Hegemon on the Horizon?

China’s Threat to East Asian Security

Northeast Asia has been relatively peaceful for the past forty years. The post-Cold War era, however, will bring new security challenges to the Asia-Pacific region. Perhaps the most serious of these challenges involves China’s expected emergence as a major economic power in the near future. While a developed, prosperous Chinese economy offers the region many potential benefits, it would also give China the capability to challenge Japan for domination of East Asia.

China’s recent economic growth signals a change in East Asia’s distribution of power and draws renewed attention to Chinese foreign policy. What are the consequences of Chinese economic growth for regional security?1

I argue that a burgeoning China poses a long-term danger to Asia-Pacific security for two reasons. First, despite Japan’s present economic strength, a future Chinese hegemony in East Asia is a strong possibility. China is just beginning to realize its vast economic potential, while Japan’s inherent weaknesses create doubts about the ability of the Japanese to increase or sustain

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1. There are a few recent studies which mention, but do not analyze in detail, the possible threat posed by a stronger China. See Gerald Segal, “The Coming Confrontation Between China and Japan,” World Policy Journal, Vol. 10, No. 2 (Summer 1993); Zakaria Haji Ahmad, “Japan and China in Pacific Asia’s Evolving Security Environment,” Global Affairs, Vol. 8, No. 1 (Winter 1993), pp. 27, 28; A. James Gregor, “China’s Shadow Over Southeast Asian Waters,” Global Affairs, Vol. 7, No. 3 (Summer 1992); and Nicholas D. Kristof, “The Rise of China,” Foreign Affairs, Vol. 72, No. 5 (November/December 1993). Kristof hints at two theoretical assumptions that might provide a basis for understanding China’s external behavior in the future: he writes that China has “a sense of wounded pride, the annoyance of a giant that has been battered and cheated by the rest of the world.” China will “seek a more powerful role, because that is what great powers are supposed to do” (pp. 70, 72). His conclusions, however, are very general: he says China may try to “resolve old quarrels in its own favor,” including attacking Taiwan, but also that Chinese foreign policy will not be aggressive or irresponsible (pp. 59, 70-72). William H. Overholt briefly, but directly, examines the impact of a wealthier China on regional security; Overholt, China: The Next Economic Superpower (London: Weidenfeld and Nicolson, 1993), chap. 6. Overholt, however, emphasizes the positive consequences of a developed China, not the potential dangers.
their present level of economic power. China also faces less resistance than Japan to building a superpower-sized military. Second, a stronger China is likely to undermine peace in the region. Economic development will make China more assertive and less cooperative with its neighbors; China’s domestic characteristics make it comparatively likely to use force to achieve its political goals; and an economically powerful China may provoke a military buildup by Japan, plunging Asia into a new cold war.

Asia’s Future: China or Japan as Number One?

With the United States apparently committed to a drawdown of its global military forces, the Asia-Pacific region seems to have a vacancy for a successor hegemon. Many analysts expect Japan to inherit this mantle on the basis of its impressive economic strength and influence. Nevertheless, two formidable obstacles stand between Japan and hegemony: the instability of Japanese economic strength and the weakness of Japan’s armed forces.

Japan’s inherent economic vulnerabilities amply justify Frank Gibney’s term “fragile superpower.” The fragilities include Japan’s lack of natural resources and consequent dependence on foreign supplies of raw materials; an aging workforce (Japanese now lead the world in life expectancy, which will result in a higher proportion of retirees to workers); a labor shortage (coupled with strong resistance to importing foreign labor); a declining savings rate; and a dangerously unfavorable corporate capital-to-debt ratio. Like the United States, Japan has begun to move production to developing countries with lower labor costs, which threatens to erode its economic base and to increase unemployment. These characteristics and developments may undermine the long-term stability of Japanese economic power. Bill Emmott argues that the sun is now setting on Japan’s economic heyday; the surplus of Japanese capital is declining and “may disappear altogether as early as

Economic growth will be impeded by claims for financial compensation from victims of Japanese aggression in the Pacific War, which may run into the hundreds of billions of dollars. Finally, the political environment of the post–Cold War era, with its increased interest in trade blocs and "managed trade," is likely to prove less favorable to Japanese economic growth. The massive trade surplus that has become Japan's "staff of life" is in jeopardy, and Japan's relatively small, stingy home market could not compensate for the opportunities lost due to protectionism that now looms in the bigger overseas markets. Since Japan's "bicycle economy" requires continuous forward movement to prevent collapse, even a slowdown could have serious ramifications.

