

The China-Taiwan Problem in Lieu of U.S.-Japan Leadership Sharing

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The so-called "China problem" is not merely regional in scope but extends to global issues such as human rights and security. The more China is integrated into an increasingly interdependent global community, the more important the "China problem" will become. On the other hand, the peaceful evolution of democracy in Taiwan deserves international attention, and its "pragmatic diplomacy" cannot be ignored by the world community. The American and Japanese responses to the China-Taiwan problem have featured both similar and different points. Nevertheless, the United States and Japan do face common regional and global issues related to China and Taiwan such as nuclear non-proliferation, arms control, and multilateral security arrangements. Thus, the China-Taiwan problems should be discussed in the context of U.S.-Japan leadership sharing.

Keywords: Chinese experiment; Taiwan experience; Taiwan Straits crisis; Taiwanese nationalism; U.S.-Japan leadership sharing

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The facts are obvious and telling: from 1990 to 1994, the Chinese economy grew at an annual rate of over 10 percent in terms of per capita gross national product (GNP). Yet during the same period, China's farming areas decreased by 5.6 percent and its population increased by 59 million, resulting in a 10.5 percent decrease in per capita food supply. According to the U.S. World Watch Institute, if these trends continue to the year 2030, China will lose half of its farming area, and its projected 1.6 billion population will face a food shortage amounting to 207 million tons. Similarly, the Overseas Economic Cooperation Fund (OECF) predicts that China's food shortage will reach 136.31 million tons in 2010.¹ There already have been

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¹See *Asahi shimbun*, October 1, 1995; *Chuka shuho* (China Weekly) (Tokyo), October 5, 1995; *Sankei shimbun*, September 26, 1995; Jusen Asuka, "The Environment

reports of starvation in some areas.

However, this so-called "China problem" is not merely a matter of food supply and population control. Various aspects which may contribute to China's rise or disintegration will be discussed below. These problems are not only related to the fundamental question of "Who feeds China?" but to wider ranging global issues such as public health, environmental protection, human rights, and security. As China becomes more deeply integrated and interdependent with other nations, addressing the "China problem" will become one of the most serious tasks facing the world community.

Compared to its gigantic neighbor, the small island democracy of Taiwan, with its already prosperous economy and a population of 21 million, may not draw much popular attention. However, Taiwan's peaceful evolution toward democracy after a period of high-speed economic growth also deserves international attention. Furthermore, the world community cannot ignore Taiwan's international activities through networks operating at private and semiofficial levels. Global attention was also focused on Taiwan's direct presidential election held in March 1996, which was widely regarded as a success despite Chinese verbal attacks on President Lee Teng-hui and its series of military exercises conducted in the waters near Taiwan (*wengong wuhe*). President Lee's landslide victory in the presidential election (54 percent of the popular vote) widely and decisively opened the door to freedom and democracy in Taiwan, while at the same time sending a signal of "Taiwanization," or an increasing tide of Taiwanese nationalism.

This article discusses the current importance of the China-Taiwan problem by examining renewed interest in the issue and addressing the question, "Why China and Taiwan now?" The second section provides an analysis of the current situation in China and Taiwan and the contrasts between the two Chinese societies. In addition, the two sides' interactions will be analyzed. The final section compares recent policies followed by the United States and Japan regarding China and Taiwan which further shed light on how to respond to the China-Taiwan problem.

The United States and Japan do face common regional and global issues related to China and Taiwan, including nuclear non-proliferation,

Issue in China Which Will Influence the Globe in the Twenty-First Century," *Sekai shuho* (World Affairs Weekly) (Tokyo), October 24, 1995, 14-17; and OECF Report in *Sekai shuho*, October 31, 1995, 63-66.

arms control, and multilateral security arrangements. Thus, in the final analysis, the China-Taiwan problem is discussed below in the context of U.S.-Japan leadership sharing.

The Revival of the “Season of China”

The “Season of China” is returning to the Asia-Pacific region under today’s post-Cold War environment. This revival is a reflection of a new era in which the power of the United States in the region has declined and the Soviet Union no longer exists. Present-day discussions regarding China have characteristics different from the overly simplified “love-hate syndrome” of the past, illustrating the complicated regional environment of post-Cold War Asia as well as feelings of uncertainty regarding Chinese internal affairs since the death of Deng Xiaoping in February 1997. Observing the economic dynamism existing in the Asia-Pacific region, one such new discussion envisages that an economically powered (or economic-powered) China will become the focal point of such energy and dynamism as the twenty-first century approaches.

According to statistics collected by the International Monetary Fund (IMF), China has a developing economy whose GNP is only US\$370 per capita at the current rate of 5.6 *renminbi* (Chinese currency) to the U.S. dollar. Once this per capita GNP is converted into “purchasing power parity,” however, the domestic purchasing power of the *renminbi* for expenditures such as housing, transportation, and daily necessities amounts to US\$1,600, ranking China as the world’s third largest economy next to the United States and Japan (whose GNPs are on the US\$2 trillion level). Based on the above IMF statistics, the World Bank predicts that if the intraregional gross product of the Asia-Pacific region, including China, Hong Kong, and Taiwan, increases at an annual rate of 7 percent, it will reach US\$9.8 trillion in the year 2002, larger than the US\$9.7 trillion GNP estimated for the United States. In addition, the Institute for International Strategic Studies (IISS) in London predicts that China will be the world’s strongest economic power in 2010, and the Chinese Academy of Social Sciences and two American universities predict that China’s GNP will match that of the United States in 2020.² An article in *Newsweek* has also

²*Nihon keizai shimbun*, May 11, 1993. Also see Nicholas D. Kristof, “The Rise of

stated that if a "Greater Chinese Economic Zone" extending from China to Taiwan and Hong Kong is realized, it would have the highest GNP in the world, overtaking those of the United States and Japan. According to the *Washington Post*, China may compare favorably with the United States and Japan or may surpass the two economic superpowers in twenty years, or, as predicted by *The Economist*, in forty years.

As both the World Bank and the IMF's calculations are based on an annual growth rate of 8.9 percent for the period 1979-92, their estimates do not include many other aspects of the Chinese economy. Undoubtedly such prospects have helped propagate the image of a "China Season." In addition, although Paul Krugman's theory of "The Myth of Asia's Miracle"³ is not applicable to Japan and Asian newly industrialized economies (NIEs), it can be applied to the Chinese economy. Nevertheless, one new aspect of the Chinese economic boom on today's post-Cold War stage is that it is being widely and loudly touted as the beginning of a Greater Chinese Economic Zone that ranges beyond the Chinese mainland to Hong Kong, Taiwan, and Southeast Asia. Such an attitude indicates that the Chinese economy is now considered to encompass not only Hong Kong and Taiwan, but also interdependent economies within Southeast Asia, the Asia-Pacific region, and the world.

In contrast, the prospect of an "economic-powered China" has given rise to concerns about the "Chinese threat" in terms of Asia-Pacific regional security. At this time, China is undertaking an increase in defense spending, naval build-up, and additional overseas deployment in the South China and East China seas as part of its policy to build a "rich country and strong army." According to a report by PRC Foreign Minister Qian Qichen in March 1993, China's defense spending in 1993 was US\$7.3 billion, a figure which amounted to a mere 3 percent of total U.S. defense expenditures and only 20 percent of Japan's. However, from 1989 to 1995, Chinese defense spending has annually increased at a double-digit rate: 14.9 percent in 1989; 14.6 percent in 1990; 13.8 percent in 1991; 12.2 percent in 1992; 13.5 percent

China," *Foreign Affairs* 72, no. 5 (November/December 1993): 59-74; Hidenori Ijiri, "The Chinese Experiment and the Taiwan Experience," *Asuteion* (Tokyo), Fall 1993, 76-85.

