

## THE UNITED STATES, CHINA AND JAPAN: COOPERATING FOR PEACE AND PROSPERITY

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There is no more important issue for the Asia Pacific region - and few more important for the globe as a whole - than how the United States handles its relationship with China and Japan over the next two decades. While a number of other countries certainly will from time to time influence the course of events for good or ill, the sheer size and clout of the big three puts them in a class of their own.

Japan, for all its current problems, remains not only by a big margin the world's second biggest economy but has a GDP some two-thirds the size of all the East Asian economies put together. Its defensive military capability is already formidable, and it has unquestioned capacity to very quickly build a strong offensive capability, including with nuclear weapons, should it choose to do so.

China, even if its present growth rate slows, will likely become the largest economy in the world by the middle of the coming century. If one adopts the PPP (Purchasing Power Parity) rather than traditional exchange rate method of calculation, China's GDP is already, on World Bank estimates, larger than Japan's, and will exceed the US and Japan combined by 2020. China's military capability will take a long time to begin to match, in all-round terms, that of the US, but it already casts a long shadow.

For countries of this size and significance, it simply doesn't make sense for Washington to pick sides, systematically biasing its commitments and responses in favour of either Japan *or* China. Those moved by Cold War and alliance history will be inclined to argue for a primary friendship with Japan; on the other hand there will be plenty of *realpolitik* advocates to be found urging a tilt toward the emerging new big boy on the block. But, as so often in international relations, the proper course to follow is more balanced and nuanced.

What basic foreign policy objectives would the other countries of the region, including Australia, like to see the US pursuing toward China and Japan? There is no particular mystery about it: the objectives are exactly those the US should be pursuing anyway in its own national interests. They are reduction of the risk of military conflict, enhancement of the prospect of economic benefit, and cooperation in dealing with transnational problems that no country can resolve alone: in short, peace, prosperity and good international

citizenship.

Equally, there would not be much disagreement around the region - from allies and friends of the United States or anyone else - that those objectives are best pursued by a combination of strong bilateral engagement together with a real commitment to multilateral institutions and processes.

The congenital disposition of all great powers seems to be to go it alone, having as little to do with multilateralism as they decently can. In the Asia Pacific region that certainly remains true of China; it is only slightly less true of Japan, to the extent one can discern *any* coherent overall theme in its foreign policy; and it has generally been true of the US.

I can well recall the lack of US enthusiasm that greeted initial efforts to build a new economic and security cooperation architecture in the Asia Pacific - particularly in the case of ARF (ASEAN Regional Forum). And anti-multilateral sentiment is still alive and well in many quarters, especially within Congress. But it is now widely acknowledged, including within the US itself, that multilateral dialogue and confidence-building processes can add real value to the pursuit of both US and wider regional and global security interests. The Defense Department's recently released East Asia-Pacific Region Security Strategy 1998 makes that interestingly clear.

Also reflected in this Pentagon document is a widespread recognition that security is multidimensional in character - that threats to security can come from a variety of non-military sources (like terrorism, environmental destruction and resource shortage), and conversely, that security interests can be advanced by constructively addressing economic and other non-military issues. It has been like drawing teeth to get this far, but it has been a good start. The question is whether US policy needs to move further.

There *is* a case for US policy to move overtly a stage further toward a more broad-based and less bilateralist approach. The strategic choices available have been recently usefully characterised by Peter Van Ness as being between the status quo of "Realist Engagement", and two strategic alternatives going in quite different directions - "Offshore Balancing" and "Cooperative Security" respectively.

"Realist Engagement" is basically what the Clinton Administration has been doing, along with its five predecessors going back to Nixon. It involves engagement in the sense of a strong, hands-on commitment to broadening and deepening the relationship on a variety of fronts. But it also involves a continuing element of what can reasonably be called containment, even though that terminology is these days strenuously denied. Formal US security alliances continue in full force with Japan and South Korea; 100,000 US troops are forward deployed in the region around China; some sharp, limiting, no-trespass markers have been laid down, of the kind involved in the deployment of US naval vessels

around Taiwan in 1996; and active consideration is now being given to employing a new Theatre Missile Defense system, which China certainly sees as being as much focused on it as on North Korea.