Japan's military weakness is the other principal obstacle to Japanese hegemony. Rather than an "economic superpower," Japan is really an incomplete major power. As long as the Japanese choose not to expand their capacity to project military power, they will lack the abilities to protect their economic interests abroad and to exert decisive global political influence.

Tokyo also faces strong disincentives against attempting to deploy military forces commensurate with its economic strength. Consequently, the Japanese government is unlikely to undertake heavy rearmament in the absence of a serious new threat (such as a stronger China, discussed below). One problem with increased military spending is that it would erode some of Japan's economic strength. Japan would begin to suffer the financial drain that it largely avoided during the Cold War by relying on U.S. protection.

More serious are the political disincentives. The great majority of Japanese still oppose an increase in either the size or the role of their armed forces. Japanese also overwhelmingly support the "peace constitution" forbidding armed forces (now interpreted to mean forces capable of threatening neighboring countries), and are disinclined even to take up arms in defense of the Japanese home islands, let alone undertake campaigns of conquest overseas.
Significantly, this pacifism appears to be based more on circumstances than on principle. The Japanese know that a military resurgence in their country would provoke other Asian-Pacific countries to form an anti-Tokyo coalition that might eventually strangle Japan. While balancing is sometimes inefficient, prompt and efficient anti-hegemonic balancing against Japan is virtually assured by the lingering legacy of fascist Japan's Asia policy in the 1930s and early 1940s.

Present circumstances—a relatively weak China and Russia, an engaged but non-threatening United States, and the region's historical fear of Japanese military power—thus rule out an unprovoked Japanese military buildup, leaving Japan dependent on others for protection and unable to qualify as a hegemonic candidate. A change in these circumstances, however, could spark a reactive Japanese rearmament, discussed below.

If Japan is an overachiever that has to a large degree transcended its handicaps, China has long been a perennial underachiever. Despite its large territory and population, substantial natural resources, and the economic vigor demonstrated by Chinese everywhere except inside the People's Republic, China's various economic development strategies have posted disappointing results since the intrusion of the West during the Qing Dynasty heralded the end of the ancient order.

But with the economic reforms implemented by Deng Xiaoping and his protégés, China now shows signs that it is beginning to realize its economic potential. China's economy grew by 12.8 percent in 1992, helped greatly by $11 billion in foreign investment, and by another 13 percent in 1993 (in contrast, Japan's economy grew just 3.3 percent in 1993). The International Monetary Fund recently reported that based on "purchasing power parity" statistics, China has the world's third largest economy.

modest annual growth rate of 8 to 9 percent, the target declared by China’s
economic czar Zhu Rongji, China’s economy will double in size within nine
years. Indeed, the biggest worry among the leadership in the former “sick
man of Asia” these days is how to keep the economy from growing too
rapidly.

China’s sudden economic surge raises the possibility that early in the next
century, China will be a more powerful country than Japan. To the “Japan
As Number One” argument that Japan will soon replace the United States
as the world’s strongest economic power, others reply that “Japan will never
become number one. . . . China is growing so much faster that it will overtake
Japan before Japan has a chance to overtake the United States.”

Taken as a whole, China is still profoundly poor, and probably faces many
setbacks en route to prosperity. Several problems threaten to prevent China’s
growth into an economic superpower. The most serious is the possibility of
fractionalization—the breakup of the Chinese empire into several autonomous
states—a tendency that has been accelerated by China’s recent economic success. Another hurdle is continued state ownership of much of
China’s economy. Employing about one-third of the urban Chinese work-
force, these state-owned industries are largely unprofitable; some 40 percent
of them operated in the red in 1991. Yet Beijing is reluctant to shut them
down, fearing massive unemployment and consequent social unrest. Other
difficulties include a chronically high population growth rate, which exacer-
bates unemployment and siphons capital investment away from industry
and into less productive sectors such as housing and environmental protec-
tion; inflation, the “running dog” of rapid economic growth; and widespread
official corruption and profiteering.

Nevertheless, China holds several important economic and political ad-
vantages that may make Beijing’s long-term prospects for an Asia-Pacific
ehegemony better than Japan’s.

