

CHAPTER 2

China, North Korea, Nationalism and Regional Order

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Introduction

Currently, the most fundamental issue in the international relations of East Asia is the shaping of that region's future security order. The most significant factors that are likely to affect how that order evolves will be: the increasing assertiveness of China; North Korean-related problems; and the rise of nationalism in Northeast Asian countries. This chapter will assess these three challenges and identify some possible policy responses for confronting them.

Increasing Assertiveness of China

In 2010, China surpassed Japan as the world's second-largest economy in GDP terms. Against the backdrop of this spectacular economic growth, China has expanded and modernized its military and this has naturally aroused the concerns of its neighbors.

The rise of China, however, does not merely signify an increasing Chinese military threat. It also relates to the issue of building a future international order. Recent forecasts project China's GDP will overtake that of the U.S. by around the mid-2020s, making China the largest economy in the world. Professor Takatoshi Ito of the University of Tokyo has described this process well: "In the normal scenario, I believe China will surpass the U.S. in size in 2025 \pm 2 years."¹ Jim O'Neill of Goldman Sachs has likewise deemed that China might eclipse the U.S. GDP by 2027.² The Cabinet Office of Japan

¹ Koro Bessho, Takatoshi Ito, Matake Kamiya, Yoshihide Soeya, and Yoshinobu Yamamoto, "Kokusai Josei no Doko to Nihon Gaiko (Trends in International Situation and Japanese Diplomacy) Zadankai (Roundtable Talk)," *Kokusai Mondai (International Affairs)*, No. 598, January and February 2011, p. 12.

² Jim O'Neill, "Welcome to a future built in BRICs," *Telegraph*, November 19, 2011.

has predicted China will eclipse the U.S. GDP by 2030.³ According to Ito, even when the prospect that China's economic growth rate may drop by half to around 4% during the remainder of this decade are taken into account or when the effects of the leveling off of China's population due to the one-child policy are considered, the outlook that China's economic growth will allow it to surpass its U.S. counterpart does not change significantly.⁴

Whether the U.S.-China reversal in GDP rankings will lead to a commensurate shift in overall national power, however, is not necessarily clear. For instance, many of the technological innovations that drive the world economy continue to originate not in China, but predominantly in the U.S., Japan, and the European Community. Furthermore, the U.S. has maintained an unwavering dominance over China in military capabilities, particularly in the area of high-tech conventional weapons. Nevertheless, at least in nominal GDP terms, it is not unreasonable to surmise that, in the not too distant future, the U.S. will no longer be the world's largest economy.⁵

The central question here is whether China will become a status-quo oriented power or a revisionist power. In other words, will China leverage its rapidly increasing power to challenge the existing liberal, open, rule-based international order? This order has been maintained since its origin soon after World War II under U.S. leadership primarily by advanced democracies, including Japan, Western European countries, and Australia. It has contributed significantly not only to the national interests of these countries, but also to the peace and prosperity of the entire international society. Will a rising China try to protect this order in conjunction with such countries as Japan, the U.S., EU members, Australia, and South Korea? Or will Beijing become dissatisfied with the existing order and try to replace it with a different one? The uncertainty

³ "World Economic Trends: The Spring Report in 2011—The World Economy at a Historic Turning Point: 'Accelerated Globalization' and Growing Presence of Emerging Countries—," Cabinet Office, Government of Japan, May 2011, p. 93.

⁴ Bessho et al., "Kokusai Josei no Doko to Nihon Gaiko," p. 12.

⁵ However, according to another emerging view of recent years, the U.S.-China reversal in economic size will be temporary and the two countries will switch places again in the not too distant future.

surrounding this question continues to draw international anxieties.

However, even with such heightening concerns, the world's advanced democracies do not see China as an enemy. Unlike the Soviet Union of the Cold War era that had virtually no economic or people-to-people interactions with Western countries, China today has close interdependent relationships with states possessing values and principles different from its own. Contrary to the Cold War era when East-West relations could be distinguished simply on the basis of a "friend-enemy" dichotomy, China today is a complex force, being not an enemy but not exactly a friend for countries such as Japan, the U.S., Australia and the advanced European democracies. These countries must extend caution towards China in parallel with promoting cordial relations with that state. From this standpoint, the view that the international society must simultaneously "engage" with and "hedge" towards China became the prevailing view from around the beginning of the 21st century. A prime example was the policy identified during the U.S. George W. Bush administration to encourage China to become a "responsible stakeholder." A similar concept has continued to prevail also among Japan's diplomatic and security community.