³Paul Krugman, "The Myth of Asia's Miracle," *Foreign Affairs* 73, no. 5 (November/December 1994): 62-78.

in 1993; 22.4 percent in 1994; and 14.6 percent in 1995.⁴

Apart from its formal defense budget, the Chinese army has received an outlay of government funds and military research and development appropriations to be spent on corporate activities with concurrent military and civilian purposes, weapons exports, transportation supplies, and energy resources. These appropriations are allocated from the “electronic industry” category in the budget, as well as other State Council budgets, which means that China’s de facto military expenditures may be double or triple those officially estimated by the United States and other countries.⁵

Even accounting for inflation, the continuous growth of Chinese military spending is a fact. Evidence of such a build-up includes the purchase of 24 Su-27 fighters from Russia, the promulgation of the Law on Territorial Waters in February 1992, occupation of the Spratly Islands in July of the same year, and plans for purchasing or producing aircraft carriers. Post-Cold War Asia has cause to fear the possibility of a “Chinese threat”; accompanying this fear is the concern that the collapse of the Soviet Union, the U.S. withdrawal from the Philippines, and the phased reduction of the U.S. forces in Japan and South Korea have created a “power vacuum” in the Asia-Pacific region.

Another sign of a revived China is its domestic situation or, more concretely, the fear of political instability in the post-Deng era in concert with a “superpowered” China. Most of all, there has been fear of the PRC’s disintegration, as China has been a nation in which the imperialistic tradition has preferred “rule by personal control” to the “rule of law,” and almost everything depended on the presence and command of Deng, as shown by the present reform and opening-up policies. Now that this “weight” has been removed, the potential political instability and ensuing chaos are possibilities that no one can completely deny.

Potential political instability in the post-Deng era cannot only be considered in terms of Deng’s exit from the stage. Viewing China as a living political entity where many elements are intricately inter-related, we should attempt to understand the domestic conditions that

⁴Shigeo Hiramatsu, “A Study of the Chinese Military,” *Ekonomisuto* (Economist) (Tokyo), October 10, 1995, 61.

⁵*Ibid.*; and *Zhongguo shibao* (China Times) (Taipei), July 12, 1993.

are being affected by national economic growth and the dynamic international society surrounding China. The 1989 Tiananmen incident is one example of this living political entity, as the incident was a complex product of many factors including public discontent and displeasure with inflation and official corruption, power struggles within the Chinese Communist Party (CCP), and the movement led by students and intellectuals that had severe repercussions among the Chinese people.

Lights and Shadows over Capitalistic Red China: The "Chinese Experiment"

The CCP's Fourteenth National Congress in October 1992 determined the basic course of the nation for another five years by using the term "socialist market economy" as a follow-up plan to the reform and opening-up policies advocated by Deng Xiaoping since the "southern fact-finding tour" at the beginning of the same year. The National People's Congress (NPC) in March 1993 also approved this plan of action, and accordingly, China's new Constitution embodied Deng's theory of "socialism with Chinese characteristics."

The NPC session in April 1996 also confirmed the Ninth Five-Year Plan and identified "Long-Term Goals" for the year 2010 as well as plans to modernize China's military forces and weaponry. However, for reasons explained below, China's future along this socialist market economy course should be thought of as a problem-laden, grand-scale "experiment."

The "socialist market economy" policy established on the basis of the rapid growth of special economic zones (SEZs) such as Guangdong and Fujian, the southern provinces closest to Hong Kong and Taiwan, provides evidence that China has set out on a course toward "Red capitalism" by boldly introducing capitalist ideas such as price mechanisms, a stock exchange, de facto land purchases, and free enterprise (separating management rights from corporate ownership), while politically maintaining the CCP's one-party rule and socialism (or the CCP's version of a state system composed of the party, bureaucrats, and military, and a police state). However, China's new Red capitalist course has already caused "economic overheating," as demonstrated by the GNP growth rates of 13.6 percent, 13.4 percent, and 11.4 percent from 1992 to 1994, respectively. The fixed asset investment rate of 47 percent in 1993 fell to 22.2 percent in the first half of 1995,

and the consumer price increase rate rose from 14.5 percent to 22.1 percent over the same period.⁶ As China makes the transition to an oil-importing country, there is also the danger of a shortage of energy resources. At present, there has been little infrastructure set up for transportation, state-run enterprises in key industrial sectors are inefficient, strikes among labor groups are starting to rise, and an estimated 100 million people face potential unemployment.

Closer examination shows other serious problems, including moral laxness and corruption among bureaucrats, a severe economic gap between the coastal and inland areas, pressures from population growth, and an influx of potentially unemployed people from rural to urban areas (called *mingong mangliu* in Chinese, or “the random inflow of labor force”). The total number of protest activities by farmers has already surpassed 170 since the end of 1992, the most serious being a demonstration in Renshou, Sichuan province which was attended by 10,000 people.⁷ Riots frequently occur in Sichuan, Anhui, Hunan, Hubei, and Henan—all inland areas with a huge agricultural population.

It is commonly thought that the farmers who participated in the 1989 Tiananmen incident were understood to be “silent supporters for the establishment,” as they had benefitted from the agricultural reform policies carried out in the late 1970s. Their role was in direct contrast to students, intellectuals, and workers from urban areas. However, as the focus of economic policy shifted to development of coastal areas in the mid-1980s, farmers in the inland provinces were forced to make many sacrifices. In contrast, urban residents and privileged suburban farmers benefitted from reforms, the opening-up policies, and foreign capital investment.

Farmers in inland areas have also suffered from other developments. Local officials have approved the overissuing of *baitiao* (accommodation bills for agricultural product) and appropriated part of the agricultural budget for economic construction. In addition, farmers have borne the heavy burden of payment duties and suffered from price decreases in agricultural products and cost increases for agricultural

⁶Tomoyuki Kojima, *Kozo tenkan no Chugoku* (China undergoing structural transformation) (Tokyo: Ashi shobo, 1994), 398, 400; and Tomoyuki Kojima, “The United States Seeks a ‘Deep Engagement’ Strategy Toward China,” *Toa* (East Asia) (Tokyo), no. 338 (August 1995): 8-13.

⁷*Sankei shimbun*, May 11, June 11, and June 27, 1993; Hiromitsu Sugie, *Chugoku bijinesu taikoku eno chosen* (China’s challenges to becoming a business power) (Tokyo: Gakuyo shobo, 1994), 201-34.

materials and fertilizers. Moreover, the amount of arable land has been reduced because of the “land development” boom. All these factors have culminated in a reduction of real income and cast shadows over the bright prospects of the current reform and opening-up policies.

Deng Xiaoping prophesied that any economic problem occurring in the 1990s would center around agriculture. In the same vein, another senior leader, Wan Li, has emphasized the need to solve the problems existing in China’s villages.⁸ As agriculture plays a crucial role for China and its large population, the government regards dissension among rural dissidents—which has now evolved into an organized movement since the Tiananmen incident—as a very serious problem.