In the economic sphere, China combines its high growth rate with a large
territorial and population base (in contrast with Japan’s small territory and

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14. Terminology borrowed from Ezra F. Vogel, Japan As Number One (New York: Harper & Row,
1979).
15. Segal, “The Coming Confrontation Between China and Japan,” p. 27.
16. Ibid., p. 27.
18. K.C. Yeh, “Macroeconomic Issues in China in the 1990s,” China Quarterly, No. 131 (Septem-
medium-size population). This gives China a huge potential domestic market—over a billion customers within its own borders. Indeed, the special economic zones on China’s eastern coast already send many of their “exports” to the Chinese interior. In contrast, Japan lacks a large domestic markets and is thus vulnerable to protectionism. China’s natural resource endowments are also far superior to those of Japan. The Chinese are self-sufficient in food production and supply most of their own energy needs, while the Japanese depend heavily on imports.

Another possible Chinese economic advantage is what Andrew Brick terms “Greater China”: a network of ethnic Chinese with proven entrepreneurial prowess throughout the region. Chinese minorities in Southeast Asia, most of whom still speak the dialects of their ancestral home provinces in the PRC, own disproportionately large shares of their adopted states’ capital. In Indonesia, for example, where Chinese account for only 5 percent of the population, they control 75 percent of the country’s wealth. Given the choice of doing business with Japan or the PRC, the overseas Chinese are likely to prefer customers, suppliers, and investors with whom they share language, culture, and ancestry. The overseas Chinese network gives China a significant long-term edge in the competition to establish an economic empire in East Asia.

China also has an important political advantage over Japan. To dominate the region, either Japan or China would need much larger military forces. China’s edge is that the region would be more accommodating to a buildup of Chinese military power than to a Japanese buildup. The reason is historical. Although the foreign policy of the PRC has hardly been pacific, China’s record of aggression pales in comparison with that of Japan in this century. Where China has been militarily assertive, as with its punitive invasion of Vietnam in 1979 and its recent threats to use force against Taiwan and rival claimants of disputed islands in the South China Sea, its neighbors have been relatively tolerant.

While the Japanese government has irritated other Asian countries by its seeming reluctance to acknowledge the full magnitude of Japan’s atrocities during the Pacific War, the Chinese government has sought to assure the

region that “China does not seek hegemony now, nor will it do so in the future, even when it is economically developed.”

Beijing and its apologists have steadily counter-attacked the “China threat” argument as an attempt by anti-China Westerners “to sow discord between China and its neighboring countries and to destroy China’s plans of reunification and economic development.”

There is substantial sympathy for China’s position within the region. For example, Singapore Senior Minister Lee Kuan Yew, the dean of Southeast Asian statesmen, said after Beijing lost its bid to host the 2000 Olympic Games, “America and Britain succeeded in cutting China down to size. . . . The apparent reason was ‘human rights.’ The real reason was political, to show Western political clout.”

Malaysian Prime Minister Mahathir Mohamad displays a similar attitude. “The U.S. is saying we are threatened by China,” he says. “But I don’t see the threat from China as being any worse than the threat from the U.S.”

Korean scholar Sang Joon Kim assures us it is “highly unlikely that China will use its power and resources to support an aggressive or expansionist policy.”

This is not to deny that East Asians are concerned about China’s recent military upgrading program. They clearly are. But the predominant sentiment throughout the region is appeasement. There is no serious support for any response stronger than trying to get the Chinese “incorporated into a multilateral security framework.”

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27. Yong Pow Ang’s commentary is typical: “Rather than fret over China’s defence build-up, the ASEAN countries would do well to accommodate the inevitable rise of China as a regional superpower.” Yong, “ASEAN Should Accommodate China’s Rise as Superpower,” Straits Times, August 10, 1993, p. 27.

defense buildup is not. Several Asian countries have complained loudly even about Japan’s participation in United Nations peacekeeping operations. While a Japanese military buildup would likely galvanize the region into forming an opposing coalition, the region appears prepared to tolerate a Chinese buildup, and would probably not form a balancing alliance unless China’s external behavior became significantly more threatening than it is now. China thus faces far weaker political constraints against building a superpower-sized military capability—an important prerequisite of hegemony—than Japan.

If China can avoid disintegration, its inherent long-term economic and political advantages justify the expectation that during the first decade of the next century the “Middle Kingdom” is likely to become the most powerful country in East Asia.

The Impact of a Strong China on Regional Security

The prospect of Chinese dominance has important ramifications for peace in the region. A stronger China would endanger East Asian security in two ways. First, China would be tempted to establish a regional hegemony, possibly by force. Second, the rise of Chinese power might trigger a response from Japan, bringing East Asia under the shadow of a new bipolar conflict.

