000 as the country with which the United States has the largest bilateral trade deficit. Beijing's approaches to the East Asian financial crisis and East Timor crisis were regarded in Washington as "statesmanlike." At a time when Japan's economy continues to stutter, China has provided an alternate engine for regional growth—a fact generally appreciated by U.S. leaders.

When Moscow posed an ominous and palpable threat, Beijing tolerated, even welcomed, America's alliance with Japan. Now it displays at best ambivalence, and at worst hostility, toward U.S.- Japanese security cooperation. It professes anxiety that the new Defense Cooperation Guidelines, which authorize more explicit Japanese support for U.S. forces in Korean contingencies, may be a forerunner of comparable collaboration in the Taiwan Strait. It is apprehensive that cooperative U.S.-Japanese research on ballistic missile defenses may generate capabilities that could erode China's nuclear deterrent. Generally speaking, these concerns represent a commentary on the unsettled state-of-play in U.S.-Chinese relations.

Coordinating China Policy with Japan

Obviously, the United States and Japan have different equities at play in their respective relationships with China. Yet Washington does share with Japan major aims vis-à-vis Beijing. Both countries benefit if China pursues its objectives in the region peacefully; if it accepts multilateral rules for managing trade and other economic transactions; if it works to avert the proliferation of weapons of mass destruction and combat international terrorism; if it promotes peaceful coexistence between the two Koreas; and if it evolves gradually into a more pluralistic society and political system. Given this abundance of shared aims, harmonizing U.S. and Japanese policies toward China ought to be manageable. Yet there are noteworthy complications. These derive from several sources.

Asymmetries in Perceptions

Japanese and American leaders acknowledge that the "rise of China" represents a shared policy challenge, but differ in their assessment of its nature. American officials tend mainly to

worry that Beijing will emerge as a major military threat. For the intermediate future, at least, Japanese leaders, while far from diffident about China's growing military capabilities, appear equally sensitive about the consequences of China's domestic weakness and its potential for fragmentation and instability. These differing perceptions are, to be sure, matters of emphasis and degree. Japan certainly welcomes the maintenance of a forward-deployed U.S. military presence in the region as a counterweight to China's growing military strength, and Tokyo helps encourage Chinese restraint in the Taiwan Strait by remaining non-committal regarding the applicability of the new Defense Cooperation Guidelines with the United States vis-à-vis Taiwan contingencies. The United States, meanwhile, actively pursues more extensive trade and investment links with China in the hope that this will facilitate a peaceful modernization of China's economy and its broader integration into existing regional and global rule-making institutions.

Differences in Policy Tools

Japan and the United States rely on different policy tools to pursue engagement with China. The United States utilizes a broad array of policy instruments to influence China's external conduct and the evolution of its domestic development. These include 1) military exchanges with the People's Liberation Army;[45] 2) private investment flows and commercial intercourse; 3) support within international financial institutions for economic assistance to China (although the United States has no bilateral aid program); 4) encouragement of China's participation in other international organizations (e.g., the UN, APEC, the International Atomic Energy Association, etc.); and 5) receptivity to the admission of Chinese students in U.S. universities, in hopes that their exposure to American political traditions and ideas will foster more positive attitudes in China toward the United States.

Japan's engagement with China has been heavily oriented toward economics, and its ODA has been a primary tool of policy. This aid has earned Japan some goodwill among Chinese officials and contributed to the expansion of Sino-Japanese trade. Since Japanese aid has long been regarded by Chinese authorities as a form of "reparations," however, few political or economic conditions have been attached.[46] In recent years, doubts about the value and efficacy of aid as a policy tool have grown in Tokyo's political and bureaucratic circles, even, coincidentally, as capital flows from Japan have become relatively less vital to China's economic

[45] The Pentagon is currently reviewing these exchanges.

[46] In the early 1990s, Japan outlined a series of political conditions to shape its global aid efforts. In relation to China, however, these were honored more in the breach than in the observance. Rare exceptions were Japan's decisions to suspend grant aid briefly in response to Chinese nuclear testing activities and the intrusion into Japanese waters by Chinese navy vessels.

development due to the proliferation of other sources. Tough questions are being asked: Why should Japan continue massive aid to Beijing when its own economy is stagnating and China is attaining dramatic growth? Might Japanese aid provide indirect subsidies to China's rapidly rising military budget and its own modest aid program? How does such a sizable assistance effort advance Japan's political aims when few in China are even aware of its existence, let alone inclined publicly to express appreciation for it?