In addition, the recent rise of ethnic minority independence movements and violence between minority groups and Han-Chinese in border regions including Tibet, Xinjiang, and Inner Mongolia is becoming increasingly serious. There have also been concerns about Qinghai near Tibet, as data obtained from China indicates that an increasing number of Han-Chinese have illegally fled from areas such as Tibet to Qinghai and other regions since the central government commenced its economic reform in urban areas.

Given these circumstances, economic difficulties might prompt the diversification of society, producing plural interest groups and leading to struggles between local and central political forces that advocate different economic interests. Such a series of events may destabilize China’s domestic politics in the future. Furthermore, doubts may arise regarding the ruling power of the CCP itself, as mammonism, the penetration of *xiahai* (CCP cadres moving to the business world), and “second-job occupations” (side jobs) are spreading in China. There is reason to believe that the CCP’s role and leadership will decay in the state-society relationship.

While the political system remains stable, the government needs to enhance productivity and promote favorable economic growth by learning from past experiences of “development-oriented authoritarianism” in Taiwan and Singapore. By studying aspects such as industrial policies behind state-guided economic growth in Japan, the Chinese government will be able to navigate a “soft landing” into political reform and democratization, regardless of the difficulties.

⁸Sugie, *Chugoku bijinesu taikoku eno chosen*, 199.

However, the Chinese leadership must understand that development-oriented authoritarianism in Asian countries such as Japan, Taiwan, South Korea, and Singapore has been based on the capitalist political system.

The current economic situation in China is much more complicated and serious than the economy's "multifaceted overheating" (a phrase borrowed from the "multifaceted recession" of the Japanese economy) in 1988 prior to the Tiananmen incident.⁹ Even if China's present government maintains its priorities of economic development and CCP one-party rule, a certain level of economic growth will create a middle-class sector of the economy. The middle class may then push for the liberalization and democratization of society, forcing the country to adjust its hard-nosed political system. The question of whether China can successfully make the transition through economic, political, and social reforms is thus still fraught with uncertainty. Because China is undertaking a grand-scale "experiment" unprecedented in world history, these outcomes need to be examined.

In envisioning possible scenarios for a post-Deng China, one situation that may occur is that the power structure may be further diffused by a tug of war among political powers representing pluralized interests despite the ability of the present leadership centered around CCP General Secretary Jiang Zemin to temporarily maintain stability. In other words, the decentralization of economic and political power may continue, and the central government may only assume macro-oriented control of the economy, foreign policy, and national defense in the long run. This would mean a shift from the current political-economic system to federalism or confederation, even though arguments for this scenario still remain highly speculative. However, post-Deng leadership will become unstable if the "contradictions among the people" (intra-population inconsistencies) in China today are overrun by rivalries. Given that, the present government in Beijing is still suffering from the after-effects of the June 1989 Tiananmen incident and faces its toughest challenge to date—safely guiding the economy into a new and relatively politically "soft" system. Such a task deserves being termed the "Chinese experiment."

⁹Tomoyuki Kojima, "The Third Plenum of the CCP's Fourteenth Central Committee Cannot Be Held Due to Multifaceted Overheating," *Toa*, no. 314 (August 1993): 44-46, 51-52; and Kojima, *Kozo tenkan no Chugoku*, 298-314.

The Resurfacing of the "Taiwan Problem": The "Taiwan Experience Part II"

But what of Taiwan, the island lying across the Taiwan Strait from China? Taiwan's political system has already emerged from the authoritarianism of the Chiang Kai-shek-Chiang Ching-kuo era, and under the present Lee Teng-hui regime, Taiwan is making a successful, peaceful transition to a democratic system. In December 1992, Taiwan institutionalized a mechanism of competitive representation under a multiparty system of elections after full-fledged elections in the Legislative Yuan, creating a structure based on the Western model of parliamentary democracy. China is thus confronted with a muted but serious challenge, as Taiwan's metamorphosis has occurred in a Chinese world where traditions of imperial political culture also exist.¹⁰

When President Lee appointed Lien Chan to be the first Taiwanese premier in February 1992 after a month of intraparty disputes between the Kuomintang's (KMT's) "mainstream" and "non-mainstream" factions, the "Taiwanization" of Taiwan moved forward. Concurrently, the Democratic Progressive Party (DPP), which had campaigned for "one China, one Taiwan," also gained in power. Both events were examples of the "Taiwan experience" of seeking peaceful democratization. Conversely, the KMT's Fourteenth National Congress in August 1993 was the stage for another struggle between the "mainstream" and "non-mainstream" factions in which the New Party (NP) formed from a splinter group of the KMT (the split of the Liberal Democratic Party [LDP] and the successive "new party" boom in Japan had some influence on this event).

Having overcome these various political conflicts, at the end of 1994, Taiwan achieved democratization at the local level by holding gubernatorial and mayoral elections in Taipei and Kaohsiung. These advances showed progress toward the real possibility of a direct presidential election, an epoch-making event for a fully democratized Taiwan. If we narrowly define democracy as the "competitive representation of popular interests under institutionalized election," then we can conclude that the first stage of democracy (what I call the "Taiwan Experience Part I") was achieved by this event.

¹⁰Hidenori Ijiri, *Taiwan keiken to reisen-go no Ajia* (The Taiwan experience and the post-Cold War era in Asia) (Tokyo: Keiso shobo, 1993), 1-6.

Conversely, in regard to cross-Strait relations, Beijing has set forth a “one country, two systems” formula established by Deng Xiaoping in the early 1980s. Taiwan has rejected this proposal on the grounds that it would give Taiwan inferior status compared to the PRC. Afraid of being bound by China’s negotiation tactics, Taipei originally adhered to a policy referred to as the “three no’s”—no contacts, no negotiations, and no compromise with Beijing. After martial law was lifted in Taiwan in 1987, however, the Taiwan government faced internal pressure to increase advantageous economic contacts with the mainland. President Lee established a National Unification Council (NUC) in October 1990 to advise on these matters, and later that year, a Mainland Affairs Council (MAC) was established under the Executive Yuan to direct policy on cross-Strait relations.

Consequently, in May 1991 President Lee ended the civil war with the PRC, opening the way to contacts under the “one country, two equal political entities” formula which has now evolved into a “one divided state” formula. Taiwan established the Straits Exchange Foundation (SEF), a nongovernmental body, in Taipei, and China set up a counterpart, the Association for Relations Across the Taiwan Straits (ARATS); the two bodies’ representatives met for negotiations in Singapore in April 1993.

Under these circumstances, informal public-level exchanges—which had rapidly increased between both sides since 1987—further intensified. For example, during 1995, indirect two-way trade amounted to US\$22.5 billion, leaning heavily in Taiwan’s favor. Taiwan’s capital investment in the mainland totaled US\$6 billion (with an aggregate total of over US\$10 billion since the late 1980s). Personal trips from Taiwan to the mainland were occurring at a rate of several million (5 million in 1994) annually.