ECONOMIC DEVELOPMENT AND CHINESE FOREIGN POLICY

While some scholars argue that ancient China established a track record of benevolent hegemony, two patterns in the foreign policy of the PRC suggest that neighboring countries might find life with a powerful China unpleasant. First, China has from time to time behaved in ways offensive to the rest of the world, seemingly undaunted by the possible consequences of negative global opinion. Second, China has shown its willingness to use force to settle disputes, even when its own territory is not under attack.


31. China’s incursion into Vietnam in 1979 was evidently intended to punish Hanoi for invading Cambodia. China entered the Korean War to rescue its communist ally North Korea. The Chinese have also used force against Vietnam to defend their disputed claim to the South China Sea islands; territorial self-defense might be claimed in that case, but only dubiously.
If a relatively weak and developing China has established such patterns, would a stronger, developed China abandon them? The question of whether economic development will make Chinese foreign policy more pacific or more assertive divides commentators roughly into two theoretical camps. The liberal position holds that prosperity will make China behave more peacefully, while realists argue that greater economic strength would embolden a unified China to expand its political influence in the region, perhaps to the grief of its neighbors. An evaluation of the primary arguments for both these positions suggests that the realists have the stronger case.

Two arguments are commonly advanced in support of the liberals’ prosperity-causes-peace proposition. The first is that economic development leads to political liberalization, and with it greater government accountability to the demands of the mass public. Historically, democratic peoples have rarely if ever chosen to fight each other. Thus, peaceful relations could be expected between a democratized China and the United States, Japan, and the other liberalizing states in the region.32

Unfortunately, this prediction, and the argument upon which it is based, may never be tested. The establishment of a liberal democracy in China is extremely unlikely in the foreseeable future.33 The obstacles are daunting, and since crushing the student rebellion in Tiananmen Square, Beijing has shown little interest in further political liberalization. Even if China does eventually begin to respond to pressures for liberalization, many observers, including the Beijing regime itself and many Chinese intellectuals, see “soft authoritarianism,” in which the state allows considerable economic freedom but retains tight control over politics, as a more likely model for the Chinese than Western-style democracy.34 In any case, prosperity will not automatically result in meaningful mass public input into China’s foreign policy decisions. Without democratization within, there is no basis for expecting more pacific behavior without.

A second argument for the pacifying effects of Chinese prosperity is the interdependence argument. According to this view, China is aware of its

33. See, for example, Shambaugh, “China in 1991,” p. 31.
economic development depends on maintaining financial, trade, and diplomatic ties with other countries. Dependence on the outside world will therefore, it is argued, deter Beijing from contemplating any acts that might offend foreign governments or jeopardize China’s access to international capital, technology, and markets. The same international links that promote Chinese prosperity also ensure Chinese docility.

Problems with the interdependence argument, however, weaken its persuasiveness. First, economic interdependence may heighten rather than defuse political tensions. The threat or practice of economic coercion has sometimes driven states to war. If used against China, this strategy might backfire, pushing Beijing to try to establish direct control over the foreign resources and markets the Chinese consider vital to their well-being.

A second weakness of the interdependence argument is that in China’s case, the deterrence value of interdependence is severely limited. In the past, the liberal capitalist countries have proven greatly reluctant to pressure Beijing, and this pressure, when applied, has produced poor results. Western governments easily succumb to the ageless warning against “isolating” China; Japan, the first to break ranks and lift post-Tiananmen trade sanctions against China, opposes “applying an abstract yardstick of human rights to foreign aid.” For their part, the Chinese leaders have learned from past experience that the threat of collective international punitive action against them is largely a paper tiger. In the most recent confirmation of their view, the perpetrators of the Tiananmen massacre were first runners-up in the competition for the right to host the 2000 Olympic Games.

Finally, interdependence may be doomed by its own success. Throughout its modern history, China has been an economically backward country trying to catch up with the earlier-industrializing West and Japan. This has been a common goal of the various developmental strategies pursued by the PRC.
since its inception. An “open door” to the international economy, with heavy dependence on imports of capital and technology and exports of low-to-middle-end manufactures, is China’s most successful strategy to date. But dependence means vulnerability. Like all national governments, the Chinese leaders are naturally inclined to “control what they depend on [from abroad] or to lessen the extent of their dependency.” Dependence is a necessary evil, part of the price that capital-poor, developing economies must pay to achieve rapid modernization. The security threat of vulnerability to economic coercion is compensated for by the security benefit of a growing economy, the basis of future military and political strength. Enmeshment in the world economic system also promises quicker development than the alternative strategy of autarky. The opportunity costs of interdependence thus remain low for developing countries, while the costs of securing their own sources of necessary resources are prohibitively high. But as a developing country becomes strong and wealthy relative to the other states in the system, both the benefits it realizes from interdependence and the costs of establishing its own sphere of influence decrease. Today’s weak China has to suffer the vulnerabilities of interdependence, but tomorrow’s strong China will not. The more powerful China grows, the less it needs the aid and approval of the other major powers to get what it needs. Over the long term, interdependence cannot offer other countries much hope of reining in a burgeoning China.