Questions like these fueled the recent government reviews of Japan's aid policy, which recommended modest reductions in aid levels and more rigorous procedures for reviewing Japan's future aid to China. Japan also has a large and growing trade with China, but it is driven more by commercial than by diplomatic aims. Japan's foreign direct investment in China is sizable, yet has fallen behind flows from Greater China (Taiwan, Hong Kong, Singapore) and the United States. Considerable technology is being transferred through these investments, although the Chinese regularly complain about restrictions on such transfers. Japanese schools and universities remain relatively inhospitable to foreign students; bilateral Sino-Japanese security discussions exist, yet have not expanded rapidly; and the generation of China's "old friends" in the LDP is dying off at a time when Taiwan seems to be doing a more effective job than Beijing of cultivating links with younger Diet members.

Japan's large and growing trade with China is driven more by commercial than diplomatic aims.

Differing Diplomatic Approaches

The United States and Japan also possess contrasting diplomatic styles vis-à-vis China. Americans tend to be direct, blunt, occasionally confrontational, and full of missionary zeal; they relish unvarnished intellectual give and take, open debates, and "straight talk." Japan is more reluctant to expose its differences with others publicly; its diplomacy often advances through the incremental accumulation of nuance; its officials are comfortable with the distinction between *tataemae* and *honne*—public rationalizations versus genuine motivations. They are generally risk averse. The United States openly proclaims its interest in reforming political arrangements in other societies and has been a frequent proponent of "humanitarian intervention." The Japanese are loathe to assert public judgments about others' domestic affairs, and, since they consider their society to be unique, it is difficult for them even to imagine exporting their institutions. They are less disposed to use or threaten sanctions to accomplish diplomatic aims, preferring carrots to sticks. Not surprisingly, Japan's commercial relations with China have generally evolved more smoothly than those of the United States, while

human rights issues rarely provide the focus for diplomatic friction between them. Yet the failure of the Japanese to address issues of history in a straightforward fashion with China has left that major source of misunderstanding unresolved, and, as China becomes more competitive, trade frictions seem destined to grow.

These differences notwithstanding, there has been a fair degree of parallelism in the approaches Washington and Tokyo have adopted toward China. Together, they facilitated China's entry into a variety of regional and global multilateral institutions. Both have encouraged Beijing's market-oriented economic reforms and urged it to extend the predictability of its commercial law. Washington and Tokyo have sought China's acceptance of the U.S.-Japan alliance as a contributor to stability in the East Asian balance of forces. Both have urged Beijing to increase the transparency of its strategic doctrine, its defense budget, and its military exercises. The United States and Japan have pushed China to play a stronger role in restraining the spread of weapons of mass destruction. Washington and Tokyo have solicited Beijing's collaboration in fostering peaceful coexistence between North and South Korea. And both have urged restraint and patience in China's approach to Taiwan and in the pursuit of its maritime claims in the East and South China Seas. In short, there has been plenty of scope for working together, where U.S. and Japanese interests vis-à-vis China converge.

Future Policy Challenges for the Bush Administration

The Bush administration has undertaken significant efforts to differentiate its approach to both Japan and China from that of its predecessor. Vis-à-vis Japan, it has signaled its desire for a revitalized alliance, closer diplomatic coordination, and a more harmonious pattern of economic cooperation. Meanwhile, it is poised to bolster its security posture in Asia to cope with a potentially more assertive China, even as it extends support for Beijing's fuller integration into the Asian and world economy. Not surprisingly, these efforts have evoked greater resonance in Japan than in China, although, in fact, they produced some disquiet in Tokyo as well as in Beijing.

Consolidating the U.S.-Japan Alliance

The administration has strongly signaled a priority interest in cultivating close friends and allies—Tokyo first among those in Asia.[47] The president appointed a national security team

[47] For good reason: The U.S. alliance with Japan has lasted for half a century; Japan still represents nearly two-thirds of Asian economic output; and it has the world's second largest defense budget.

whose key members display a strong empathy for Japan and in some cases possess close ties with its leaders. The Bush administration selected Howard Baker, one of America's most distinguished political figures, as its Ambassador to Japan. It has highlighted its devotion to free trade, initiated renewed efforts to secure "trade promotion" authority, and underscored its hopes for Tokyo's collaboration in designing a new multilateral forum for Asian cooperation. It has refrained from gratuitous public advice to Tokyo on economic policy and indicated a readiness to tolerate a weaker yen if that is the byproduct of genuine economic reform. The administration has established new sub-cabinet level fora for the review and management of the U.S.-Japanese security relationship and economic ties. A senior State Department official, Richard Armitage, even floated the idea of new security consultative arrangements that would embrace Australia and South Korea as well as Japan and the United States.

These steps notwithstanding, the administration's rejection of the Kyoto Treaty disconcerted Tokyo. The Bush administration's overtures for Tokyo's endorsement of its plans for ballistic missile defenses prompted public Japanese expressions of "understanding" rather than support. U.S. skepticism toward some features of Kim Dae Jung's "sunshine policy" provoked misgivings among Japanese officials. In addition, the administration's early management of U.S. relations with China prompted apprehensions that America might seek to push Tokyo toward choices between Washington and Beijing that Japanese leaders invariably prefer to avoid.

