

Chapter 4

Japanese perspectives on the rise of China

Koji Watanabe

Having followed Chinese affairs on and off for the past 40 years, I have personally been struck by the truly dramatic achievements of the Chinese people during the 30 years since the ‘reform and opening-up’ policy was adopted. In particular, I have been impressed with changes during the past seven years since the International Olympic Committee decided in 2001 that Beijing would host the 2008 Summer Olympics. This was, incidentally, the same year that China acceded to the World Trade Organisation (WTO). The Olympics were a manifestation of everything that the Chinese people had worked for.

Watching the truly spectacular pageants involving tens of thousand performers at the opening and closing ceremonies and noting that the Chinese obtained 51 gold medals, surpassing the Americans, I thought that this could very well be the moment of glory that the Chinese people had been dreaming about for the past 100 years.

The Beijing Olympics were carried out smoothly after the government spent US\$40 billion on new infrastructure, including one of the largest new airport terminals in the world, five new subway lines, 34 new bus routes and hundreds of kilometres of new highways (surprisingly, with clean air and no traffic jams), recruited 1.5 million volunteers (including 100 000 at the games themselves), dispatched 100 000 anti-terrorist squad officers and installed one million security cameras.

All in all, the Beijing Olympics were a spectacular success at demonstrating Chinese ‘soft power’. It left the Chinese people feeling delighted and proud and the rest of the world amazed, awed and a bit worried.

Worried? Not much, but a little. Where is this emerging, powerful and increasingly nationalistic nation heading?

China’s remarkable ability to mobilise vast financial resources and its seemingly limitless human resources, combined with an impressive harnessing of state-of-the-art information technology—as demonstrated in those human pageants in the Bird’s Nest Stadium—inevitably invites admiration tinged with some anxiety about the future.

In the shadow of the dramatic success of this sports festival lie a few instances of fakery, suppression of individual human rights and what appear to be excessive security precautions. These are the sorts of things that raise critical questions about post-Olympics China's future direction. Will the Olympics lead to a further opening up of the political system or a further tightening of authoritarian control over society?

These are rather lengthy introductory remarks for my presentation on a Japanese perspective on the rise of China. I have cited the Beijing Olympics because Japanese media reports and commentaries of the Olympics were more sobering than I had expected.

I would emphasise first and foremost that Japan–China relations have improved dramatically since October 2006, when former Prime Minister Shinzo Abe, on assuming the premiership from Junichiro Koizumi, made his first official overseas trip to Beijing to meet with President Hu Jintao and Premier Wen Jiabao. This was the first bilateral meeting between the two countries since 2001.

Premier Wen then visited Japan in April 2007 and Prime Minister Yasuo Fukuda, who succeeded Abe, made a visit to Beijing in December 2007. Most recently, President Hu made an official visit as a state guest of Japan in May 2008.

It is said of Sino–Japanese relations over these two years that first the ice was broken, then it thawed and now spring has come.

Since the dramatic meeting of Abe and Hu in October 2006, Japan–China relations have come to be defined as 'a mutually beneficial relationship based on common strategic interests'. The summit meetings that have taken place since then, in particular President Hu's state visit in May 2008, have addressed issues crucial to the future of Japan–China relations. Those elements are:

- a mechanism for the periodic exchange of visits by the leaders of the two countries, with the leader of one country visiting the other country once a year in principle
- an exchange of high-level visits to discuss issues related to security
- systematic youth exchanges to strengthen friendship and cooperation in the mass media, through sister cities and sports
- joint research on history by Japanese and Chinese scholars
- joint work on making the East China Sea a 'sea of peace, cooperation and friendship'
- bilateral cooperation, with a particular priority on energy and the environment, as well as enhancing cooperation in fields such as trade, investment, information and communications technology, finance, food and product safety, protection of intellectual property rights, improving business environments, agriculture, forestry and fishery industries, transport and tourism, water and health care.

Having cited evidence of the improvement in Sino–Japanese relations in the past two years, I believe one could assume relations are all positive and the future is bright. While public sentiment has improved, it has, however, fallen far short of the dramatic improvements at the governmental level.

For example, according to a joint survey conducted in July 2008—before the Olympics—by *Yomiuri Shimbun*, the largest paper in Japan, and a weekly magazine published by Xinhua News Agency in China, 36 per cent of Japanese respondents said the Japan–China relationship was good while 57 per cent said it was bad. In China, 67 per cent said it was good and 29 per cent said it was bad.