Realists would not in any case expect prosperity to make China more pacific. If the international behavior of states is strongly influenced by threats and opportunities governments perceive in the international system, as realists assume, then China’s growth from a weak, developing state to a stronger, more prosperous state should result in a more assertive foreign policy. Specifically, says Christopher Layne, “rising powers,” or states that have acquired the prerequisites of major power status, “seek to enhance their security by increasing their capabilities and their control over the external environment.” Strong countries are also more assertive than lesser powers in both defining and defending their interests. As China fulfills its economic

potential, it will conform to these patterns. A growing economic base will
increase opportunities for China to establish greater control over its environ-
ment, while simultaneously decreasing the costs of doing so. An economi-
cally stronger China will begin to act like a major power: bolder, more
demanding, and less inclined to cooperate with the other major powers in
the region.

The realist argument has powerful historical support. A stronger China
will be subject to the same pressures and temptations to which other eco-
nomically and militarily powerful countries of recent history succumbed,
including Britain, Nazi Germany, the Soviet Union, and the United States.
Each sought to dominate the part of the globe within its reach (although the
particular character of each hegemony varied, from relatively benign to
malign).

CHINA IS PRONE TO USING FORCE
The impact of a strong China on Asia-Pacific security becomes more clear if
we compare the consequences of a dominant China with those of a dominant
Japan. For several reasons, a strong China is more likely to use force in
pursuit of its goals in the region than a strong Japan, even a powerfully re-
armed one.

First, while the Japanese government is democratic and stable, the Chinese
government is a typical Third World regime: authoritarian and unstable.
Steven David argues that these latter characteristics create war-proneness.43
David points out that since Third World governments are not democratic,
their accountability to the mass public is limited, which increases the possi-
bility that ruling elites will go to war for their own purposes against the
wishes of the majority. An authoritarian regime may even embark on hostile
overseas adventures against its country’s interest if the regime expects this
will help it maintain its own political power. Militarism and hyper-national-
ism, partly facilitated by state control of the media, are more prevalent in
the Third World, making their populations more supportive of adventurism.
Finally, the leaders of Third World states are more likely to undertake ag-

(Winter 1992/93), pp. 131-140. In specifying which states make up the “Third World,” David
explicitly excludes China (p. 127). Nevertheless, I categorize China as a Third World state and
find David’s observations applicable to China.
gressive action abroad to divert the public’s attention from domestic political
problems.

China is subject to all of these factors. Both its state and society are
unstable. A single party monopolizes power, suppressing serious dissent,
and authority is located in persons rather than institutions. Presiding over a
sprawling, largely destitute, populous empire, the central government lives
in constant fear of insurrection. To the familiar problems of poverty are now
added the new problems of rapid, uneven economic growth, including mas-
sive corruption and a growing disparity between the rich and the poor.
Consequently, as David Shambaugh observes, China may “become more
confrontational externally, even as it becomes more fragmented internally.”

A second reason why China is more likely to use force than Japan is that
China is a dissatisfied power, while Japan is a status-quo power. Japan has
benefited enormously from the current international order, it is relatively
comfortable with interdependence, and it has a constitution that forbids
offensive military action. China, on the other hand, is still trying to recover
territory and prestige lost to the West during the bainiande ciru (“century of
shame”). China’s irredentist claims have brought sharp disagreements with
Britain, Taiwan, Vietnam, Japan, India, and Malaysia, among others. Its fear
of exploitation and conquest by foreigners remains strong. The Chinese
leadership perceives the international environment as primarily hostile, and
their own place within it insecure. The Soviet Union is gone, but the Chinese
believe the United States “has never abandoned its ambition to rule the
world, and its military interventionism is becoming more open.” Beijing is
deeply resentful of attempts by the United States and others to foment
“peaceful evolution,” which Chinese leaders fear will result in social and