In early 1995, Jiang Zemin issued an eight-point proposal for cross-Strait relations which included plans for meetings between Jiang and Lee, and garnered positive interest in Taiwan and abroad. In response, President Lee issued a six-point counterproposal in April 1995, and the second meeting of SEF Chairman Koo Chen-fu and ARATS Chairman Wang Daohan was scheduled to take place in Beijing in September that year. However, President Lee’s landmark trip to the United States in early June, following up on his “vacation tour” of Southeast Asian countries in 1994 and of Middle Eastern countries in 1995, suddenly altered the situation. China’s strong criticism of Taiwan and the United States caused a sharp downturn in the island’s stock prices. A series of Chinese verbal attacks on President Lee in

mass media such as the *People's Daily* and China's military exercises near Taiwan, including missile launch tests, led to grave worries and eventually culminated in the March 1996 crisis during Taiwan's presidential election.¹¹

The deterioration in cross-Strait relations has lowered the enthusiasm of Taiwan businessmen to conduct trade and investment in the mainland, but overall, it can be said that the general impact on their attitudes regarding economic relations has been less than expected. According to one Taiwan businessman, "Despite everything, China is still better than Southeast Asia. The mainland has a huge labor supply, plenty of resources, and one of the world's biggest markets."¹² This opinion differs from that of the Taiwan government, which wants to steer investment and trade toward Southeast Asia (*nanjin zhengce*). In any event, it is evident that the dynamics of cross-Strait relations and both sides' domestic situations have been determined by mutual contact and exchanges within the context of the post-Cold War international environment in Asia.

With the progress of relations between the two sides of the Taiwan Strait mentioned above, the so-called Taiwan problem has regained prominence in post-Cold War Asia. For some time after World War II, the Taiwan problem was regarded as a key issue, but became a minor international issue as a result of Sino-U.S. rapprochement led by President Richard Nixon's visit to Beijing, the subsequent normalization of Sino-Japanese relations, and the break between Japan and Taiwan in 1972, which in turn was followed by normalization of Sino-U.S. relations in December 1978. Since that time, Taiwan has been considered to be a part of the China problem in general. During the past few decades, however, the Cold War has ended and Taiwan has become a presence of much greater significance. Its economic strength, represented by a per capita GNP of more than US\$10,000, forms the backbone of the Southern China Economic Zone. Yet, Taiwan itself has needed to promote economic relations with China in order to make inroads into the Chinese market. The Taiwan problem should therefore be considered anew in the context of the two sides' new economic interdependence.

¹¹*People's Daily*, July 23-26 and August 3-7, 1995; *Beijing Review* 38, no. 33 (August 14-20, 1995): 12-13; *ibid.*, no. 34 (August 21-27, 1995): 4; *Pekin shuho* (Beijing Review), June 20, 1995, 6-7; and *Far Eastern Economic Review*, August 24, 1995, 16-17.

¹²"Cool Feet," *Far Eastern Economic Review*, October 12, 1995, 148, 150.

Since peaceful democratization in the sphere of Taiwan's domestic politics entails promoting the growth of the opposition DPP and propagating Taiwanization (i.e., expansion of political participation by ethnic Taiwanese who account for 86 percent of the Taiwan population), as well as an increase in Taiwanese nationalism, the position and value of Taiwan as an economic and political entity in international society should be redefined. Taiwan's direct presidential election in March 1996 had several features which highlight this point.

First, the outcome of the Taiwan election sent a message throughout the world that the Taiwanese have a growing sense of "national identity" and "popular sovereignty," as they elected a Taiwanese president for the first time in the island's 400-year history. This decisively opened the door to a Western-style democracy despite strong pressure from mainland China. In fact, nearly 680 foreign reporters gathered in Taipei for the event, and ironically, the more China stressed that the Taiwan problem was an "internal affair," the more the problem was internationalized. Thus, Taiwan gained much support from foreign observers.

From the Chinese viewpoint, the Taiwan Strait crisis was the conclusion of a three-year plan of military exercises and modernization that had begun in 1993. According to Chinese sources, when President Lee visited the United States, this gave Jiang Zemin the opportunity to give a green light to the military to conduct military exercises near Taiwan. Accordingly, party and military leaders were given a chance to inspire Chinese nationalism and win over the minds of leaders and followers regardless of failure or success. The Taiwan Strait crisis was not originally considered a "war game," but when military officers wanted to continue the exercises at full strength, it was made clear to them by Jiang that the party and politics controlled the military.

Chinese pressure on Taiwan politics has also manifested itself in other ways. After the election, an article in the *Liaowang* (Outlook Weekly) continued to criticize President Lee by claiming that he participated in money politics during the election campaign and predicted that he would become the Taiwanese equivalent of Roh Tae Woo, the former South Korean president who was arrested for bribery and his involvement in the Kwangju incident in May 1980. Moreover, even though the presidential election results showed that Chinese pressure could not reduce the number of votes gained by the Taiwanese candidates, namely the KMT-backed President Lee (54 percent) and DPP candidate Peng Ming-min (21 percent), China still claimed success in its pressure on Taiwan. Such claims were made

mainly because the total number of votes gained by the two other candidates, Lin Yang-kang and Chen Li-an, was higher than those garnered by the independent-oriented Peng, thereby justifying China's actions against Taiwan and its view that Taiwan's general public did not endorse an independent Taiwan.

Third, thanks to the series of Chinese military exercises, Taiwan's military has had to respond to Chinese pressure by preparing eighteen scenarios which carefully and completely examined the strengths and weaknesses of its defense capabilities. Finally, in terms of U.S. reaction, the crisis led the United States to dispatch two aircraft carriers to prevent actual conflicts from occurring in the Taiwan Strait. In fact, when the U.S. aircraft carrier *Independence* left its Yokosuka base in Japan early on the morning of February 9, Japan's Defense Agency assisted as much as possible in preserving the secrecy of its launch. The news of the *Independence* setting sail for the waters near Taiwan was quickly relayed to President Lee. In doing so, the United States was able to display the credibility of its military presence in East Asia to its allies.

In regard to Japan, the crisis was followed by President Bill Clinton's visit to Japan to redefine the Japan-U.S. Security Treaty. Due to the recent events, top leaders of the United States and Japan reached an agreement with a "Joint Statement on U.S.-Japan National Security" which declared that the area covered by the bilateral treaty would be expanded from the Far East to the Asia-Pacific region. Thus, it can be said that not only China but Japan and the United States have been forced to respond appropriately to the "Taiwan problem."

In reviewing Taiwan's domestic and international situation, any rapid changes such as reunification or complete separation cannot be predicted for relations between Taiwan and China. What is happening today across the Taiwan Strait can be termed the recognition of "established facts" (de facto independence). According to a poll conducted by Taiwan's MAC just before the presidential election, 80 percent of the population supported maintaining the status quo. As for Taiwan's future, namely the question of unification or independence, those who responded to the question said that they were undecided at the moment but would decide which way they would lean when the time came.

As President Lee says today, the concept and principle of "one China" is China's goal, and is not reality but mere fiction. To him, the reality is that the Republic of China is one sovereign state, and

that following the concept of popular sovereignty, the master of Taiwan is not the president but the people. During the election campaign, President Lee often explained the notion of popular sovereignty to Taiwan's residents by saying that the Taiwan people themselves are the "boss" of the president. As such, President Lee's inauguration speech did not include the "one China" principle, although it clearly included the statement that Taiwan did not have the intention to seek independence. Thus, the results of the polls as stated above clearly show that President Lee's China policy must be conducted according to the popular will, and that the Taiwan people currently support his China policies.

Given the results of these analyses, we should open a new course to the future by being practical and flexible, and consider fresh views about the "Chinese experiment" and the "Taiwan experience."

China and Taiwan for the United States and Japan

Because our knowledge of China is still limited and subject to substantial uncertainty, we have to take into account a variety of possibilities for the future. Even if we assume that the future of China includes continued economic growth, such growth may lead to a collapse of the central leadership and the disintegration of China as a unified political entity due to increasingly powerful regional provinces overtaking the weakening central leadership. In the meantime, China is attempting to make a serious effort to augment its power projection capabilities for the purposes of defending competing territorial claims along its border regions.