Nonetheless, in recent years, international society has gradually accepted the reality that an increasingly powerful China will further increase its assertiveness, and not necessarily take a diplomatic posture of a responsible stakeholder. Such a reality has become particularly salient since the summer of 2010. Many countries in the Asia-Pacific region supported U.S. Secretary of State Hillary Clinton when she criticized China's actions in the South China Sea at the ASEAN Regional Forum (ARF) in Hanoi in July 2010. China's reluctance to join the circle of international criticism against Pyongyang, even after North Korea's sinking of the South Korean Navy ship *Cheonan* (March) and North Korean forces' bombardment of the South Korean island of Yeonpyeong (November), aggravated the international community's doubts about how far China intended to cooperate with other countries in accordance with international rules.

For Japan, more than anything else, the Senkaku incident of September 2010 was a profoundly shocking event. That incident was the first case since the end of World War II that brought home to the people of Japan the possibility that territory and waters under the *effective control of Japan* could be menaced by a hostile power. The Senkaku incident deeply shocked not only Japan but also the international society. This was because in the wake of the incident, China did not refrain from bold and unrestrained ways of exercising power to pressure Japan, such as virtually banning rare earth metal exports to Japan and detaining the employees of Fujita Corporation, a Japanese company, as a retaliatory measure.

Following the Senkaku incident, East Asian countries “rediscovered” the role that the U.S. strategic presence in the region fulfills for underwriting peace and stability there. This sentiment was epitomized by the remarks of Prime Minister Lee Hsien Loong of Singapore, who on September 24, 2010, described U.S. Secretary of State Clinton’s remarks at ARF in Hanoi as a “useful reminder” of the U.S. role in Asia. Prime Minister Lee stated that the U.S. contribution to the maintenance of regional peace was a role “which China cannot replace.”⁶

East Asian countries’ calls for China to abide with existing international rules were also reiterated at the series of regional multilateral meetings convened in 2011. At the ARF session held in Nusa Dua in Bali in July 2011, U.S. Secretary of State Clinton delivered remarks in which she urged every claimant to the South China Sea to make their claims clear in a way that complies with international customary law. Numerous East Asian countries expressed agreement with the remarks. Furthermore, in the “Declaration of the East Asia Summit on the Principles for Mutually Beneficial Relations” emanating from the East Asia Summit held in Bali in November 2011, the text, “Recognizing that the international law of the sea contains crucial norms that contribute to the maintenance of peace and stability in the region,” was incorporated

⁶ Jeremy Page, Patrick Barta, and Jay Solomon, “U.S., Asean to Push Back Against China,” *Wall Street Journal*, September 22, 2010; “Why US must be a part of the Asian story,” *Straits Times*, September 24, 2010.

with the South China Sea issue in mind.⁷ When U.S. President Barack Obama brought up the issue of the South China Sea, Chinese Premier Wen Jiabao immediately raised his hand and rebutted the U.S. position. Nevertheless, it is alleged that 16 of the 18 participating leaders delivered remarks regarding maritime security, and that most of them touched on the issue of the South China Sea.⁸

Even today, within the international community, there is still a recognition that engagement and hedging are both necessary to deal with China. The Senkaku incident, however, seemed to further reinforce the view that the importance of hedging may need to be reaffirmed as a key strategy. This kind of view is strongly held particularly in advanced democracies, including Japan, the U.S., and European countries. The reason is that while these countries have no desire for conflict with China, they also have no intention of consenting to changing the fundamental nature of the existing liberal, open, and rule-based international order. This was epitomized by the title given by the U.S. to its defense strategic guidance released on January 5, 2012: “Sustaining U.S. Global Leadership: Priorities for 21st Century Defense.”⁹ Although the U.S. seeks to avoid conflict with China as much as possible, it also has no intention of handing over the leadership of the international society to Beijing. It is clear that the U.S. is wary about China “challenging” the current international order. In the U.S. defense strategic guidance, a major policy was presented as follows. Based on the fundamental understanding that “U.S. economic and security interests are inextricably linked to developments in the arc extending from the Western Pacific and East Asia into the Indian Ocean region and South Asia,” the U.S. military will continue to contribute to security globally but the U.S. “*will of necessity rebalance toward the Asia-Pacific region*” (italics from

⁷ “Declaration of the East Asia Summit on the Principles for Mutually Beneficial Relations,” Bali, November 19, 2011, <http://www.ioc.u-tokyo.ac.jp/~worldjpn/documents/texts/eastasia/20111119.D2E.html> (accessed on August 3, 2013).