44. David Shambaugh, “China’s Security Policy in the Post–Cold War Era,” Survival, Vol. 34,
No. 2 (Summer 1992), p. 89.
46. Japanese scholar Seizaburo Sato says most Japanese now accept the idea that “the interna-
tional game has changed from a game based on military power, to a game based on economic
capabilities.” The Japanese therefore accept interdependence, not only because it is believed to
uphold peace, but also because they “realize that other countries are also dependent on Japan.”
Indeed, “for Japanese, interdependence is an improvement on vulnerability.” Seizaburo Sato,
47. In official Chinese commentaries, for example, Western criticism over Chinese human rights
abuses, China’s treatment of Tibet, and similar issues is inevitably attributed to alleged Western
plans to divide and weaken China.
48. The quotation is from a high-level Chinese report leaked to the press. Nicholas Kristof,
political chaos and the destruction of their plans for China’s economic development. Although they have submitted out of necessity, the Chinese remain highly averse to interdependence, and to subjection to international norms and regimes.49

Accordingly, unlike Tokyo, the Chinese government sees the use of force as a serious policy option. Indeed, Chinese leaders speak much more belligerently at home than abroad.50 Even in official public statements, China continues to renew its threat to attack Taiwan if the island declares itself independent of the mainland, and refuses to rule out the use of force to settle the South China Sea islands dispute.

Finally, China is better able to mobilize its population for war than Japan. As we saw above, Japan would have difficulty fielding large armies for self-defense, let alone foreign military adventures. Thomas Berger concludes that even if the Japanese government decided to undertake a major military buildup, “given the existing culture of anti-militarism they would encounter strong opposition from the general populace as well as from large sections of the elite.”51 This is a formidable barrier to Japan’s use of force in defense of its interests overseas.

China, however, has no such problem. The multi-million-member People’s Liberation Army has obediently carried out a variety of unsavory orders from Beijing, including the attacks by PLA “volunteers” on American and South Korean troops in Korea, the occupation of Tibet, the punitive incursion into Vietnam, and the slaughter of unarmed demonstrators in Tiananmen Square. It could be counted on to enforce China’s hegemonic imperatives as well.

If China is prone to using force, Chinese economic development carries with it the problem of making more force available for Beijing to use.52

50. An example: during a speech to the People’s Liberation Army general staff in late 1992 that was later leaked to the Hong Kong South China Morning Post, Chinese President Yang Shangkun said the Chinese government had decided to acquire an aircraft carrier and to settle the Spratly Islands controversy by force if Vietnam did not accept Chinese terms by 1997. He also reportedly said, “Hostile forces in the international arena might get burned if they don’t behave well,” and specifically mentioned the United States as a potential opponent. Report in the South China Morning Post, reprinted as “China Prepared to Use Force, Says Yang in Tough Speech,” Straits Times, December 15, 1992, p. 1.
JAPAN’S RESPONSE TO CHINESE GROWTH

China and Japan are natural rivals. Both the Japanese and the Chinese see themselves as rightful leaders of the region. Historical and geographic factors in the Sino-Japanese relationship make them highly susceptible to conflict.

One of the most important historical factors is the memory of the Pacific War, during which Japan invaded and pillaged much of China. Recent Sino-Japanese relations underscore the fact that a past history of conflict between two nations makes them more likely to perceive each other as security threats, increasing the possibility of future conflict between them. Since the war, the Chinese have been extremely sensitive to, and highly critical of, hikes in Japan’s defense spending, the deployment of Japanese peacekeeping troops overseas, and other indications of increased Japanese military activity. Many Chinese seem convinced that a rearmed Japan means a militaristic Japan.

For their part, the Japanese have expressed concern over China’s recent assertiveness, including Beijing’s pushy approach toward resolving ownership over the disputed Spratly Islands; recent Chinese reiteration of ownership of the Senkaku Islands, which Japan also claims to own; and expansion of China’s capability to project military power, including the acquisition of in-flight aircraft refueling technology. In August 1992, Tokyo publicly warned China against purchasing an aircraft carrier, which the Chinese were rumored to be considering. The legacy of the Pacific War seems to have reinforced the security dilemma, causing China and Japan to interpret all military activities by the other side as offensive threats.

Another potential source of Sino-Japanese tension is competition for Southeast Asia. Ancient China and modern Japan have each claimed a sphere of economic influence in this resource-rich and rapidly industrializing region of nearly half a billion people. With powerful and growing export-oriented economies, both China and Japan have voracious appetites for raw materials and a pressing need to expand their share of overseas markets.

China and Japan also have similar but competing strategic interests in the region. One such interest centers on the South China Sea. The Spratly and Paracel Islands, claimed by China for their potential as oil fields, fisheries and military bases, straddle the key sealane between the Strait of Malacca.

and Japan, the route traveled by ships bearing some 90 percent of the oil the Japanese consume. The combination of technological improvements now underway in the Chinese military and the construction of air and naval bases on Chinese-occupied islands will soon give China the ability to restrict the flow of shipping through the South China Sea—in effect, to cut Japan’s jugular vein.