With Tokyo, the most immediate policy challenges may fall into the security sphere, a prospect that was reinforced by terrorist attacks in New York City and Washington, DC, on September 11, 2001. The Bush administration has expressed an understandable urge to revitalize the alliance with Japan, and it is a timely moment for a thoughtful adjustment of its supporting arrangements. A "realistic" mood permits a more reflective Japanese public debate on defense matters. In defiance of longstanding political taboos, Prime Minister Koizumi has acknowledged sympathy for the right of collective self-defense and expressed readiness to countenance revisions of the constitution to accomplish it. In a widely noted article in *Chuo Koron*, a leading diplomat, Deputy Foreign Minister Ryozo Kato recently emphasized the need to reinvigorate and sustain the U.S.-Japan alliance, given its vital role in protecting Japan's lifeline to the Middle East.[48] Meanwhile, the Pentagon's focus is shifting from the Atlantic to the Pacific. In the Pacific, a rising China is Washington's priority geostrategic concern. Both missile defense and other by-products of the so-called "revolution in military affairs" demand a tighter integration of information sharing with key U.S. allies. Constrained defense budgets may force the United States to rely more heavily upon allies in contingencies, including peacekeeping and

[48] Kato Ryozo, "Nichi-Bei domei no kudoka o osoreru," *Chuo Koron*, December 2000.

humanitarian intervention. In a report authored in October 2000, Deputy Secretary of State Richard Armitage suggested that America's "special relationship" with the United Kingdom might serve as a model for future security ties with Japan.[49]

Thoughtful Japanese respond to the U.K. analogy with ambivalence. They welcome an American desire for more intimate security and political links but wonder if there is a hidden agenda. While the United Kingdom shares some similarities with Japan—both are democratic, trading nations located just off the Eurasian landmass—there are notable dissimilarities as well—the United Kingdom is a nuclear power, a permanent member of the Security Council, and "partner of first choice" when the United States decides to intervene militarily around the world. British leaders typically enjoy a solid parliamentary majority and are accustomed to asserting a lead on international security issues. Japan has abjured nuclear weapons; its bid for a permanent Security Council seat has been frustrated; and it remains uncomfortable contemplating overseas military engagements sponsored by the United Nations, let alone those organized by "coalitions of the willing." It consequently worries that, if Washington uses the model of security cooperation with London as the benchmark for what it expects of Tokyo, Japan will face a host of unwelcome and troubling choices.

Thoughtful Japanese welcome an American desire for more intimate security and political links but wonder if there is a hidden agenda.

In the end, much depends on whether Washington regards the U.K. model as a long-term aspiration or a short- to medium-term roadmap. If the latter, it is likely to be disappointed. While Japan's leaders are now more forthright in publicly acknowledging security dilemmas that have long been taboo, there is as yet no public consensus on Japan's right of collective self-defense. The LDP is unlikely to escape soon from the need for coalition partners in order to govern, and most of the available partners continue to reflect Japan's post-war aversion to overseas military responsibilities. An urgent need to foster economic structural reform will divert attention and limit resources available for security policy initiatives, but the Northeast Asian security environment does not demand urgent changes in Japan's defense policy.

The great power balance, as noted, appears more benign than threatening. Japanese worries about a "China threat" are scarcely palpable or urgent. North Korea would pose a military menace to Japan only if it were prepared to engage in acts of suicidal desperation—a

[49] Coauthored by Harvard Professor Joseph Nye, *The United States and Japan: Advancing Toward a Mature Partnership*, Institute for National Strategic Studies, National Defense University, October 2000.

prospect that currently occasions few sleepless nights among Japanese officials. While senior members of the Bush administration would clearly welcome a Japanese decision—whether through a revision or a reinterpretation of the constitution—to assert a right of collective self-defense, an effort to accelerate such a decision through the application of *gaiatsu* (or external pressure) would likely complicate Japan's debate on this issue and possibly prolong the consensus-building process.

All this said, Prime Minister Koizumi is demonstrating that it is possible to remove or modify obstacles to closer defense cooperation. For example, the Cabinet Legislative Bureau has argued that actions taken by Japanese forces supporting the United States—even logistic activities authorized under recently revised Defense Cooperation Guidelines—would violate the constitution if they directly related to the use of armed force. Such an interpretation would have the perverse effect of prohibiting Japan's defense cooperation when it was most needed, thereby undermining the intent of the revised guidelines. Koizumi is committing real political capital to the adjustment of such interpretations. The extraordinarily detailed restrictions on Japanese personnel assigned to UN peacekeeping operations are being relaxed. The scope of Japan's naval cooperation and the protection of sea lanes of communication vital to Washington and Tokyo is being extended. The scope for collaboration in combating international terrorism is being substantially broadened. And there is no obvious reason why America cannot display greater flexibility in responding to Japanese desires for a less imposing U.S. military "footprint" in Okinawa.