⁸ This was revealed to this author by a leading researcher in Indonesia, the country that hosted the East Asia Summit that year, on the condition of anonymity.

⁹ “Sustaining U.S. Global Leadership: Priorities for 21st Century Defense,” U.S. Department of Defense, January 2012.

original text).¹⁰ This policy had already been unveiled in November 2011 by U.S. Secretary of State Clinton in a paper entitled “America’s Pacific Century” in the magazine *Foreign Policy*, as well as in U.S. President Obama’s remarks to the Australian Parliament shortly thereafter.¹¹

One can find a common thread between the U.S. security strategy that was presented in the January 2012 defense strategic guidance, and the previous Bush administration’s “responsible stakeholder” theory. Both conceive that various efforts should be made to induce China into thinking that maintaining the current international order serves China’s own interest, and therefore, to cooperate with the advanced democracies. At the same time, however, the U.S. must stand ready to take sufficient measures should China behaves in ways that breach of the current order or rules. It is the idea that the engagement policy cannot be successful in turning China into a cooperative partner unless a combination of diplomacy and deterrence is sufficient to prevent China’s self-serving actions. In principle, this view is shared by countries, such as Japan, European countries, Australia, and South Korea, which have supported the liberal, open, and rule-based international order with the U.S. ASEAN countries had not necessarily been receptive to the idea of hedging against China, because they have also been traditionally wary about any major power gaining excessive influence within their region. However, the remarks made by the Prime Minister of Singapore as noted earlier, as well as the recent stance of many ASEAN countries to strengthen their partnerships with the U.S. over the South China Sea issue, suggest that their stance towards China has also begun to change.

The most critical issue for regional stability will be how to incorporate China into the framework of international society, and facilitate its development as a responsible major power that contributes to that society. This would be

¹⁰ Ibid., p. 2.

¹¹ Hillary Clinton, “America’s Pacific Century,” *Foreign Policy*, Vol. 189, November 2011, pp. 56-63; “Remarks By President Obama to the Australian Parliament,” Parliament House, Canberra, Australia, November 17, 2011, <http://www.whitehouse.gov/the-press-office/2011/11/17/remarks-president-obama-australian-parliament> (accessed on November 30, 2011).

a welcome outcome for all countries in the region. This requires that two types of approaches are taken simultaneously: (1) The approach of proactively inducing China's constructive behavior; and (2) the approach of dissuading China from pursuing behavior that might undercut regional stability. To what extent and to what degree the regional states will succeed in coordinating their attitude towards China under this policy remains unclear. The extent to which this dual strategy is successful, however, will considerably determine the future shape of the regional order.

North Korea under New Leadership

Another major issue which could determine the shape of East Asia's future order is North Korean behavior as Kim Jong-un continues the consolidation of his leadership in the Democratic People's Republic of Korea (DPRK). Unlike China, North Korea does not possess capability to bring change to the existing international order. However, Pyongyang, with many ballistic missiles in its possession and its status as a de facto nuclear power (having already conducted three nuclear tests), could destabilize the international status quo by repeatedly taking actions in defiance of international rules. North Korea's nuclear weapons capabilities have clearly improved in recent years. Some U.S. experts believe that the North has already succeeded in developing nuclear warheads small enough to place on mid-range ballistic missiles.¹² On April 11, 2013, U.S. House of Representatives member Doug Lamborn disclosed during a hearing of the House Armed Services Committee, that the U.S. Defense Intelligence Agency (DIA) had prepared a report in March analyzing that North Korea possesses nuclear warheads that are capable of

¹² Remarks made on the condition of anonymity at such fora as the 6th U.S.-Japan Strategic Dialogue held in Maui on February 7-8, 2013 and the 19th Japan-U.S. Security Seminar held in San Francisco on March 15-16, 2013.