China needs a peaceful environment in the near future in order to pursue a policy of economic growth coupled with military modernization. It seems likely that the present Jiang Zemin regime will sustain its leadership in the short run as long as he gradually consolidates his own power base.

There are four ways that Jiang can accomplish this: he may rely on the so-called Shanghai group in the political center; he may reshuffle military leadership at the highest levels, as when he appointed loyalists such as Chi Haotian and Zhang Wannian to the Central Military Commission (CMC) at the fifth plenum of the CCP's Fourteen Central Committee in fall 1995; he may change the commanders of several military regions; and he may promote anti-corruption campaigns such as the one which led to the expulsion of Chen Xitong, the former

Beijing Communist Party chief, from the Politburo.¹³ In addition, some China scholars speculate that Jiang's anti-corruption campaign may eventually be directed at the Deng family in the wake of Deng's death.

Of course, in the long run, the opposite outcome is also possible. In the extreme case, the disintegration of the state, a potential struggle among various civil-military coalitions for power, and a chaotic situation involving rebellion by laborers, peasants, and ethnic minority groups against the central and local governments may ensue. However, gradual decay rather than rapid explosion might be a more likely scenario. In any case, it is clear that coping with China will become the most challenging security task in the Asia-Pacific region for many years to come.

On the other hand, democratization in Taiwan has reached the grass-roots level, and the region's first direct presidential election in March 1996 inaugurated what I call the "Taiwan Experience Part II." President Lee's "pragmatic diplomacy" has boosted Taiwan's recent international activities and garnered worldwide support, and President Clinton's decision to allow Lee to visit the United States was a bold one, especially compared to Japan's response in a similar situation.

Both the United States and Japan have respected and abided by the "one China" policy. However, although Japan has made no commitment to either side in resolving the unification issue between China and Taiwan, the United States has taken a different position by stating that it hopes for "peaceful" unification between the two sides of the Taiwan Strait. The existence of the U.S. Taiwan Relations Act (TRA) also allows the United States to provide Taiwan with weapons for the purpose of defending itself.

As has been mentioned above, the Taiwan problem and upgrading Taiwan's international status are not old issues but completely new ones: a peacefully democratized Taiwan is now seeking its own national identity as a de facto independent state. As President Lee stated at Cornell University:

For many developing nations, the process of moving to a democratic system has been marked by a coup d'etat, or by the kind of "political decay" suggested by Professor Samuel P. Huntington. . . . However, the case of the Republic of China on Taiwan is a notable exception. Nonexistent is the vicious cycle of expansive political participation, class confrontation,

¹³"Power Plan," *ibid.*, October 12, 1995, 16-17; and "New Military Leaders Appointed," *Beijing Review* 38, no. 43 (October 23-29, 1995): 6.

military coup, and political suppression, which has occurred in many developing countries. The process of reform in Taiwan is remarkably peaceful indeed, and as such is virtually unique. In addition to the “economic miracle,” we have achieved a “political miracle,” so to speak.¹⁴

As many foreign observers argue, recognition of Taiwan’s increasing international importance as well as its attainment of a fully democratized, de facto independent status has been long overdue. The U.S. decision to invite Taiwan’s top leader to the United States as a “private” citizen was a correct one, even though a serious battle ensued between Congress and the White House. In contrast, the Japanese government remains far behind the United States and has been reluctant to make such a decision. To put it bluntly, for the Japanese government, “Asia is China, and to lean to Asia means leaning to China.” What I call “one country (China) Asianism” has been so strong in the minds of Japanese leaders that the Taiwan problem has been a taboo subject. Yet, Taiwan is already a full-fledged member of the Asia-Pacific Economic Cooperation (APEC) forum. In addition, a multilateral security regime without Taiwan cannot work effectively in both Northeast and Southeast Asia.

The U.S. and Japanese Response

The interests of the United States and Japan toward China (and Taiwan) obviously differ and preclude pursuit of a totally coordinated policy. The United States has long observed a tradition of missionary zeal and ideological commitment—what George F. Kennan calls a “legal-moralistic” approach¹⁵—to China that Japan does not. In contrast, Japan can claim a historical involvement with China that the United States lacks. In the December 1990 issue of *The China Quarterly*, I wrote:

Sino-Japanese relations appear to have a dual structure which is built into the long history of exchanges and interaction between the two countries. . . . The Chinese have a superiority complex deriving from their cultural influence in premodern history and hatred stemming from Japanese military aggres-

¹⁴Lee Teng-hui, “Always in My Heart” (An Olin Lecture delivered at Cornell University, Ithaca, New York, June 9, 1995), *The Free China Journal* 12, no. 22 (June 16, 1995): 7. Also see Ijiri, *Taiwan keiken to reisenjo no Ajia*, 4-5.

¹⁵George F. Kennan, *American Diplomacy, 1900-1950* (Chicago: University of Chicago Press, 1951; expanded edition, 1986), 52-53. Also see Hidenori Ijiri, *Gendai Amerika chishikijin to Chugoku* (Contemporary American intellectuals and China) (Kyoto: Mineruva shobo, 1992), 6, 10-11, 59-60.

sion against China, while having a inferiority complex based upon Japan's cooperation in their modernization and admiration for Japan's advanced economy. On the other hand, the Japanese have an inferiority complex due to cultural debts to China and the sense of original sin stemming from their past misdeeds in China, [and] a superiority complex based upon their assistance in China's modernization and contempt for China's backwardness.¹⁶

Since 1972, Japan's policy toward China has followed a basic pattern: when problems occur, such as the 1982 Japanese school textbook controversy, the 1984 Yasukuni Shrine problem, or the 1987 Kokaryo (Chinese student dormitory in Kyoto) case, China has opposed Japan and Japan has made concessions in order to remove immediate friction and avoid serious, long-term friction inherent in the basic relations between the two countries. As I wrote in the above article, this pattern of attitudes has produced a structural "asymmetry" in Sino-Japanese relations in which Japan has maintained a "low posture" compared to China's "high posture."¹⁷

In a different fashion, the United States has maintained a strong sense of missionary and ideological zeal toward China. In addition, U.S. policy has swung between two extremes—commitment to the Chinese continent or aloofness from it, engagement or disengagement—during the period of civil war in China, the Korean War, the Vietnam War, and other major events. Since the Nixon administration, the so-called "China card" has long been used as leverage against the former Soviet Union, and such geopolitical considerations and power politics stances have been maintained even after the collapse of the Soviet Union. Currently, U.S. policy toward China is not clear-cut: various views have been identified by the use of terminology such as "deep engagement," "polite containment," and "containment" of China.¹⁸

The 1996 Taiwan Strait crisis was a test case for both the United States and Japan. At the height of China's military exercises near Taiwan, the Clinton administration decided to dispatch the aircraft carriers *Independence* and *Nimitz*, without following the procedures

¹⁶Hidenori Ijiri, "Sino-Japanese Controversy Since the 1972 Diplomatic Normalization," *The China Quarterly*, no. 124 (December 1990): 639.

¹⁷*Ibid.*, 639-61.