Serious conflict in this potentially explosive relationship will be averted if both sides remain non-threatening. But the growth of China into an economic powerhouse might upset this fragile calm. If the important trends of the present continue into the near future, Japan and China will soon be concurrent great powers for the first time in history. Neighboring great powers without a more threatening common enemy are natural enemies of each other. With the waning of U.S. and Russian power in the region, Japan and China are each likely to identify the other as its most dangerous potential adversary, with negative consequences for their economic and diplomatic cooperation.

One of these consequences could be a major Japanese military buildup. The argument is often made that a stronger China is desirable as a potential balancer against Japan. But no “check” on Japanese military power is presently needed; the risk of encirclement provides sufficient deterrence. On the contrary, an increase in Chinese power will make large-scale Japanese rearmament more likely, not less. Japan’s anti-militarist sentiment constrains the Japanese from making the first move. The Japanese would consider a large military buildup only if they felt seriously insecure. But a large increase in China’s economic strength, coupled with a corresponding growth in Chinese military power, would give China the capability to threaten Japan’s economic and political survival. In such circumstances, the Japanese would feel compelled to respond.55

China’s rapid economic growth also raises the possibility of a regional power transition of the type some theorists have identified as extraordinarily dangerous.56 In the power transition scenario, a major power with a relatively

55. Thomas Berger concludes that for domestic reasons, “it is highly unlikely that the Japanese would set out to become a military superpower.” Nevertheless, “if a serious threat to Japan’s security arose” and if the United States were unwilling or unable to guarantee Japan’s protection, “the Japanese government would be compelled to consider a dramatic expansion of Japan’s military capabilities.” Berger, “From Sword to Chrysanthemum,” pp. 147–148.
high growth rate is projected to overtake the slower-growing or declining dominant power. Political tensions between the two rise as the threatened dominant power fears it will lose its control over the international system, while the rising challenger begins to flex its newfound muscle by demanding self-serving changes in the system. Robert Gilpin says the natural consequence of these tensions is a “hegemonic war.” Although power transition theory deals with the international system, its logic also seems applicable to a regional rivalry for control of East Asia between a dominant but mature Japan and a rising China. The conclusion: serious political tensions between China and Japan are certain, and military conflict is likely, if China’s economic power continues to grow rapidly relative to Japan’s.

Although a delicate peace now prevails between China and Japan, it would probably not survive China’s emergence as a top-rank economic and military power. The international systemic pressures that typically produce tensions in such cases will be intensified by Beijing and Tokyo’s common but conflicting hegemonic aspirations and by their history of poor relations. It is important to note that a Sino-Japanese cold war would not require that Japan revert to the aggressive, imperialist foreign policy that it pursued during the Pacific War, only that it becomes a “normal” major power, counting military force among its strategic options.

In the U.S.-Soviet Cold War, each of the superpowers had its own distinct sphere of influence, and conflicts were generally limited to peripheral areas. This helped preclude a major war. In a Sino-Japanese cold war, however, Southeast Asia would be an area of primary interest to both contestants, increasing the chances of direct major power conflict. In this sense, the new East Asian cold war would be more dangerous than the previous Cold War.

Conclusions

China represents a greater long-term threat to East Asian security than Japan. If behavior reflects capabilities, China’s potential to build a larger economy also makes it more likely to be assertive and uncooperative. China is more prone to using force than Japan, and will likely remain so after its economy has grown, because the Chinese government is authoritarian, unstable, wants to redress the status quo, and can mobilize large military forces with

comparative ease. China is also harder to deter than Japan, because it is less vulnerable to economic coercion, and will be even less dependent on outside suppliers as its economy continues to develop. Furthermore, past experience gives Beijing good reason not to take the threat of economic sanctions seriously.

How should the United States and the other major Asia-Pacific powers prepare for the Chinese challenge? Three general strategies are possible. The first would be to suppress China’s economic growth and thereby preempt its development into a superpower. This might be attempted through a cutoff of economic contact with China, similar to U.S. policies toward North Korea, Cuba and, until recently, Vietnam.