being mounted on ballistic missiles.¹³

North Korea has been the most habitual violator of international rules among countries in the East Asia region. Despite acceding to the Treaty on the Non-Proliferation of Nuclear Weapons (NPT), North Korea has continued to develop nuclear weapons and has conducted nuclear tests on three occasions. In addition, North Korea has defied the United Nations Security Council resolutions which were adopted as in response to its nuclear tests. It has repeatedly conducted ballistic missile launches which it calls “satellite launches.” As noted above, in 2010, North Korea sank the South Korean Navy ship *Cheonan*, and bombarded the South Korean island of Yeonpyeong.

There were some international commentators who speculated that the succession of power from Kim Jong-il to Kim Jong-un would open up a window of opportunity to change North Korea’s external behavior. Such a view, however, has proven to be totally groundless. The following section explains why, using North Korea’s nuclear weapons program as a case-in-point.

Even before the death of Kim Jong-il, this author has argued at many international conferences that it should not be forgotten that the North has pursued its nuclear development program consistently. The program started long ago, during the rule of Kim Il-sung, and was maintained under the rule of Kim Jong-il. The North did not comply with its promise to implement a moratorium on its nuclear programs, despite the 1994 U.S.-North Korea framework agreement. The Six-Party Talks also failed to put a brake on the

¹³ Yoshikazu Shirakawa, “Kita, Misairu ni Tosai Kano na Kaku Hoyu... Bei Joho Kikan (U.S. Intelligence Agency: North Possesses Missile-Deliverable Nuclear Weapons),” *Yomiuri Shimbun*, April 12, 2013, <http://www.yomiuri.co.jp/world/news/20130412-OYT1T00454.htm> (accessed on April 15, 2013); Dion Nissenbaum and Jay Solomon, “Korean Nuclear Worries Raised,” *Wall Street Journal* (online), April 11, 2013, <http://online.wsj.com/article/SB10001424127887324695104578417070760524616.html> (accessed on April 15, 2013). However, in an interview with NBC which was broadcast on April 16, 2013, President Obama denied this view, saying that he did not believe that North Korea yet had the capacity to miniaturize a nuclear weapon to fit atop a missile. David E. Sanger and Michael R. Gordon, “Obama Doubts That North Korea Can Make a Nuclear Warhead,” *New York Times*, April 17, 2013.

DPRK's nuclear programs as that country conducted nuclear tests on two occasions (in 2006 and 2009).

Accordingly, the DPRK's leadership change hardly generated any tangible opportunity to make a breakthrough in the DPRK's nuclear politics. Experts have generally agreed that North Korea has pursued its nuclear weapons program in order to achieve three central objectives—to enhance its military security, to strengthen its diplomatic bargaining power, and to enhance the legitimacy of the Kim Dynasty in the country. Various efforts made by the international community, including the provision of substantial economic assistance, did not change the North's determination to develop nuclear weapons under its “military-first politics” mantra. If that is the case, until the new leadership under Kim Jong-un is consolidated, one should not be surprised if Pyongyang will become even more intent on trying to pursue these objectives.

Although China still supports the reopening of the Six-Party Talks, there is little prospect of that mechanism producing any meaningful result. The international community has repeatedly experienced a quite consistent, cyclical pattern at various consultation fora which have been held with the North to halt its nuclear ambitions. The pattern consists of the following four stages:

- (1) In the first stage, North Korea employs brinkmanship to create a crisis situation, and applies pressure on Japan, the U.S., South Korea, and other countries concerned to provide compensation for putting the brakes on its nuclear weapons program.
- (2) In the second stage, the countries concerned agree to provide compensations to North Korea, and the negotiations seem to be settled.
- (3) However, sooner or later, in the third stage, Pyongyang's defiance of the agreement becomes apparent.
- (4) In the fourth stage, the North provokes another crisis to make new demands for further concessions from the countries concerned for

“returning to the dialogue table.”