Such adjustments are never easy. As a prominent journalist has recently noted, the residual imbalance in the U.S.-Japan security relationship "is due less to the absence of any obligation upon Japan to defend its ally, than to the pervasive indifference among senior Japanese politicians toward any development beyond Japan's own shores." Prime Minister Koizumi represents a harbinger of change in that respect. His response to recent terrorist acts against the United States is instructive. The seven-point plan he announced on September 19, 2001, was clearly designed to extend more forthright support in the battle against terrorism than Japan was able to muster vis-à-vis the Iraqi invasion of Kuwait in 1990–91. The plan promised a variety of non-combat support—e.g. transportation, communications, and medical services—in the event of a retaliatory strike, as well as humanitarian assistance, refugee relief, and appropriate steps to get Afghanistan's economy moving. Thus, it appears that Japan is preparing to share the risks as well as the costs of collective action to deal with this new and menacing threat.

Washington is most likely to assist timely adjustments in Japanese security policy if it consults thoroughly and regularly with Tokyo officials, while avoiding direct intervention in

Japan's long overdue public debate on these matters. To be sure, a Japanese consensus on matters such as these could take shape quickly if China were to embark on a provocative and aggressive external policy. Barring that, Japanese leaders prefer an American approach to China marked by vigilance without truculence, and that seems a sensible course for the United States to pursue.

Dealing with China Prudently

Bush administration policy toward China is still in flux. The surveillance plane incident in February 2001 colored the early definition and articulation of its approach, generating apprehension on both sides of the Pacific. Subsequent events—a robust arms sales package for Taiwan, President George W. Bush's statement that the United States would do "whatever it takes" to help Taiwan defend itself, the Pentagon's curtailment of military-to-military exchanges with Beijing, President Chen Shui-Bian's prolonged transit stop in the United States, the Dalai Lama's Oval Office meeting with President Bush, Deputy Secretary of State Armitage's decision to skip Beijing in his round of Asian briefings on future missile defense plans, and other examples, reinforced the impression that Washington regards Beijing as more of a "competitor" than a "partner." To be sure, U.S. Trade Representative Bob Zoellick's zealous efforts to facilitate Beijing's entry into the WTO; the administration's plans to avoid opposing China's bid to host the 2008 Olympic Games; high-level meetings between Secretary of State Colin Powell and President Bush and Chinese counterparts; and new American security concerns regarding terrorism all provide welcome opportunities to clear the air and highlight more collaborative aspects of the relationship. Washington's approach to China remains a work in progress.

China is the Asian country with the greatest potential to emerge as a future rival of the United States.

China is the "change agent" in the Sino-Japan-U.S. triangle. The United States and Japan are essentially status quo powers; it is Beijing that may wish to alter the map. China is certainly the Asian country with the greatest potential to emerge as a rival of the United States at some future time. Its economy is growing rapidly. It is modernizing its defense capabilities. Fearing Taiwan's drift toward independence, China is resolved to arrest it. For the most part, it is gearing its strategy to economic incentives and tactical political maneuvers. Beijing has also been augmenting its ability to support a coercive diplomatic option vis-à-vis Taiwan, not least by acquiring military capabilities designed to restrict the U.S. ability to come to Taiwan's aid in contingencies. In the Chinese leadership struggle that is emerging,

moreover, there is no shortage of "hard liners" who regard the United States as the "main enemy."[50] China's leaders, bereft of a plausible ideological appeal and confronted by growing pressures for wider participation in politics, may turn to a more strident form of nationalism to bolster domestic legitimacy. This, in turn, could herald a more assertive foreign policy. The recent surveillance plane incident demonstrated the latent nationalism in China that can be readily mobilized against the United States. Moreover, the Chinese are not reticent about their own leadership aspirations in Asia or reluctant to characterize America's presence in the region as an obstacle to its ambitions. Beijing has openly acknowledged its concerns about American "hegemonism" and scarcely conceals its efforts to collaborate with others to check the U.S. influence.[51]

These are facts, yet they do not place the United States and China upon an inescapable collision course.

- China cannot be a realistic military competitor of the United States for years, if not decades. In any comparative sense, its nuclear deterrent is quite limited; its defense equipment antiquated; it has no real Asian allies; its capacity to project power over distance is modest; and if anyone's relative power is increased by the "revolution in military affairs," it is America's.

- While China's economic development has been swift, its leaders face formidable political challenges. Future growth prospects demand a continued commitment to a policy of reform and openness. China's stake in open world trade and its impending entry into the WTO appear to have reinforced its commitment to multilateral trading rules. And there is little doubt that China recognizes the value of its access to U.S. markets and investors.

