

CHAPTER II

Progress, Problems, and Trends

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RELATIONS AMONG China, Japan, and the United States are critical to global and regional developments. On the one hand, the trilateral relationship is undergoing some encouraging and positive readjustments, while on the other hand the three countries still have fundamental differences. Indeed, progress and problems tend to co-exist in trilateral relations.

With the current trend favoring peace and development, the international environment as a whole is conducive to cooperation among these three major countries. The world is moving toward multipolarity but at a slower pace than before the Asian financial crisis. The financial crisis, which started in Thailand in July 1997, quickly spread to other Asian countries, thus bringing to a halt decades of rapid economic growth in the Asia Pacific region. China, Japan, and the United States—all major global powers—have bilateral and/or trilateral relations that are closely linked to development around the world. However, their major focus of interaction is in the Asia Pacific region.

During the transition to a multipolar world order, China, Japan, and the United States are governed by a combination of old and new ideas and beliefs. Some ideologues hold that the Japan-U.S. relationship is between two democracies, whereas the China-U.S. relationship is between a totalitarian country and a democratic country.

Geostrategists, on the other hand, posit that China-U.S. relations are likely to surpass Japan-U.S. relations in significance in the near future. These views have somewhat confused the public and have influenced government policies suitable for the new realities. However, in general the recent trend in trilateral relations emphasizes consultation, coordination, and cooperation.

In the past year, the United States continued to enjoy steady economic growth and to display a commanding lead in such areas as the telecommunications and information industries. Some analysts, nonplused by the staying power of this "new economy," are even questioning if the U.S. economy will again experience typical business cycles. The Clinton administration has also achieved some progress in foreign policy—in Bosnia and with North Atlantic Treaty Organization (NATO) expansion. Nevertheless, although the United States remains the world's sole superpower its ability to control world affairs is declining.

China continues to pursue reform and more open policies. Its continued rise as a global power has become irrefutable. In the past year, China not only has improved its relations with both Japan and the United States but also has nurtured its relationships with other small and medium-sized countries in the Asia Pacific region. China's prudent handling of the Hong Kong reversion and resolute shouldering of responsibility in the ongoing Asian financial crisis have won it general admiration in the international community.

Japan, however, continues to be beset by a weak and divided leadership and a troubled economy. It has been criticized as being irresponsible in international affairs for its conduct vis-à-vis the Asia financial crisis. In terms of the trilateral relationship, Japan has keenly observed, and with some apprehension, the recent rapprochement between China and the United States. Following President Bill Clinton's decision not to stop in Japan during his China trip and the China-U.S. initiative that excluded Japan from multilateral discussions of the South Asian nuclear crisis, Japan appears to be rudderless in its international affairs, expressing its obvious displeasure with recent events by criticizing what it refers to as "Japan passing."

Given these circumstances, the bilateral and trilateral relations of China, Japan, and the United States are in transition. Although the Japan-U.S. relationship still serves as the cornerstone of the United

States' Asia Pacific policy, the improvement in China-U.S. relations, as symbolized by the exchange of state visits by Presidents Jiang Zemin and Clinton, has narrowed the gap with the Japan-U.S. link. Sino-Japanese relations, despite occasional setbacks and difficulties, are generally improving. Indeed, the three countries are exploring ways to further improve their trilateral relations.

Of course, there are other players to consider in Asia Pacific affairs. Russia has recently refrained from playing a major role because of its domestic troubles. The Association of Southeast Asian Nations (ASEAN) has kept a somewhat low profile as its member countries are concentrating on internal affairs in the wake of the Asian financial crisis. Recent nuclear tests have made South Asia more prominent in global and regional affairs, and the Korean peninsula remains a trouble spot. The influence of these countries complicates the China-Japan-U.S. relationship. However, on balance these nations play more of a positive than a negative role in promoting improved cooperation among China, Japan, and the United States.

Some recent events, particularly the Asian financial crisis, the Iraqi chemical weapons inspection fracas, and the South Asian nuclear tests, have required China, Japan, and the United States to extend mutual consultation and cooperation. Significantly, the three countries for the first time not only are able to but also must coordinate their economic and financial policies. This may usher in a new era in which the three will establish a necessary framework for consultation and coordination in a variety of fields.

CHINA'S ENHANCED ROLE

China's domestic situation and elevated international status have further improved its position vis-à-vis Japan and the United States. Recently, China smoothly regained sovereignty over Hong Kong in adherence to its principle of "one country, two systems," and the Chinese Communist Party successfully accomplished orderly leadership changes during its 15th Congress and the First Session of the Ninth National People's Congress. In its external relations, China continues to pursue a peaceful and independent foreign policy. China has shown great responsibility in dealing with the Asian financial

crisis and nuclear nonproliferation. These efforts have greatly elevated China's position in international affairs and in Japanese and U.S. foreign relations.