This option, however, stands little chance of success. An economic embargo is politically impossible in the case of China. Even if the governments in Asia, Western Europe, and North America could be persuaded that such a strategy was strategically sound, their fears of missed economic opportunities and cheating by coalition partners would remain major barriers. Furthermore, economic suppression of China, while perhaps precluding one form of security threat from China, would likely create others, including massive outflows of Chinese economic refugees, Chinese vulnerability to territorial challenges by bordering states, and the breakdown of centralized control over China’s nuclear weapons arsenal. An economically retarded, chaotic China is scarcely more desirable than a highly prosperous, united China.

A second policy option would also aim at undercutting China’s potential strength, but by another means: strategic economic engagement designed to increase regionalism within China’s borders. The current trend in China is toward a decline in control by the central government in Beijing and greater leeway for regional authorities to run their own economic and political affairs.58 The United States and other capitalist countries could attempt to foster this tendency by providing information and incentives to encourage their nationals who do business in China to target the regions most committed to free market reforms and least responsive to Beijing’s control. China’s capitalist business partners could also push for arrangements that would promote greater regional autonomy, undermining the central government’s control over local prices, profits, and wages. The goal would be to strengthen the linkages between individual Chinese provinces and foreign states, and to

weaken the links between the provinces and Beijing, making regional governors less likely to cooperate with attempts by the central government to marshal resources for campaigns of overseas conquest or coercion.

However, an open attempt by the United States and other foreign governments to foment fractionalization in China would also be counterproductive. This policy would convince the Chinese their worst fears of Western neo-imperialism were correct. Chinese nationalism would increase, and links between Beijing and the provinces would likely grow stronger rather than weaker as more Chinese saw the need to work together against the apparent attempt by foreigners to divide and conquer. Such a policy would also alienate America’s Asia-Pacific allies, who would wonder why the more distant and powerful United States was taking such an aggressive approach when so many of them are prepared to accommodate a strong China. Without their cooperation, U.S. efforts to shape Chinese development could not succeed.

In short, openly attempting to thwart China’s economic growth by imposing an embargo or encouraging national disintegration would probably not work, and would likely backfire by increasing Beijing’s insecurity and hostility toward the West.

A third possible strategy for the major powers would be to continue their participation in China’s economic development, encouraging positive behavior when feasible (e.g., Most Favored Nation trade status as a reward for progress in human rights), and organizing an anti-China coalition only if and when threatening behavior occurs. While the free flow of capital and goods may be providing nourishment for a future hegemon, it also helps promote regional autonomy, political liberalization, and cross-cutting linkages between various parts of China and the outside world. From a political standpoint, it is far better to rely on the free market than initiatives by foreign governments to achieve these goals. Nevertheless, this strategy requires the other major powers and the ASEAN states to be prepared to react swiftly to undue assertiveness by the stronger China of the near future. A powerful China provides another reason for a continuing U.S. military presence in the region. It may also breathe new life into the shaky U.S.-Japan alliance. In the meantime, multilateral security regimes might focus on persuading China to limit its power-projection weapons systems and to agree to shared or divided ownership of the South China Sea Islands.

In the absence of an ideal solution, continuing to abet China’s growth, while hoping defensive balancing will not be necessary, is the least problematic option for the outside world. Continued and unrestrained economic
engagement conveys implicit acquiescence to the possibility of an economically and militarily powerful China, with all its attendant risks. But this approach has its positive points as well: it is the least threatening from China’s perspective, and it allows for the possibility that unrestrained trade and investment will continue to weaken the central government’s control over the provinces, reducing Beijing’s potential for foreign aggression. This strategy also recognizes the limits on the ability of outside countries, even powerful ones, to manipulate China. Michel Oksenberg correctly points out that “America has periodically sought to produce a China more to its liking. The efforts have always ended in massive failure.”59 It may well be inescapable that China’s destiny remains in its own hands.

From the point of view of the rest of the world, the ideal China, perhaps, would be a medium-sized China, with an economy and military forces about the size of present-day Japan’s. While continuing to export goods of increasing quality, this more prosperous China could also provide surplus capital for investment abroad and a vast market for foreign imports, finally fulfilling the dream of nineteenth-century Western traders. The Chinese might also maintain qualitatively improved but numerically smaller military forces structured for rapid deployment to China’s borders and coastal waters, but not far beyond. This mid-size China would be a prominent economic and political player in the region, engaging in diplomatic give-and-take with the other major powers, but not a hegemon.

Unfortunately, current developments foretell an economically gigantic China with a historic fear of foreigners, a distaste for cooperation, and an interest in developing a blue-water navy and long-range air combat capabilities.60 These may be the first signs of what will develop into the greatest threat to the region’s stability since the Pacific War.