The "Realist Engagement" description is also applicable to Japan, although of course the "engagement" here has been far more substantial and for much longer. Although it would be even more impolite to use the word "containment" in this context, and nobody does, everyone in the region - including Japan - is acutely aware that the security umbrella provided to Japan by the US is designed to remove any incentive for Japan to build an offensive threat capability against China or anyone else in East Asia. Nobody wants a regional arms race, but nobody is in much doubt that one would be triggered if, in the present environment, the US umbrella were removed.

There is a certain strain involved in maintaining simultaneously a bilaterally focused posture combining both engagement and containment, and the difficulty of doing so with both China and Japan is going to become more acute as China's strength continues to grow.

It may be that the stress and contradiction here will simply evaporate over time as democracy takes hold in China." Democratic peace" theory - the argument that democracies historically never have, and by extension never will, go to war against each other - is certainly an article of faith in the present US Administration, and an active determinant of US policy. The difficulty is not only that democracy in China may be a long time coming. It is also that, at least during transitional periods - which is quintessentially the Chinese situation - democracy may not necessarily be the compelling force for peace that all the historical statistical correlation suggests it should be. I would not argue for any modification of the US policy commitment to democracy - although a little more finesse and a little less preachiness would on occasion be helpful. The point is simply that all this is a rather flimsy foundation on which to assume that realist engagement is sustainable indefinitely.

One way for the US to go in meeting that difficulty is to retreat to an isolationist strategy of "Offshore Balancing". In the words of one commentator: "Rather than attempting to contain both China and Japan simultaneously, the optimal American strategy would be to allow China and Japan to contain each other, while the United States watches from a safe distance." A refinement on this theme, put to me in New Delhi recently by a number of very senior figures, is that the US should be now seeing the newly nuclear-armed India as an important counterweight to China in the larger regional strategic balance.

But all of this is only "optimal" if one is comfortable about abandoning all the cooperative interdependence that has been gradually evolving between the region's great powers, and relaxed about triggering, through Japan, a new nuclear arms race in a region and a world where non-proliferation is most decidedly *not* an article of faith.

This leaves as the alternative way forward precisely the opposite kind of strategy, one of "Cooperative Security". The idea of cooperative security integrates and builds on three already well-established concepts of security. "Collective security" is the familiar military idea of a common binding commitment to take action against aggression from within or outside the ranks; "common security" is the idea that security is best guaranteed by interdependence, working with others rather than against them; and "comprehensive security" is the notion that security is multidimensional in character, encompassing a range of political, economic social and other non-military considerations.

Cooperative security means pursuing all these approaches simultaneously, with a mindset focused on maximizing economic and other interdependence; pursuing transparency, dialogue and confidence building in all areas of real policy sensitivity; seeing those areas of sensitivity as challenges rather than threats; and seeking whenever possible to act through multilateral institutions and processes.

In the real world, nothing is ever so simple. It has to be acknowledged, for example, that economic interdependence may not necessarily be an unalloyed plus, at all times and in all circumstances, for either security or prosperity. Badly asymmetric economic relationships can generate a whole new set of destabilizing insecurities, and these need to be consciously addressed.

Again it has to be acknowledged that multilateral institutions in the Asia Pacific are still, at this early stage in their evolution, quite weak, and need careful nurturing if they are to become effective instruments for cooperative security. That means, among other things, no more lost opportunities of the kind that, for example, have occurred with APEC in the face of the Asian economic crisis over the last two years. But APEC and ARF do have the potential to grow and be effective vehicles for the resolution of issues, and between the giants as well as the minnows.

One modest success that ARF can already claim was in relation to the South China Sea. As a participant in the process at the time, I believe that the mere existence of a forthcoming ARF Ministerial Meeting in 1995, when China knew it was bound to be challenged, was an important element in defusing what had become a quite disconcerting buildup of activity and rhetoric around the competing territorial claims.

It has often been suggested that there be a specific security dialogue mechanism established for North East Asia, but there is no reason why this should not occur under the existing ARF umbrella. Ad hoc multilateral arrangements can be developed as required, as has occurred already for example in the context of KEDO and the Korean Peninsula. Another such dialogue group that suggests itself, as a sub-set of ARF, would be in relation to recent nuclear developments in South Asia, with the US, China, Russia and India as the core participants.