China's recent success in improving its relations with the United States has been significant. In October–November 1997, President Jiang visited the United States, and the two countries concluded a joint China-U.S. statement declaring their intention to form a constructive strategic partnership. In June–July 1998, President Clinton returned the favor with an equally successful visit to China. This first round of China-U.S. summits has advanced bilateral relations to a higher level, symbolizing the renormalization of ties. The proposed strategic partnership has served both as a framework for interaction by both sides and a goal both can strive to achieve.

China-U.S. relations over the past few decades have focused on four major issues: human rights, trade deficits, nuclear nonproliferation, and Taiwan. The two countries have made marked progress on the nonproliferation issue, seen the Taiwan issue stabilize, played down the human rights question, and continued to work at reducing trade deficits. As long as no new, seriously damaging issues arise, China and the United States should continue to move toward sustainable improvements in their relationship.

China has continued to single out the revised Guidelines for U.S.-Japan Defense Cooperation for criticism, reprimanding Japan in particular for including Taiwan in its coverage perimeters. China has also been vigilant in watching for any indications that the Japanese government may try to change its policies toward Taiwan. This may partially explain why the two countries have not yet established a partnership *per se*.

Nevertheless, China has been working hard to improve its overall relations with Japan. Japan has become China's second largest trading partner and source of foreign investment. China seeks to maintain good relations with both Japan and the United States. President Jiang's visit has helped to define the nature of the Sino-Japanese relationship at the start of the new century.

China has been acting responsibly in its handling of Asian regional affairs. In the recent Asian financial crisis, China firmly committed itself to nondevaluation of its currency, pledged support for Hong Kong's currency peg to the U.S. dollar, and offered help to Thailand,

South Korea, and Indonesia through the International Monetary Fund. China's actions have cushioned the financial shock in the region and probably prevented another series of devaluations in Asia.

The improved China-U.S. relations have provided new depth to the trilateral relationship. By elevating the China-U.S. relationship to a "constructive strategic partnership," a better foundation has emerged for balanced relations among the three countries. While in Beijing, President Clinton called for a more active policy by the Japanese to stop further weakening of the yen and U.S. Treasury Secretary Robert Rubin suggested that Asians learn from Beijing instead of Tokyo on how to deal with the financial crisis.

Certainly, China has neither the intention nor the ability to replace the United States in playing a leadership role, either regionally or globally. As a developing country, China will not be on a par economically with Japan or the United States for a long time. Therefore, it would be unrealistic to predict that China would soon take over the role played by the United States in the Asia Pacific region. Trilateral cooperation thus seems the most desirable course for China.

AMERICA'S DECISIVE ROLE

In the foreseeable future, the United States will remain the only global superpower and, as such, it will play a decisive role in trilateral relations. Although the United States proclaims itself a global leader, its leadership admits that it must consult with the region's major powers in dealing with regional affairs. In the Asia Pacific region, it must consult, coordinate, and cooperate with both China and Japan.

The United States continues to stress its traditional bilateral alliances in the Asia Pacific region. Therefore, the Japan-U.S. alliance still outshines the China-U.S. relationship in significance. However, the United States has also found that its original expectation of making Japan-U.S. relations the cornerstone of its regional affairs no longer conforms to reality. Japan is obviously not ready to shoulder the heavy task of leadership that this implies. In addition, this expectation has already resulted in an unbalanced trilateral relationship.

Over the past few years, the United States has been trying to improve its relations with China, but its heavily weighted relationship with Japan has created more problems than it has solved. The revised Guidelines for U.S.-Japan Defense Cooperation have intensified suspicions between China on the one hand and the United States and Japan on the other. This imbalance has greatly curtailed the United States' ability to play a leading role in the Asia Pacific region.

In terms of trilateral cooperation, the United States continues to stress security concerns over other areas. The United States has expressed its desire that the three countries work together in the short term to ensure peace and stability on the Korean peninsula. Longer term, the United States wants to establish a mechanism for security cooperation. Currently, the United States is dissatisfied that ASEAN has taken the initiative on regional security matters through the ASEAN Regional Forum (ARF).

JAPAN'S UNCERTAIN ROLE

Despite its recent economic difficulties, Japan is still the world's second largest economy. Its economic weight is felt both regionally and globally. At the same time, Japan is making the transition from being solely an economic power to becoming a political and military presence as well. However, Japan is at a crossroads, facing the prospects of either maintaining its present international status or experiencing a downgraded position in global affairs.