Yomiuri Shimbun explains this sober view on the part of the Japanese public as being due to increasing wariness of China because of its increasing military power and suspicions about food safety as a result of the poisoning incidents involving Chinese-made dumplings. I would add to the list of reasons the Tibetan insurgency and its suppression as reported by the media and, more broadly, continuing concerns about the two countries' different political systems, involving issues of the rule of law, transparency, freedom of the press and accountability.

I believe there are five issues that affect Japanese perspectives on the rise of China—and all contain different degrees of uncertainty. How these uncertainties are assessed plays a critical role in determining Japanese perceptions of China.

The first issue is whether the Chinese economy can live up to the goals stipulated during the Seventeenth Party Congress to sustain more than 8 per cent annual growth and quadruple per capita gross domestic product (GDP) by 2020.

I believe China can achieve this, but whether it can cope effectively with the accompanying social, political and environmental challenges remains an open question. Income gaps between the rich and poor, urban and rural areas and coastal and inland areas are widening. Environmental degradation is serious, particularly with regard to air pollution and water shortages. Finally, there is reportedly rampant corruption at all levels of government, including widespread nepotism. Failure to effectively address these challenges could lead to social unrest and upheaval and prevent the Chinese Communist Party (CCP) from achieving its social and economic goals.

The second issue is the prospect of political reform, itself related to the issue of democracy. Some experts, including a prominent Singaporean politician, claim that the Chinese DNA is not fit for democracy—that Chinese do not believe, with their view of the universe, that democracy is a way to produce good government. Others assert that political reform is inevitable and that the issue is only a matter of order—that is, which reform comes first: economic, social or political.

In an article published in the *People's Daily* on 27 February 2007, Prime Minister Wen said, 'Democracy, the rule of law, freedom, human rights, equality, and mutual respect are not exclusively capitalist values. They have come about as the result of the gradual advance of history. They are common human values' (quote from Li Datong).

I am optimistic, but many others are not.

The third issue concerns China's military build-up. The Chinese defence budget has been increasing at an average annual rate of 10 per cent for the past 29 years. For the current fiscal year, the budget is US\$45.6 billion, representing a 17.8 per cent increase on the previous year. In fact, the Chinese defence budget now surpasses that of Japan, which has remained about \$41 billion for the past several years.

Concern is exacerbated by the lack of transparency about military expenditure and the planned capacities of the armed forces.

The effectiveness of civilian control is also increasingly coming into question, particularly after the anti-satellite missile test China conducted in January 2007.

The fourth issue is related to the concept of China as the 'Middle Kingdom', an issue that has manifested itself recently in an upsurge of Chinese nationalism. The Chinese characters that combine to form the word 'China' literally mean 'centre' and 'kingdom'. China has historically cherished its centrality in the world and has had a tendency to value what the Chinese themselves call 'great power-ism'.

As China continues to develop rapidly economically and militarily, there are concerns that this notion of China as the Middle Kingdom might resurface and China will aim to become the dominant player—that is, hegemony—in Asia, if not the world. Watching the Beijing Olympics and its impressive, massive pageants, I could not help but be reminded of this Middle Kingdom mentality.

The fifth issue relates to concerns about whether the international community or international system can sustain and accommodate the thrust of Chinese growth. There is little doubt that Chinese development has been peaceful and that the international community has, on the whole, benefited enormously from Chinese economic development.

It is a fact that China, together with the United States, is currently the engine of global economic growth. There is, however, uncertainty about what lies ahead. For example, can massive Chinese foreign currency reserves, which are primarily in the form of US Treasury bonds, keep increasing under the present international monetary system?

In terms of the environment, including issues relating to climate change and energy consumption, China is considered a major actor. It does play a critical role, for better or worse.

These are five issues of uncertainty related to China's future. How these sets of issues are assessed will have a direct bearing on Japanese views of China and will affect whether policies are to be characterised by engagement or hedging. A mixture of the two is also possible, which some have described as 'hedged engagement'.

Those who emphasise China's military build-up tend to advocate a hedging policy. While the Japanese military establishment understandably emphasises the importance of hedging, the danger of falling into a security dilemma should always be kept in mind. The security dilemma, in its simplest form, states that the 'ways and means by which a state tries to increase its security decrease the security of others'.

Let me conclude my observations by re-emphasising that I am basically optimistic about the future of Japan–China relations. Both countries will gain by being friendly and cooperative and both will lose by being antagonistic. In this regard, let me cite a short passage from the joint statement between the Japanese Government and the Government of the People's Republic China on 10 May 2008. Both sides 'recognized that the two countries' sole option was to cooperate to enhance peace and friendship over the long term. The two sides resolved to comprehensively promote a 'mutually beneficial relationship based upon common strategic interests'.