¹⁸See Joseph S. Nye, Jr., "The Case for Deep Engagement," *Foreign Affairs* 74, no. 4 (July/August 1995): 90-102; Mike M. Mochizuki and Ashley J. Tellis, "U.S. Security Strategy toward the Asia-Pacific Region" (Paper prepared for the Global Industrial and Social Progress Research Institute Project on "A Security Regime for the Asia-Pacific Region," Tokyo, May 1994), 18.

set forth in the TRA. More interestingly, U.S. National Security Advisor Anthony Lake met the PRC State Council's Foreign Affairs Office Director Liu Huaqiu in Washington and reached an agreement whereby China would control its military exercises in return for the agreement that the U.S. aircraft carrier *Nimitz* would not pass through the Taiwan Strait. The U.S. involvement in the Taiwan Strait crisis was important and decisive enough that escalation into an actual military conflict between the two sides of the Taiwan Strait was avoided. As President Lee frankly noted, the deterring presence of U.S. Marine forces near Taiwan was "god-sent for Taiwan."

In contrast, at this critical moment, the Japanese Foreign Ministry was preparing for the evacuation of Japanese nationals from Taiwan. Of course, in the wake of the Taiwan Strait crisis, Japan's House of Councilors Committee on Foreign Affairs met in May 1996 and made a resolution stating:

The Taiwan issue is a matter that should be settled spontaneously and peacefully between China and Taiwan, and the process must not be obstructed. In order to avoid a situation in which the military tension in the Taiwan Strait leads to the military build-up of both China and Taiwan; gives rise to alarm in neighboring Asian nations over security; and further spurs the military arms race that is already apparent in Asia, we strongly hope that measures will be set up as soon as possible.¹⁹

This was the first time that Japan's Diet had made such a resolution, which in turn displayed a general change in the public mood, which included Diet members.

Despite these differences, the United States and Japan share major interests regarding China and East Asian affairs. In considering the overall framework of international politics, one could argue that a possible scenario for the next two or three decades may be an "issue-oriented, multilayered, cooperative, and competitive system" among major powers as described in Joseph Nye's *Foreign Affairs* article entitled "What New World Order."²⁰ In this system, different countries can come forward to solve different problems on an issue-by-issue basis. If that is the case, it is important to see that the United States and Japan can work together in world affairs, particularly in addressing the China-Taiwan problem.

¹⁹Committee on Foreign Affairs, House of Councilors, "Resolution on China and Taiwan Affairs" (May 16, 1996).

²⁰Joseph S. Nye, Jr., "What New World Order," *Foreign Affairs* 71, no. 2 (Spring 1992): 83-96.

For such reasons, we should not side with the idea proposed by "switch theory," which suggests that Japanese diplomacy should change from its pro-U.S. line to a relatively pro-China and pro-Asian stance. Instead, we should stress that any cooperative relations among the European countries, Russia, China, Southeast Asia, and other areas of the globe can be built on the foundation of Japan-U.S. leadership sharing. In other words, Japan-U.S. relations have already attained a certain level of maturity; therefore, the two sides should seek to share leadership in various issue areas.

Furthermore, many Japanese still argue that they are unsure about whether China presently poses a danger. Depending on the future, China may either continue to be Japan's friend or become a serious threat, potentially producing disturbing problems and greater chaos. This makes it difficult for Japan to choose between policies which either contain China or deepen ties with China. It can thus be said that the U.S. stance toward China has been tougher than that of Japan's.

Certainly, China's military power has increased, particularly its naval power, as proven by an average annual increase of more than 10 percent in its military budget during the past several years and a 22.4 percent increase for 1994 (14.6 percent in 1995). After China's NPC passed the Law on Territorial Waters in February 1992, the ASEAN Foreign Ministers Conference (FCM) in 1992 issued a special statement to warn China against using force. In 1995-96, despite strong criticism from foreign countries including Japan, China conducted nuclear tests and continued military exercises near Taiwan.

Given the above situation and the end of the Cold War, the need for multilateral cooperation in Asia has arisen. There is a need for close consultation and leadership sharing between Japan and the United States, not only in regard to the Taiwan question but also on other issues such as the North Korean problem. The United States and Japan also need to cooperate in constructing the Theater Missile Defense (TMD) system which Taiwan is also interested in joining. In addition, the United States and Japan can commence proposals to form a Northeastern Asian Defense Ministerial Conference, which would include the private participation of Taiwan military specialists to discuss the state of affairs in the Korean Peninsula and Taiwan Strait as well as build confidence-building measures (CBM) in preparation for the TMD system. In the field of security, a United States-Japan collaboration will be necessary to establish CBM in Asia, where there is a tradition different from that of the West.

In July 1993, the foreign ministers of seventeen Asia-Pacific countries, including the United States, Japan, and ASEAN nations, met in Singapore and agreed to form a security forum called the ASEAN Regional Forum (ARF). Today, the United States, Japan, South Korea, Taiwan, and other ASEAN member nations advocate a vision of regional collective security. There has also been a move under way to shift the APEC and ASEAN Post-Ministerial Conferences from separate arenas for economic discussions to an organization in which political and security issues can also be discussed. Whether or not the ARF can function well in dealing with cross-Strait relations is an open question since Taiwan is not a member of the forum. But even without Taiwan's participation, it seems possible that other members can discuss the Taiwan Strait question indirectly and thereby persuade China to reduce tensions in cross-Strait relations. The United States and Japan should work together to take the initiative in raising this issue among the forum's members.

In this regard, it may be best for Japan—in close consultation with the United States—to take the lead in setting up such a forum of common (not collective) security dialogue, be it formally or informally, as part of its political role in the Asia-Pacific region and as a contribution to the international community. Of course, such a course poses a dilemma for Japan: namely, being caught between the United States as a single superpower versus China and ASEAN's assertive nationalism or Asianism.²¹ For example, some ASEAN members insisted that the APEC conference held in Indonesia in 1994 should be the place to declare the beginning of an integrated APEC/EAEC drive for cooperation because Indonesia is in Asia. Japan currently finds itself sandwiched between Westernization and Asianism. Samuel P. Huntington's "clash of civilizations" argument may over-exaggerate the situation, but it does touch on the point of the West versus the Confucian-Islamic group.²²

Japan has other serious problems connected to its past wartime deeds, i.e., the comfort women issue. In addition, there has been a strong demand since the Gulf War from both within Japan and other countries for Japan to make further international contributions. Japan

²¹A similar view is found in Yoichi Funabashi, "The Asianization of Asia," *ibid.* 72, no. 5 (November/December 1993): 75-85.

²²See Samuel P. Huntington, "The Clash of Civilizations?" *ibid.* 72, no. 3 (Summer 1993): 22-49.

could solve the confrontation and deadlock between the West and Asia by actively playing both a nonmilitary and political role or taking the initiative in setting up a multilateral security forum. It can also take the opportunity to reassure other Asian countries that it will never become a military power again and apply "quiet diplomacy" to avoid tilting toward "China-centered Asianism." In addition, Japan can strengthen its ties with Taiwan, ASEAN, and Oceania, as well as work to extensively enhance "comprehensive security" (*sogo ampo*) to the point that it can play a role in resolving human rights and global environmental protection issues.

Recently, there has been heated debate about the future function of the Japan-U.S. Security Treaty. When presenting the United States Security Strategy for the East Asia-Pacific Region (the so-called DOD report), the U.S. Department of Defense justified the American security presence in the Asia-Pacific region,²³ with former U.S. Assistant Secretary of Defense Joseph Nye stressing "security is like oxygen—you tend not to notice it until you begin to lose it."²⁴ In contrast, Chalmers Johnson bitterly criticized the DOD report and recommended abolishing or revising the treaty, commenting that "the Department of Defense has become a virtual pawn of the Japan lobby."²⁵

Many policy analysts have used a "cork in the bottle" theory: if Japan's remilitarization were likened to a bottle, it can be closed up by the Japan-U.S. Security Treaty like a "cork." Others have argued that Japan should maintain the treaty because abandoning an alliance in peacetime is easy but rebuilding it in the midst of a crisis would be extremely difficult. Currently, the majority of Japanese think that Japan should stick to the alliance. By providing host nation support to the United States, Japan would be able to contribute to the maintenance of the security systems directly and indirectly formed by the U.S.-Japan Security Treaty.