- The calculus that further development of a market-oriented economy in China will intensify pressures for pluralistic politics seems plausible, though no "sure thing." China's growing interdependence with its trading partners—including Taiwan—does limit its diplomatic options, but it is no guarantee of a peaceful foreign policy.

- Diplomatically, China's interests will on occasion conflict with those of the United States, and at times converge. There is no reason to assume Beijing will be the principal U.S.

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[50] See for example the recently published defense white paper for evidence of PRC concerns about the United States. *China's National Defense in 2000*, Beijing: State Council, October 2000.

[51] Most recently China joined with Russia and four Central Asian republics in the Shanghai Cooperation Organization to castigate U.S. missile defense plans and open the door for joint military exercises and other forms of security cooperation.

diplomatic rival. China is not driven by ideological zeal. The legitimacy of its government depends more heavily on its ability to produce stunning economic progress, for which purpose U.S. cooperation is still highly coveted. Its military and economic capabilities are increasingly impressive, but it should not be forgotten that China is surrounded by powerful neighbors. To provoke others at a time when it needs their help would be recklessly imprudent. If China should attempt to dominate Asia through aggressive policies, America will surely resist. But at a time when Beijing does not have the capacity to achieve regional domination, a confrontational strategy would be feckless and counterproductive.

Major Challenges in Triangular Diplomacy

In the years immediately ahead, the content of U.S. active engagement with Japan and China should focus on three broad tasks: 1) collaborating with each to encourage a peaceful resolution of the Taiwan issue and peaceful coexistence on the Korean peninsula; 2) shouldering a share of the costs of "common goods" in the Asian region commensurate with U.S. interest in reminding Tokyo and Beijing of their stake in close ties with the United States; and 3) addressing the new challenges of nuclear and missile proliferation and terrorism.

An essential precondition for coordinating U.S. diplomatic efforts with respect to Taiwan and Korea is the revitalization of strategic dialogues with Japan and China respectively. Neither has flourished in recent years. The wide-ranging discussions of strategic issues that marked authoritative Sino-American exchanges in the 1970s and 1980s gave way in the 1990s to sterile, reciprocal litanies of complaint. Although Washington and Tokyo retain an elaborate structure of formal consultations, in recent years they rarely produced a thoughtful dialogue on big issues. Some of the big issues that need to be addressed and their possible solutions are enumerated below.

Consolidating a Favorable Status Quo in Northeast Asia

The Taiwan issue is the most important and delicate matter requiring policy coordination between Washington and Tokyo. Arguably, the potential dangers of conflict in the Strait are growing. Beijing fears that time is no longer working in its favor. Taiwan's authorities, facing a democratic electorate, must be sensitive to voters who see few incentives to unify with the mainland. Political and military communications between Beijing and Taipei remain thin and strained. Each side has robust plans for augmenting its military capabilities.

At the same time, informal and unofficial patterns of economic cooperation between Taipei and Beijing continue to expand. Beijing has observed past efforts at coercive diplomacy against Taiwan backfire. Democracy may limit Taipei's options with respect to unification, but the good sense of the voting public also may temper the zeal of pro-independence leaders. The United States has begun to clarify its intentions vis-à-vis both Taipei and Beijing more forthrightly.

The challenge will be to figure out how to live with a problem that may be subject to amelioration, but is not yet ripe for final resolution. Mao Tse-tung and Deng Xiaoping expressed confidence that a solution to the Taiwan issue would come in the fullness of time. Beijing's leaders now exhibit growing impatience with the absence of progress toward unification; Taipei is growing impatient with the obstacles to its wider international recognition. Washington and Tokyo need regularly to enjoin both China and Taiwan to exhibit flexibility, restraint, and patience in searching for an accommodation through dialogue.

A number of factors facilitate parallel U.S. and Japanese policy approaches. Washington and Tokyo normalized relations with China on the basis of similar principles. Each enjoys a substantial relationship with Beijing, while sustaining robust, albeit unofficial, ties with Taiwan. Each recognizes a stake in seeing differences between Taiwan and the PRC resolved peacefully; each would benefit from the resumption of a productive cross-Strait dialogue. Neither the United States nor Japan covets the role of diplomatic middleman between Taipei and Beijing; each recognizes that responsibility for defining the modalities of China's relationship with Taiwan must rest with the parties directly concerned. Each of the governments has welcomed the democratization of Taiwan and understands that its leaders desire greater international recognition. Neither wishes to see Taipei initiate unilateral changes in the status quo, which might provoke a military clash with Beijing.

These similar perspectives notwithstanding, tensions in the Strait invariably expose potentially different responses from Washington and Tokyo. The U.S. role as "balancer" and "broker," legal obligations under the Taiwan Relations Act, and widespread expectations in Taiwanese and U.S. policy circles that America will supply the support necessary to deter China from employing force or coercive diplomacy against Taipei leaves the United States with a significant responsibility for preserving a military equilibrium in the Taiwan Strait. Japan has foresworn arms exports and overseas combat responsibilities. Current Defense Cooperation Guidelines with the United States imply a readiness to perform logistic and rear area support functions if contingencies arise in areas adjacent to Japan, but whether Japan would be able or willing to act decisively to implement them in a Taiwan contingency remains to be seen.