In terms of trilateral relations, Japan occupies a complicated position. On the one hand, as an ally of the United States its relations with the United States have always been stronger than China's relationship with the United States. On the other hand, Japan is a distant second to the United States in terms of comprehensive national strength, and it faces an increasing challenge from China that even extends to economic might. Thus, Japan often worries that China and the United States may reach bilateral agreements at Japan's expense. Such often-bantered phrases as "Japan bashing," "Japan passing," and "Japan nothing" reflect the Japanese complex about its position vis-à-vis China.

Japan has limited political choices in trilateral relations. The

present character of the trilateral relationship is to a great extent a product of history. A century of troubled relations between Japan and China still creates tensions because Japan has yet to fully acknowledge the mistakes it committed in the past. And the country's cold war alliance leaves Japan with little choice but to take the side of the United States when the latter experiences differences with China.

Furthermore, Japan has limited economic choices in the trilateral relationship. Japan was formerly the engine of economic growth in the Asia Pacific region, but since the bursting of its bubble economy and a slide into an officially confirmed recession, Japan's economic troubles have greatly limited its ability to act, either in regional or global affairs. For example, in the recent financial crisis Japan has been criticized for being irresponsible by letting the yen decline.

Japan is also weak on nuclear issues. Because of Japan's World War II history, it is difficult for Japan's Asian neighbors to allow Japan to play a leading role in nuclear matters. Japan did try to elevate its international status by proposing that the G-8 major industrial nations work together to help resolve the South Asian nuclear testing crisis. However, Japan was greatly disappointed when the United States and China jointly proposed that the five permanent members of the UN Security Council, which does not include Japan, play a leading role in nuclear matters.

CONCLUSION

Old ideas and ways of thinking do not easily fade away. Some strategists in the three countries still want to pit one nation against another, and some advocate trying to achieve national goals at the other nations' expense. Some do not want their nation to shoulder an equal share of the responsibilities yet seek benefits from this trilateral relationship. Other analysts express concern about the consequences of closer bilateral relations, such as the revised Guidelines for U.S.-Japan Defense Cooperation and President Clinton's recent visit to China.

All three countries should now try to adapt their previous mindsets to this new era by accepting new ideas, concepts, and ways of thinking. The concept that diplomacy should be a zero-sum game

should gradually be replaced in the public's thinking by the more positive win-win theory, but it is much easier to speak of such changes than to implement them. The three partners can now seize a historic opportunity, as China, Japan, and the United States are all on good terms, thus creating a climate in which each party can win.

Fundamentally, the Taiwan issue is an internal matter between the Chinese on both sides of the Taiwan Strait. However, historically, the United States and Japan have been the two most important external actors. The Taiwanese authorities still look toward these two countries, and especially the United States, for help in bolstering their international standing. The mishandling of Taiwanese leader Lee Teng-hui's visit to the United States resulted in grave consequences for China-U.S. relations at the time. In the future, China, Japan, and the United States should continue to strengthen and improve a coordinated framework to deal with the international aspects of the Taiwan issue based on the "one China" principle.

It is still premature for the three to establish a formal system to manage their relations, but they should consult each other whenever necessary. They should also work harder to develop their bilateral and trilateral relations in a coordinated, well-balanced fashion. To achieve this, they should endeavor to achieve more transparency in both their diplomatic and political dealings.

The three countries should set realistic goals and cooperate to settle their differences step-by-step. In the immediate future, they should improve the financial stability of their government-level mechanisms, build up an effective second track for security cooperation, and press for broader, more intensive people-to-people exchanges.

The three countries would benefit from a stronger emphasis on mutual consultation, coordination, and cooperation. They should work more closely on the Korean peninsula issue, as its peace and stability are in their own interests. Specifically, they should continue to press for the Four-Party Talks and the continuation of the Korean Peninsula Energy Development Organization to stabilize the situation there. China, Japan, and the United States should conduct unofficial consultations as well, such as informal economic ministers' meetings at forums held by the Asian Development Bank, the Asia-Pacific Economic Cooperation forum, and ARF. The three

countries should also keep each other informed concerning important events, such as President Jiang's visit to the United States and President Clinton's visit to China.

Because all three countries are major global powers, they should pay more attention to possible reactions concerning their activities and the repercussions of these activities on small and medium-sized countries in the region. Transparency in their activities is thus an important factor to ensure that each of these countries is informed about and involved in discussions of major regional issues.

Desirable as it is, a truly cooperative trilateral relationship is still an inspiration rather than a reality. We must be prepared for difficulties and occasional friction, for continued twists and turns in the relationship in the future. Especially, this relationship will be affected by many factors ranging from political differences to historical legacies, and the future will certainly bring new contradictions, conflicts, or even confrontations. All three countries should redouble their efforts to remove negative factors and build a constructive relationship with a view toward the new century.