China has endorsed the U.S.-Japanese alliance in the past, but since the Taiwan Strait crisis and President Clinton's visit to Japan in which the U.S.-Japan Security Treaty was reconsolidated, China has expressed concern with the treaty. While China does not oppose

²³Department of Defense, Office of International Security Affairs, "United States Security Strategy for the East Asia-Pacific Region" (USDP/ISA/AP, The Pentagon, Washington, D.C., February 1995), 23-30.

²⁴Nye, "The Case for Deep Engagement," 91.

²⁵Chalmers Johnson and E. B. Keehn, "The Pentagon's Ossified Strategy," *Foreign Affairs* 74, no. 4 (July/August 1995): 114.

the current U.S.-Japan relationship, at least until its own economic and military modernizations are complete, the United States and Japan may need a modified status quo. A continued U.S.-Japan security relationship would function in two ways: it would make Japan's already substantial military capabilities nonprovocative, while still sustaining the cornerstone that may be required in case of future instability caused by China (or North Korea).

Of course, the United States should continue to promote an ongoing dialogue with the Chinese leadership and the military. Such a dialogue would be important both in terms of promoting CBM and for understanding the People's Liberation Army's (PLA's) way of thinking on such crucial issues as plans for modernization and desired capabilities. However, the United States and Japan should restrain technology transfers and arms sales to China, especially technology and arms which could quickly change the military balance in the region. Instead, the United States and Japan should cooperate with each other in building a consensus with other ASEAN nations and Russia to prevent the sale of such arms and technologies to China.

In addition, the United States and Japan should work together to initiate a dialogue with regional allies on the question of how to respond to China, regardless of what its future holds. China has had various territorial disputes with its neighbors over the Diaoyutai (Senkaku), Spratly, and Paracel islands.²⁶ China's worldwide arms sales, particularly to the Middle East and South Asia, are another disturbing factor.

Global Issues

We have begun to recognize that the only way to combat such problems as nuclear non-proliferation, environmental protection, human rights, and population control is by cooperation among the members of the global community. China consists of more than 20 percent of the world's population, and it is clear that its contribution to the efforts to combat such global problems will be crucial. Yet, the task of steering China toward multilateral efforts on such global issues is not an easy one due to China's conception of itself and its place in the world.

²⁶Mochizuki and Telis, "U.S. Security Strategy toward the Asia-Pacific Region," 21.

To date, China, like North Korea, has tended to have bilateral rather than multilateral relations with foreign countries. Due to its traditional power politics and perhaps the nature of its domestic one-party dictatorship, China considers international commitments that cannot directly benefit its short-term interests to be foreign attempts to interfere with its internal affairs. Therefore, China must be persuaded that contributing to multilateral efforts in global issue areas can also be of benefit in the long run.

Probably the most urgent global issue today is the problem of how to deal with nuclear proliferation, arms sales, and related technology transfers. China bought fighter jets and missiles from Russia after the disintegration of the Soviet Union, and in the export arena, its military has continued to sell arms in order to gain hard currency for its economic and military modernization plans. It has been rumored that China has sold nuclear-related technology and equipment to Pakistan and Iran. In addition, even though China is a permanent member of the UN Security Council, it does not fully cooperate with arms sales control regimes. Although it is a member of the Nuclear Non-Proliferation Treaty (NPT), China continued nuclear tests even in 1996. China has agreed to abide by the Missile Technology Control Regime (MTCR), but we have noted the questionable transfers of missile-related technology from China to Pakistan and Iran. In short, China's efforts toward global non-proliferation have to be judged as negative.

In environmental matters, China has also lagged. It still depends on coal for its energy supplies, and for this reason, it is also believed to be the highest acid rain producer in the region, irresponsibly causing air pollution in neighboring areas. In addition, China's high-speed growth has caused massive water pollution. China has signed environmental protection treaties with South Korea, India, Canada, and Japan, but the effects have not been as expected. In 1995, China's Foreign Minister Qian Qichen stated to the 50th UN General Assembly, "A stable and healthy relationship [with the United States] is a boon to international cooperation in addressing such major issues facing humanity as protecting the environment, stopping illegal immigration, combating drug trafficking, and preventing proliferation of weapons of mass destruction."²⁷ Yet, it will take a full-scale international effort

²⁷"Qian: Progress Made in Ties, But More Must Be Done," *Beijing Review* 38, no. 43 (October 23-29, 1995): 14.

combined with technological cooperation to lead China to more environmentally responsible development policies.²⁸

Perhaps the United States is unique in its firm objectives to promote human rights and democracy abroad. Not surprisingly, the Clinton administration has highlighted democratization as an important foreign policy goal. Yet, in contrast, China has been a major source of controversy surrounding Clinton's human rights policy in East Asia. As is well known, a May 1993 Executive Order extended most-favored-nation (MFN) status to China and stipulated that further renewal would require progress on several human rights issues. A year later (in May 1994), however, President Clinton decided to delink China's status as an MFN trading partner from its record on human rights. Nonetheless, human rights and democratization are still one of the major factors in understanding Sino-U.S. relations, and it is quite curious that the Japanese government has avoided explicitly raising this issue in promoting Sino-Japanese relations.

It is important that the United States and Japan work together to include China in efforts to combat these various global issues. In so doing, they must convince China that these efforts are intended to sustain its growth. Special attention should be paid to the non-proliferation issue, as China's activities in this area have been most problematic and troubling, and could change the security balance in some parts of the world. It has been quite difficult for the United States and Japan to build trust with China, and both countries must be careful that their attempts to oppose its arms sales will not be seen by China as a ploy to reduce its benefits from lucrative arms sales. Moreover, it is crucial to persuade China that its full involvement in arms control regimes is definitely important and contributes to peace in the world.

However, before signing the Comprehensive Test Ban Treaty (CTBT), China conducted nuclear tests, while at the same time continuing to sell arms without showing any interest in arms transfer control regimes. Japan opposed China because of these nuclear tests and froze government grants in 1995, and in retaliation, China severely criticized Japan's "revival of militarism."²⁹ In a meeting with a group

²⁸A similar discussion is found in Yoichi Funabashi, Michel Oksenberg, and Heinrich Weiss, *An Emerging China in a World of Interdependence* (New York, Paris, and Tokyo: The Trilateral Commission, 1994), 55-58.

²⁹For instance, see *People's Daily*, September 9, 1995; and Jiang Zemin's speech at the conference for the 50th anniversary of victory of the anti-Japanese war in *Pekin shuho*, September 12, 1995, 7-13.

of visitors from the Sino-Japanese Economic Cooperation Association, Chinese Premier Li Peng said, "The invasion launched by the Japanese militarists inflicted great losses to China, which can never be compensated for by loans. . . . China is pursuing a non-proliferation policy, and the limited amount of nuclear weapons it possesses is for defense purposes only. . . . However, Japan, with a strong nuclear shield provided by the United States, should understand that China needs its own nuclear deterrence, given that the world is still not safe enough."³⁰

Of course, it will be necessary for other countries to behave consistently and logically toward China on global issues. One example occurred when the United States raised the issue of China's rapidly growing production of carbon-dioxide, although China's production of CO₂ is still less than half that of the United States.³¹ Defense spending and arms sales can be regarded in the same light. Yet, given that China's defense spending currently lacks transparency and that its commitment to global issues is extremely limited, certain guidelines should be established for foreign aid to China. However, while Japan has set up new guidelines within its official direct assistance (ODA) charter with China, it has been very cautious in applying them. In this regard, the United States and Japan have leeway in working together for a tougher approach toward China in which multilateralism is more effective than bilateralism.