Formal U.S.-Japan consultations on Taiwan contingencies are obviously delicate. Japanese officials generally wish to avoid the appearance of officially endorsing American actions (including the sale of arms), and American officials are attentive to congressional sensitivities that U.S. policy toward Taiwan's security not be diluted by the qualms of allies. Yet Japan feels the consequences of U.S. actions vis-à-vis Taiwan and as an ally deserves at least an informal opportunity to have its views taken into account before decisions are made. In the end, Tokyo's readiness to support U.S. actions will depend upon whether it believes its interests are reflected in the choices the United States makes.

With respect to South Korea, the United States and Japan developed exemplary trilateral consultative relations with Seoul in the late 1990s. Current frictions in South Korean-Japanese relations put these at some risk. Proactive efforts are needed to get trilateral discussions back on track. At the same time, it would be wise to consult with China with greater frequency on Korean issues. Both Beijing and Tokyo support the 1994 Agreed Nuclear Framework Agreement, both are eager to avert missile testing and deployment by Pyongyang, and both favor the development of a serious North-South dialogue.

U.S. interests, of course, do not coincide completely with those of Tokyo and Beijing. All three countries compete for influence on the Korean Peninsula. Its reunification would arguably suit America's interest better than Japan's or China's. Still the test of effective triangular policy coordination is whether the outside powers can supply parallel incentives to encourage Seoul and Pyongyang to reduce tensions, temper the risks of nuclear and missile proliferation, establish wider people-to-people contacts, resume a serious North-South dialogue, and foster greater economic integration of the peninsula through market oriented reforms in the North.

Investing in Asia's "Public Goods"

As Joseph Joffe has noted, the United States has frequently acted as "foremost producer of global/regional public goods," whose essence is that "anybody can profit from them once they exist."[52] The U.S. role will be particularly important in two spheres—promoting freer global trade and nurturing the nascent institutions of a Pacific community even when they may impose some limits on our own diplomatic maneuverability.

As the world economy faces sluggish growth, there is an urgent need for closer cooperation among the major economies. The United States, Japan, and China together represent

[52] Joseph Joffe, "Who's Afraid of Mr. Big?" *The National Interest*, no. 64 (Summer 2001), p. 51.

more than 40 percent of global output. Macroeconomic consultations among them consequently assume a growing importance. While the Japanese and U.S. economies have been stalling, China remains the main engine of growth in the Asian region. Beijing's accession to the WTO was complete on December 11, 2001, but, if history is any guide, assuring the effective implementation of that agreement will be at least as demanding as negotiating the terms of its membership. Implementation will proceed more smoothly if the United States and Japan provide parallel incentives and, perhaps, more practical forms of technical or financial support to facilitate the far reaching adjustments in China's economy that adherence to the agreement will require.[53] A concerted effort to encourage the timely and vigorous implementation of WTO rules would not only serve our respective commercial interests, but would help keep Chinese economic reforms on track.

The corollary is also clear: Tokyo and Washington should keep each other honest in carrying out those concessions that were extended to elicit a generous negotiating offer from Beijing. Political courage will be required by Japanese and American leaders in resisting domestic protectionist forces seeking to limit Chinese exports of textiles, agricultural products, and other goods in which Beijing enjoys a comparative advantage. This will be tough on both countries at a time when growth has slowed and unemployment is creeping upward.

Struggles over bilateral trade issues may constitute a diversion from the larger task of working with Japan and China to establish a fruitful agenda for a new round of multilateral trade talks. Given its weight in the global trading system and its apparent resolve to represent the views of a wider range of developing countries, China will be a major force to reckon with in those negotiations. Trade officials have still not fully defined the contours of a "grand bargain" around which successful multilateral negotiations might be organized.

Given its weight in global trading, China will be a major force to reckon with in future trade negotiations.

The direction of future regional economic cooperation in Asia remains unclear. Some, like Fred Bergsten, director of the Institute for International Economics, worry that "East Asia for the first time in history is creating its own economic bloc which could include preferential trade arrangements and an Asian monetary fund."[54] Indeed incipient moves to establish an

[53] This would require greater policy flexibility by the United States since at present it is the only G-7 country that provides no official assistance at all to Beijing.

[54] Bergsten, "America's Two Front Economic Conflict," p. 19.

Asian free trade area, supported by China and Japan, have surfaced against the backdrop of APEC's weakness. Momentum for pan-Asian regional cooperation, moreover, is accelerating at a time when prospects for a new multilateral trade talks remain uncertain, and Europe and North America are moving to accelerate economic integration in their own regions.