Immediately following the death of Kim Jong-il, this author contributed a piece to *Mainichi Shimbun*, a national daily in Japan, arguing that just because there was a change in North Korea’s leadership there was no grounds for anticipating that North Korea would depart from this cyclical pattern.¹⁴ North Korea’s subsequent actions demonstrate that this forecast was correct. On February 29, 2012, the U.S. and North Korea announced that the two countries reached an agreement as follows: (1) North Korea would implement a temporary moratorium on uranium enrichment activities, nuclear tests, and long-range ballistic missile launch tests, and allow the return of International Atomic Energy Agency (IAEA) inspectors to its nuclear facilities; and (2) in response, the U.S. would provide 240,000 tons of “nutritional assistance” to the North. Less than a month later, however, North Korea gave advance notice that it would launch a “rocket carrying a satellite” between April 12 and 16—a launch that proceeded on April 13. When the U.N. Security Council adopted a Presidential Statement strongly condemning this launch, North Korea released its own statement on April 17. It condemned the adoption of the Presidential Statement, and at the same time, vowed that North Korea will continue to launch rockets for satellite launches and would no longer be subject to the restrictions of the U.S.-North Korea agreement. On December 12, 2012, North Korea again launched a long-range ballistic missile and followed up with a third nuclear weapons test on February 12, 2013. This was precisely a repeat of the aforementioned pattern.

Accordingly, the lessons learned by the international community from its experiences with “dialogue” and “negotiation” with North Korea still remain valid today. In particular, three major lessons are evident.

First, the international community has learned that it is useless to demonstrate good faith unilaterally towards North Korea. Even if good faith is demonstrated,

¹⁴ Mataka Kamiya, “Kaku Mondai no Dakai wa Nozomiusu (Nuclear Issue Breakthrough Not Likely),” *Mainichi Shimbun*, December 23, 2011.

the DPRK is unlikely to reciprocate. Japan has learned this hard lesson through its past negotiations to establish diplomatic relations with North Korea. The second lesson is that the effectiveness of negotiations with North Korea are invariably questionable. The international community should keep in mind that “negotiations” in the conventional sense with the DPRK are always elusive because Pyongyang has no qualms about reneging on international agreements. However, the third lesson is that deterrence against North Korea has significant effectiveness. The North fully understands the logic of military power. The North’s nuclear weapons and ballistic missiles are suicidal—they are weapons that North Korea cannot actually use without expectation of the end of the Kim Dynasty. In the history of the last 60 some-odd years, there has been no case in which the North took an obviously suicidal action. Going forward, it is possible that the North will continue to conduct nuclear and ballistic missile tests. Although such provocative actions by North Korea represent destabilizing factors for the regional order, the order will likely not collapse as long as effective deterrence against the North is maintained.

The international community, however, should not overlook rule-breaking by North Korea. Primarily due to China’s objections, the U.N. Security Council has often been unable to adopt sufficiently rigorous resolutions and sanctions condemning the North’s missile launches and nuclear tests. If responses towards North Korea’s rule-breaking remains tepid, Pyongyang is likely to keep violating international rules, and that could gradually undermine East Asia’s regional order in the process—not unlike having to absorb body blows in boxing. Furthermore, the international community’s failure to denuclearize North Korea and to stem its ballistic missile buildup could have some influence on cost-benefit calculations made by Japan to remain a militarily middle-sized non-nuclear country (under its “exclusively defense-oriented defense” policy,

Japan also does not possess ballistic missiles).¹⁵ From this perspective, China's continued lukewarm response towards North Korea's repeated rule-breakings has been particularly problematic.

Of course, the chances that the North's external posture will change under the Kim Jong-un regime are not zero. The international community should continue to send out messages to Pyongyang that substantial changes in the DPRK's nuclear posture would be welcomed by the world. However, at the same time, policy-makers must remain cool-headed in recognizing that the prospects of voluntary changes towards greater restraint initiated by North Korea are not high. The U.S. and advanced democracies must work together to maintain and strengthen deterrence against North Korea. To this end, the U.S.-Japan alliance and U.S.-Japan-South Korea security cooperation have roles which are particularly important.

Rise of Nationalism in Northeast Asia

Recently, another challenge has emerged that could destabilize the base on which the future regional order rests in East Asia. This is the issue of rising nationalism in Northeast Asia, particularly in China and South Korea.

It is natural that an increase of national power generates a rise of nationalism in any country. However, when such a process reaches the stage of hyper-nationalism or when nationalism fans animosities against a specific nation, international peace and stability may well become undermined. The recent sequence of events surrounding Takeshima and the Senkaku Islands has intensified anxiety among the Japanese that nationalism in South Korea and China is heading towards an anti-Japanese hyper-nationalism.