Conversely, the increase in Taiwan's international status and its global network-building cannot be ignored, although its international activities are still mainly limited to unofficial or semiofficial levels. Currently, only thirty countries officially maintain diplomatic relations with Taiwan. However, a democratized and already prosperous Taiwan with per capita GNP of US\$11,480 in 1995 is more than qualified in theory to be a member of the UN. Although it has faced difficulties in its attempts to enter the UN since China has the veto power to reject it in the Security Council, Taiwan will continue to seek participation in the UN, not only because its international activities have been conducted on a global scale, but also because there is a consensus on this point among the ruling and opposition parties within the country.

³⁰Ren Xianfang, "Japan: Big Fuss Over Nuclear Tests," *Beijing Review* 38, no. 42 (October 16-22, 1995): 22.

³¹Funabashi, Oksenberg, and Weiss, *An Emerging China in a World of Interdependence*, 60.

In addition, a democratized Taiwan has displayed an internationally recognized human rights record which the global community cannot ignore. In terms of regional security, President Lee has long advocated the establishment of a regional security forum in East Asia.³² As DPP legislator Parris H. Chang persuasively argues, serious discussions as to whether the ARF can function as an effective regional security regime without Taiwan as a member are necessary.³³ This does not claim that international recognition of Taiwan as an independent state is easy at this moment. However, Taiwan's "pragmatic diplomacy" will gradually gain increasing support from the global community as Taiwan plays a global role beyond the semiofficial level.

Conclusion

China's Foreign Minister Qian Qichen has warned, "The United States is a major power and has its own dignity, and so does China. For the Chinese people who suffered grievously from aggression and bullying by foreign powers throughout modern times, state sovereignty and territorial integrity are of paramount importance. When it comes to acts of encroachment upon China's sovereignty and obstructing its peaceful reunification, the Chinese government has no choice but to react strongly. I would like to reiterate that on the Taiwan question, [which is] a question of important principle [and has a] bearing on China's fundamental interests, the Chinese government remains firm and unshakable. . . . Some proponents are still nostalgic of the Cold War strategy of containment and confrontation against China. This is, no doubt, reactionary and retrogressive."³⁴

Chinese scholar Xue Mouhong has presented a view of the overall framework of a new world order controlled by one superpower, the United States, and four subordinate powers—the European Union, Japan, Russia, and China. In his view, the United States, Japan, and China form a "triangle" which will be a deciding factor in the Asia-Pacific region's peace and stability. Xue has stated, "U.S.-Japanese relations will inevitably be dimmed by sporadic trade disputes and

³²My interview with President Lee Teng-hui; and *Zhongyang ribao* (Central Daily News) (Taipei), August 18, 1991. Also see Ijiri, *Taiwan keiken to reisen-go no Ajia*, 242-43.

³³Parris H. Chang, "An Asian Security System Should Not Exclude Taiwan" (Unpublished paper, n.d.), 1-17.

³⁴See note 27 above.

conflicts occurring between the two countries. In the meantime, Sino-U.S. relations are also at a crossroads due to U.S. obstruction. Washington is moving toward a preventive strategy of containment in dealing with China, which it regards as a potential rival. It does not want to see China become powerful. However, most U.S. politicians hold that Washington cannot afford to lose both China and Japan at the same time.”³⁵

Relying on his theory of geopolitical realpolitik, Henry Kissinger agrees with the Chinese view and stresses the importance of China in post-Cold War Asia.³⁶ However, it is not wise for the United States to strike a balance between Japan and China, and neither is it an effective policy for Japan to shift weight from the United States to China. China’s current situation still remains uncertain, and its world view can still be considered an extension of Mao Zedong’s strategy, which was a projection of his experiences in the Chinese revolution. Similarly, Deng Xiaoping’s world view, which was more pragmatic than Mao’s, was also an orthodox Leninist united front strategy,³⁷ as clearly shown by his remarks regarding the Tiananmen incident.

Of course, it can be said that the Chinese leaders’ tough statements are partly for domestic consumption so as to avoid attack from hard-liners within China. Given the situation, this poses serious questions: How should the United States and Japan respond to China (and Taiwan)? Can they change China by pursuing a containment strategy? And if they fail to contain China, is it possible for them to completely disengage from China? Perhaps the answer to the last question would be “no.” William Perry, former U.S. secretary of defense, has stressed that the U.S. policy of comprehensive engagement with China is neither a policy of containment nor appeasement. Similarly, Winston Lord, former assistant secretary of state for East Asian and Pacific affairs, and Joseph Nye have endorsed a U.S. policy of comprehensive engagement with China.³⁸

³⁵Xue Mouhong, “The New World Order: Four Powers and One Superpower?” *Beijing Review* 38, no. 39 (September 25-October 1, 1995): 19.

³⁶Prepared Statement of the Honorable Henry A. Kissinger before the Senate Foreign Relations Committee, July 13, 1995 (transmitted by Federal News Service), 19-22.

³⁷Ijiri, *Gendai Amerika chishikijin to Chugoku*, 117-20.

³⁸William Perry’s remarks at the Council on United States-China Relations, October 10, 1995, USIA Wireless File (East Asia/Pacific File), EPF103:9-12; statements of Winston Lord and Joseph S. Nye, Jr. before the Subcommittee on East Asia and the Pacific, Senate Foreign Relations Committee, October 11, 1995.

As relationships among the world's nations grow more complex and interdependent, we should keep the doors open to China. As Liddel Hart advocates in his "indirect approach," the United States and Japan should avoid trying to directly change China.³⁹ In addition, it should be remembered that there are allies in Northeast and Southeast Asia and Oceania who would be willing to cooperate. Thus, in cooperation with their allies, the United States and Japan should work together, keep their options open, and take the initiative (or use the diplomatic card) in adopting indirect approaches and gradually weakening China's united front strategy.

Probably the biggest problem is that neither the United States nor Japan has a coherent China-Taiwan policy. In the United States, views are largely divided among the White House, State Department, Pentagon, and Congress. The same can also be said of Japan. Yet, no matter how difficult, the two countries should adjust themselves accordingly and cooperate with each other in their China-Taiwan policy. As George F. Kennan once stated, "We must be gardeners and not mechanics in our approach to world affairs."⁴⁰ The same approach should be used in the China-Taiwan problem.

³⁹B. H. Liddel Hart, *Strategy*, 2nd and revised edition (New York: Praeger, 1974), 426.

⁴⁰Yonosuke Nagai, "In Search of Public Philosophy for Peace," *Chuo koron* (Central Review) (Tokyo), February 1987, 169; George F. Kennan, *Realities of American Foreign Policy* (Princeton, N.J.: Princeton University Press, 1954), 93, quoted in Yoshihiko Nakamoto, "Japanese Realism and Its Contribution to International Relations Theory," *Issues & Studies* 33, no. 2 (February 1997): 80.