None of the moves toward wider pan-Asian regional cooperation taken to date are inherently threatening to the United States, and there is little justification for opposing efforts by Asians that America has already put in motion in its own hemisphere, as have the Europeans in theirs. Yet both Washington and Tokyo have strong incentives for insuring that no dividing line is drawn down the middle of the Pacific. Japan needs the United States as a "market of last resort." The United States needs Japan's abundant capital flows to offset its declining rate of household savings and to finance the gigantic current account deficit. There is little likelihood of progress toward new multilateral trade negotiations, unless three of the world's largest economies get behind that project and work with other major trading nations to push it forward. It may also be desirable to pursue new cross-regional free trade agreements to soften regional alignments.

These steps are required not merely to cushion the United States against the effects of pan-Asian regionalism but also to counter growing resistance to globalization within the United States—a task made all the more challenging by the current economic slowdown. Discussions between Washington, Tokyo, and Beijing may now naturally gravitate toward regional issues on which they might find common ground. That would be a salutary change.

Addressing New Security Challenges

We face some delicate challenges coping with new security problems. The proliferation of ballistic missiles and weapons of mass destruction among potential "disturbers" of the international status quo and the more acute dangers posed by international terrorism offer the most immediate and demanding policy dilemmas.

Ballistic Missile Defenses

In important respects, Washington and Tokyo share common ground. Both governments recognize potential benefits from the development of ballistic missile defenses—the United States because of its concern about "rogue" states, terrorists, and accidental launches; Japan because its national security philosophy centers on defending the nation while forswearing offensive capabilities. Both nations possess the technological prowess to develop missile defenses and are already collaborating on joint research. Both are affected by the proliferation of ballistic missile capabilities in the Asia Pacific region.

For Japan the decision to pursue research is relatively easy; it keeps future options open. To support development and deployment will be more politically challenging, as the financial and diplomatic costs will then begin to rise dramatically. If Japan has extended "understanding" rather than "support" for the Bush missile defense concept, this reflects genuine ambivalence in its government's thinking. If effective missile defenses are technically possible to acquire at manageable costs, many Japanese would recognize their value. Reliant for its security on a powerful ally, Japanese authorities are naturally reluctant to express outright misgivings about a priority program of the Bush administration. At the same time, many security analysts in Japan expect China to respond to a U.S. deployment of missile defenses by expanding the size of its own offensive missile force—an outcome Japanese fear, given residual uncertainties about the efficacy of missile defenses.

If America can protect itself against missile attacks, this could bolster deterrence against Chinese coercive threats toward Taiwan. Japan would covet such protection for itself, if it were feasible at reasonable financial and political costs. This provides an additional interest in preserving privileged access to U.S. defense technology. Of course, not all Japanese would be reassured to see the United States acquire an additional margin of usable power against other states. From Japan's standpoint, therefore, it may be easier to manage its equities with Washington and Beijing if Washington moves deliberately toward a decision on deployment. Clearly, there is the potential for policy disconnects not only between the United States and China, but between Washington and Tokyo as well.

Combating International Terrorism

The September 11 terrorist attacks against the World Trade Center and the Pentagon put another issue on Washington's agenda with both China and Japan. To be sure, terrorism is not new. But the sheer audacity of these attacks, the scale of civilian casualties, the absence of specific demands from its fanatical perpetrators, and the fact that these attacks seem to emanate from broad, though amorphous, terrorist networks operating with a "global reach" have jarred the world into a belated realization of the seriousness and immediacy of this problem.

The Bush administration characterized the attacks as "acts of war," summoned the American people to prepare for a long and complex struggle, and has embarked on an effort to mobilize a broad international coalition to combat terrorists and those who provide them with support and refuge. President Bush, in noting that recent attacks provided his administration with a "mission and a moment," signaled a more fundamental reshaping of the broad contours of American foreign policy. Clearly counterterrorism, and all that implies, has taken center stage in U.S. foreign policy priorities. The post-Cold War era has ended.

We now have a new preoccupation abroad, and U.S. perceptions of the value attached to specific bilateral relationships will be adjusted in the light of other governments' readiness to join and continue this new struggle.

Tokyo's initial response—Prime Minister Koizumi's expression of political solidarity and his enumeration of a seven point program designed to provide specific forms of tangible support—were welcomed in Washington. By contrast with its initial response to the Gulf War, Japan's statements confirmed a readiness to extend to the United States and other members of an international coalition rear area support as long as such commitments do not engage Japan directly in combat missions. In addition, the Japanese government declared its readiness to cooperate on refugee relief and other humanitarian activities, to extend economic support to frontline states, to share intelligence and collaborate in law enforcement efforts, to work through other central and commercial bankers to squeeze the financial resources available to terrorist groups, and to help facilitate the establishment of a broadly based government in Afghanistan. Thus, Tokyo appears poised to play an ambitious role as a member of "the posse" that the "reluctant American sheriff" is assembling. The steps Japan is taking will move Japan decisively toward some middle ground between the hypernationalism of World War II and what some have described as the "toothless pacifism" of its post-war defense policy.