¹⁵ For further discussion of this point, see: Mataka Kamiya, "Realistic Proactivism: Japanese Attitudes Toward Global Zero," Barry Blechman, ed., *Brazil, Japan, Turkey: Unblocking the Road to Zero*, Vol. VI (Washington, D.C.: Henry L. Stimson Center, 2009), http://www.stimson.org/images/uploads/research-pdfs/BJT_Print_Final.pdf, pp. 49-51; and Mataka Kamiya, "Reaching Nuclear Global Zero: A Japanese View on the G8 Role," John Kirton and Madeline Koch, eds., *The 2012 G8 Camp David Summit: The Road to Recovery* (London: Newsdesk Media, 2012), <http://www.g8.utoronto.ca/newsdesk/campdavid/>, pp. 200-202.

A backlash of overheated nationalism in Japan is, however, unlikely for now. In contrast to the increasingly overheated nationalism in South Korea and China, nationalism in Japan has been consistently moderate and relatively self-restrained throughout the post-war period. Many times in the past, overseas commentators have voiced the opinion that there is a risk of nationalism overheating in Japan. If such a view had been valid, Japanese politics and society should have become immensely jingoistic over the years up to today. But if an individual from any country comes to Japan even once and takes a look at Japanese society, he/she can immediately understand that such is not the case.

That is not to say that there was no period when nationalism in postwar Japan could well have become overheated. Behind the overheated nationalism in China and South Korea today is an increasing confidence in the power of their own countries resulting from economic development. Japan was in a similar situation in the late 1960s to the early 1970s. As the confidence of the Japanese was restored as a result of a remarkable recovery from the devastation of World War II, its populace became increasingly frustrated with the fact that Japan had not been able to establish its “rightful position” in the international society, because their country’s postwar foreign policy by that period had been overly influenced by the U.S. This discontent could easily have led to a kind of anti-American overheated nationalism.

One of the reasons why this did not occur can be attributed to the role of the intellectuals. Having seen the revival of nationalism in Japan, Japanese intellectuals at that time—in particular, those who were called “realists”—interpreted the Japanese people’s desire for independence itself as natural. At the same time, however, they consistently warned that if Japanese nationalism became too egocentric and harmed collaboration with the U.S. and cooperation with other countries, it would be considerably detrimental to Japan.¹⁶

¹⁶ Matake Kamiya, “Nihonteki Genjitsushugisha no Nashonarismusukan (The View of Nationalism of Japanese-style Realists),” *Kokusai Seiji (International Relations)*, Vol. 170, October 2012, pp. 15-29.

However, such calm attitudes among the intellectuals towards nationalism are virtually absent in China and South Korea at present. This may be unavoidable in China, where freedom of speech does not exist. It is however disappointing and worrying that few Korean intellectuals and journalists have so far ignored the signs of intensified nationalism in their country.

There are indeed some people in Japan who take an overly nationalistic attitude regarding the so-called “history issue,” or towards South Korea and China. Such individuals, however, still represent only a small segment of the Japanese society. In Japan, excessively nationalistic remarks and behavior are criticized and usually suppressed by the Japanese themselves. This serves as evidence that Japan is a mature democratic society, and that Japanese nationalism is not by any means overheated. The Japan Restoration Party’s poor performance at the July 2013 House of Councillors election was the result of that party’s sharp fall in popularity due to co-leader Toru Hashimoto’s inappropriate remarks regarding the “comfort women” issue. This demonstrated that there is an appropriate level of restraint in the Japanese society.

By contrast, overheated nationalism in China and South Korea is not a phenomenon seen only among some segments of the society. In both countries, many elements of the populace seem to be heading towards anti-Japan hyper nationalism. Furthermore, there are few people, if any, who criticize and try to put a brake on this trend from within their societies. Will such trends in China and South Korea be sufficiently reined in while nationalism in Japan maintains a level of calmness? Will overheated nationalism in South Korea come to an end? The answers to these questions are bound to affect significantly the extent to which democracies and other powers in East Asia are able to work together to deal with the extremely difficult challenges that region is now confronting.