

CHAPTER VI

## Where Does Japan Fit in the China-Japan-U.S. Relationship?

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PRESIDENT BILL CLINTON'S TRIP to China was a welcome step toward better China-U.S. relations, and the Japanese believe that an enhanced relationship between China and the United States is in their long-term interests both in terms of Japan's own national interest and Japan's relationships with both countries. To see China and the United States de-targeting each other and normalizing relations is, without a doubt, beneficial to the region, particularly to Japan and South Korea.

However, Japanese policymakers feel uneasy about the strategic partnership that has taken shape between China and the United States. The Japanese perceive the partnership as an effort to adulterate the Japan-U.S. alliance. Having made strenuous efforts to enhance security ties with the United States, some Japanese feel used and abused by the Americans. They fear that the United States enhanced its security ties with Japan in 1996 so as to deal with China from a position of strength, whereas Japan does not enjoy similar leverage. Hence, President Clinton's visit further sensitized the emerging perception, particularly in the early months of 1998, that progress in the China-U.S. relationship is being made at Japan's expense.

Neither Japan nor the United States has dealt effectively with this perception.

Secretary of State Madeleine Albright visited Prime Minister Hashimoto Ryūtarō to brief him on the presidential trip to China, but he was neither impressed nor convinced by her overtures. Hashimoto did not get a feel for the strategic drive and long-term purpose of President Clinton's visit to China. He was not alone in feeling that way. This uncertainty poses a big stumbling block for Japan; Japan must always guess as to the nature of the United States' long-term strategy in Asia and where the Japan-U.S. alliance and the new China policy fit in the overall picture.

In contrast to the early 1970s, when Prime Minister Satō Eisaku was blamed for being belittled by the Americans and allowing the United States to strike a deal with China over Japan's head, we have not witnessed the emergence of an anti-incumbent power struggle in Japan. However, there is a general uneasiness and a shared dissatisfaction toward the United States. Some Japanese political leaders feel that their loyalty to the Japan-U.S. security alliance has been grossly compromised. Such loyalty is regarded as one of the highest virtues in Japan's value system and, given the backdrop of Japan's worst economic depression since World War II, many Japanese feel that the United States is further damaging Japanese feelings that have been hurt already.

Nevertheless, future Japan-U.S. relations cannot be predicted based on current factors. Many Japanese feel that owing to differing political systems and lifestyles, China and the United States are a long way from solidifying their relationship. On the other hand, the Japanese will probably remember the Clinton administration's indifference to Japan at this critical moment for some time.

#### NEW PERCEPTIONS ABOUT THE TRILATERAL RELATIONSHIP

Some observers perceive a China-U.S. bipolarity, or virtual bipolarity, developing. Others believe that the United States is pursuing ties with China at the expense of the Japan-U.S. relationship. Furthermore, many contend that China is a nation on the rise, whereas Japan

is a nation in decline. The United States is keenly aware of Japanese wariness as a result of these perceptions, and so we have heard for some time assurances that the China-Japan-U.S. relationship should not develop at the expense of the Japan-U.S. relationship. However, these assurances have not fully appeased the Japanese.

Even though the "strategic partnership" between China and the United States may be merely a public relations ploy, it is nevertheless problematic. The partnership may tempt Japan and other Asian nations to seek similar treatment from China.

The perception that China is on the rise and Japan on the decline could also intensify Japan's sense of rivalry with China. In Tokyo, China's pressure on Japan and the United States to intervene to stop the yen's further depreciation seemed somewhat self-serving: Intervention would give the Chinese a good excuse to devalue the renminbi. Therefore, Japan feels as if it has become a scapegoat.

Perhaps China suspects that the United States and Japan conspired to allow the yen to depreciate so as to boost Japanese exports while denying China the same opportunity. On the other hand, Japan feels that China and the United States colluded to bring up the "Japan problem" so as to avert an Asian backlash against the U.S. "victory" in the Asian financial markets and China's rise as an economic center.

#### CHALLENGES TO MANAGING THE TRILATERAL RELATIONSHIP

There appears to be ambiguity in the U.S. position with regard to the "markets vs. politics" and the "liberalization vs. stability" debates. For example, the United States apparently wishes to keep Chinese financial markets highly regulated and maintain the value of the renminbi. Some Japanese politicians feel that the United States applies a double standard to China as opposed to the rest of Asia, praising China for regulating while condemning other countries for doing the same.

Given the recent turmoil in Asian markets, there is little incentive for the Chinese monetary authorities to pursue liberalization or to discuss macroeconomic policy. At the same time, the United States

wants to maintain the status quo in Chinese financial markets. Thus, it is difficult for China, Japan, and the United States to consult on macroeconomic policies, let alone coordinate them.

South Asian nuclear issues could yet cause some friction as we are seeing the emergence of a dividing line between the nuclear haves and the have-nots. Recently, China acted to exclude Japan's participation in the Geneva conference of the established nuclear powers. Historical and psychological tensions remain between Japan and the United States, as shown by the Smithsonian Hiroshima Panel disputes in 1995. Japan's aspirations to vocally endorse nuclear disarmament have effectively been compromised, and the nation feels that it is being "contained." Some even feel that the United States and China are ganging up on Japan.

Japan has explored various new strategic dimensions. First was the global partnership between the George Bush administration and the Kaifu Toshiki cabinet that collapsed after Japan's inability to cope with the Gulf crisis. Then came the new Asianist school, which failed because Japan could not envisage cooperation between China and Japan as a leadership core in the region. The obstacles to Sino-Japanese cooperation were history and Taiwan. Finally, the Indonesian meltdown undermined any ideas of an Asian solution to regional security. An Asia-Pacific Economic Cooperation driven regional strategy also stalled when Japan and the rest of Asia were hit hard in the Asian economic crisis.

### JAPANESE DOMESTIC POLITICS

There is a trend toward inward-looking politics and especially anti-American, anti-Treasury sentiments in Japan. A new sense of rivalry with China is emerging, but, oddly enough, there is also keener interest in strengthening relations with China. Many analysts feel that at the root of the United States' "Japan passing" phenomenon is the lack of a deeper understanding and cooperation between China and Japan.

As it searches for new economic reference points, Japan is showing its uneasiness with U.S. economic models through renewed interest in European systems and reforms. On the political front, the

government is interested in normalizing relations with Russia, but this does not hold much appeal for the general public. Indeed, Japan lags behind other nations in normalizing relations with Russia.

The Liberal Democratic Party is much discredited for its gross mismanagement of the economy, which has resulted in an excessive focus on the domestic economy and little attention being paid to foreign policy initiatives. In the meantime, various reform agendas are now in limbo owing to the urgency of stimulating the dampened economy. In a macro-economic sense, Japan still seems stagnated. However, on the micro level Japan is witnessing the emergence of new players, new rules, new energies, new spirit, and new dynamics. It remains to be seen how they will shape domestic politics.

Looking back over the 1990s, the burden of history seems to have been as equally an important factor as the economy in Japan's woes. Japan's problems started the day the cold war ended. Japan has had difficulty adjusting to the new environment—in particular, the Clinton administration's new foreign policy priorities and the rise of China—and in a way is paying a high price for the inertia of its political system, once a success story of the cold war.