While it has also often been suggested that APEC should develop a much more self-conscious security, as well as economic role, this is simply unachievable so long as China insists that Taiwan's membership is inconsistent with any such role. But it is in any event unnecessary. If the primary object is, as it should be, to get the region's leaders discussing military security issues in the same way that they do economic issues at the APEC Leaders' Meetings, this could be achieved by taking the existing regional architecture just one step further. The annual Leaders' Meeting would be established as the capstone of an arch whose two supporting pillars would be APEC and ARF respectively: it would meet in successive economic and political sessions, with only minor rearrangements of the chairs in between.

It might be thought that in all of this, advocating as I do a cooperative security approach, I am excessively devaluing the significance of traditional alliance relationships, and in particular the United States's alliance with Japan. Let me make it clear that it is no part of my argument that the existing bilateral security ties between the US and Japan, or for that matter between the US and anybody else in the region, should be dismantled. They have been an important force for regional stability and security in the past, will continue to be for the foreseeable future, and need not be seen as inconsistent with an evolving increased reliance on new cooperative security institutions.

China has somewhat upped the rhetorical stakes here by arguing over the last couple of years that alliances are outdated relics of the Cold War, and that they should be abandoned in favour of a series of "strategic partnerships", coupled with greater reliance on multilateral confidence-building measures, as a more effective way of ensuring peace and stability. With President Clinton himself showing a willingness to embrace the language of "strategic partnership" in the context of his visit to Beijing last year, there has been a predictable increase in anxiety among some quarters in the US about the imminent demise of the alliance system and all who have sailed with it.

What seems to have really been happening here is a significant downplaying, not of the substance but the *rhetoric*, of "alliance" talk in order to reflect new post-Cold War realities and to assist in building a more constructive relationship with countries like China. We have, for example, Secretary Albright, in a recent *Foreign Affairs* piece, barely using the word "alliance", choosing instead to employ language such as "maintain(ing) fully productive partnerships" and "cementing key relationships and harnessing them to constructive ends". Even the Pentagon's 1998 East Asia strategy document refers with almost equal emphasis to "allies and partners".

What seems to be involved here is an emerging willingness to replace the old familiar in-out, black-white, with-us or against-us, ally or non-ally Cold War dichotomies with a more sophisticated and realistic perception of these relationships as lying on a *continuum* of partnerships of varying degrees of substance. While all this may cause a few frissons

among those old friends with a nervous disposition, including in my own country, from my personal perspective it is an entirely sensible and welcome development, an entirely rational response to the shape of the region and the world as we now find it.

At the end of the day it is developments within China, and in the attitudes of its leaders that will more than anything else determine the degree of peace and prosperity that the Asia Pacific enjoys over the next two decades and beyond. President Clinton put the central issue brilliantly when speaking in Australia in November 1996 when he said that what matters is "how will the Chinese define their greatness in the 21<sup>st</sup> century." Will it be in terms of realizing the country's extraordinary economic and cultural potential, or will they define their greatness in terms of their ability to dominate others?

The same question could in many ways be asked of the Japanese, even after all their extraordinary achievements this century, who have been forced by the disastrous deterioration of their economy since the early 1990s, the continuing paralysis of their political system, and the continuing failure of their diplomacy to impress almost anyone, to confront all over again what kind of country they want to be.

There is, as many commentators have recently been pointing out, a window of opportunity now wide open in the Asia Pacific to resolve these issues. As Robert Scalapino has put it, "Ideological competition is down, and most nations, developed and developing, are accepting interdependence as an indispensable factor in further economic growth. Primary attention is being devoted to domestic concerns, and while ethnic-cultural divisions and suspicions are widespread, the perception of an external enemy in the form of a threatening state is at a low ebb."

We have, realistically, about fifteen to twenty years before China could credibly challenge the US militarily, and that amount of time to persuade its leaders that the country's best interests will be served by thoroughgoing multidimensional cooperation, bringing the country fully into the international system, rather than unrestrained, aggressively posturing, military modernization.

The challenge for US policy is above all to encourage both China and Japan, without consistently taking sides between them, to define their greatness with moderation, intelligence and a greatness of spirit. After a long period of apparent inattention and confusion, there are plenty of signs now that that policy is broadly on track. But it is going to take a great deal of sustained, intelligent and highly focused effort to keep it there.

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