Beijing's initial reaction was more forthright, but cautious—condemnation for the perpetrators, condolences to the victims, an expressed willingness to participate in intelligence cooperation directed against terrorists, and a noncommittal attitude toward joint action against Osama bin Laden and the Al Qaeda network.

The terrorist challenge potentially offers opportunities for deeper cooperative links with Beijing. The Chinese government faces its own problems from Muslim extremists in Xinjiang. Chinese officials hope that a new strategic focus on terrorism will reduce the tendency of Americans to view China as an emerging "threat." Chinese support could be particularly consequential in facilitating Pakistan's collaboration and, perhaps, encouraging greater cooperation against terrorism from countries like Iran and Syria. Still Beijing is likely to view American military actions mounted from Central Asia with reservations and may be tempted to link support of U.S. counterterrorism strategy to U.S. actions on its own preeminent concerns—e.g., Taiwan and Tibet.

In coordinating policy on this issue and on others, the Bush administration needs to recall the importance of "gardening" as a central feature of its diplomacy with both Tokyo and Beijing. Its perfunctory dismissal of the Kyoto Treaty without forewarning discomfited

Japanese officials,[55] as did the casual way in which it "dissed" Kim Dae-Jung's sunshine policy when he visited Washington in March 2001. The Bush administration's dismissal of traditional approaches to arms control out of a concern to preserve maximum flexibility provokes uneasiness among Chinese and Japanese leaders alike. The Clinton administration's rhetoric about "assertive multilateralism" was mainly just talk. But for all the power the United States now deploys, it knows it cannot advance its agenda without friends. The terrorist challenge reinforces that underlying truth. The real war against terrorism requires "pick and shovel" work involving police forces, intelligence services, and covert action capabilities. The United States cannot manage this alone. Indeed, America needs others as much as they need it in this fight. And America cannot mobilize the support of friends—let alone the occasional assistance from competitors—if it betrays indifference to their interests and concerns. Happily, Washington has absorbed this lesson. As Colin Powell recently observed, "Nobody's calling us unilateral any more. We're so multilateral, it keeps us up 24 hours a day checking on everybody."

Conclusion

We have reached a turning point in the management of triangular relations between the United States, Japan, and China. A new administration in Washington is determined to play a more selective international role, while concentrating its attention on major power relationships, particularly in the Far East. It has put together a seasoned foreign policy team, and it was presented on September 11 with an overriding mission. For the moment at least, this has aroused an impressive spirit of domestic resilience and international solidarity, but the struggle against terrorism is complex and will require perseverance. The Bush administration will be judged by contemporaries and history by how well it meets that challenge. Japan, meanwhile, has a popular new leader committed to promoting structural reform, but its economy has entered a dangerous deflationary cycle. Prime Minister Koizumi's ability to overcome resistance to reform at home and demands for a more ambitious external security policy are now being tested. Japan remains heavily dependent upon the United States for its security, but its public is sensitive to American criticism and pressure and nationalist sentiment appears on the rise. China's economy remains robust, but its elderly political leadership faces its own succession challenge. Its response to the Falun Gong sect exposes an extraordinary sense of insecurity; its response to the surveillance plane incident with the United States is a reminder of its prickly self-assertiveness in dealing with Washington, even

[55] Though U.S. substantive misgivings about the Treaty were well known and meritorious.

though cool heads ultimately prevailed. The quest for practical and consequential ways to cooperate against international terrorists presents a new challenge and a new opportunity.

Washington's ability to keep relations with these two powerful, proud, yet vulnerable, great powers will require a clear sense of priorities and steady nerves. It is a timely moment to buttress security ties with Japan, but Tokyo's economic weakness and political confusion, when added to China's primordial fears of isolation and containment, suggest that America proceed deliberately without demanding or expecting too much, too soon. Tactically, the time is ripe to test whether coordinated diplomatic efforts can move the North-South dialogue in Korea forward while reducing the dangers of nuclear and missile proliferation on the peninsula. Economically, the United States can afford to respond to expressions of pan-Asian regional cooperation with calm detachment only so far as it simultaneously keeps its bilateral economic ties with Beijing and Tokyo on a solid foundation, joins with Tokyo in facilitating China's smooth entry into the WTO, softens the effects of Asian regionalism by working to initiate a new multilateral trade round, finds ways of preserving its stake in the international financial institutions, and pumps new life into trans-Pacific economic cooperation arrangements. And most urgently, the new dangers presented by terrorism raise questions as to whether America can, in consultation with Japan and China, fashion new ways of working with both.

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