



ASIAGLOBAL CONVERSATIONS

Ten Questions on US-China-Japan Trilateral Relations: A Conversation with Professor Ezra F Vogel

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INTRODUCTION

The United States, China, and Japan have shaped the most consequential trilateral relations in the Asia-Pacific region. How they interact with each other economically, diplomatically, and geopolitically affects the fundamental stability and prosperity in this region and beyond. To evaluate the direction and quality of the trilateral relations and their impact requires careful and explicit discussion of some critical questions. In a conversation with Yoshikazu Kato of the Asia Global Institute, Ezra Vogel, an eminent scholar of Japan, China, and East Asia, and the Henry Ford II Professor of the Social Sciences Emeritus at Harvard University, answered 10 questions related to structural problems and the future of the three countries' trilateral relations in the context of the Asia-Pacific region. Topics covered include the competition for regional and global leadership, ongoing trade frictions, the Taiwan issue, historical and territorial disputes between Japan and China, and how the US-Japan security and strategic alliance should tackle the rapid but uncertain rise of China.

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CONTENTS

QUESTION 1: What are the biggest challenges for US-China relations?.....	4
QUESTION 2: What could the Chinese government and companies learn from Japan’s trade frictions with the US in the 1980s?	7
QUESTION 3: Is the US-Japan alliance solid?	10
QUESTION 4: How would you evaluate Japan-China relations over the last thousand years?	12
QUESTION 5: What are the implications of the “nationalization” of the Senkaku/Diaoyu islands?	14
QUESTION 6: Has the United States undermined Japan-China relations?	15
QUESTION 7: Will China replace the United States as world policeman?.....	16
QUESTION 8: Will the US and China risk military confrontations over Taiwan?	18
QUESTION 9: How can the US and China peacefully co-exist?	20
QUESTION 10: Could the US change China?	22
About the participants	24
Disclaimer	24

QUESTION 1: WHAT ARE THE BIGGEST CHALLENGES FOR US-CHINA RELATIONS?

Yoshikazu Kato: Forty years have passed since the normalization of diplomatic relations between the United States and China. During this time, their total bilateral trade exceeded US\$500 billion. More than 350,000 Chinese students are studying in the US. Many Chinese seem to have accepted the American culture and lifestyle, including Hollywood movies, the English language, McDonald's and Starbucks. Interactions between the two countries and their citizens has deepened. Yet there is mutual distrust at the strategic level. Washington's complaints include a huge trade deficit; cyber-attacks; interference in universities, media, think-tanks, and civil society; unfair technological competition; and other possible threats to US national security. China, on the other hand, perceives current US policies on trade, technology, the South China Sea, Taiwan, and other issues as part of a strategy to contain China. What are the biggest problems or challenges for bilateral relations now and into the foreseeable future?

Ezra Vogel: The most fundamental issue between China and the United States is global leadership. The leaders of both countries are seeking to make their respective country the world's strongest economic, political, and military power. We cannot eliminate competition, but we can find ways to cooperate in the interests of not only the Chinese and American people but also in the interests of the rest of the world. We have common interests in terms of protecting the environment; providing orderly rules for trade, transport, and communications; raising health standards; constraining military buildups; responding to natural disasters; and avoiding conflicts.

In sports leagues, teams compete and strive to win, but there are rules about competition that prevent uncontrolled chaos and conflict. In world affairs, in fact China and the United States are in the same league. We need to find ways to limit the competition and to cooperate for our common interests. As two large powers, China and the United States are natural rivals. Nevertheless, it is in our common interest to avoid becoming enemies.

Kato: Even if competition may be good, the possibility of conflict is still a concern. War would tear apart the global order. In his book "Destined for War," your colleague Professor Graham Allison discusses how existing powers and emerging powers have historically entered or avoided war. In the 19th century, Japan and Qing dynasty China fought a war. In the 20th century, Japan came into conflict with both Russia and the US. While they engaged in a Cold War, the Soviet Union and the US avoided any military confrontation. From your perspective, could the US and China, as today's

dominant power and emerging power, respectively, avoid the so-called Thucydides trap?

Vogel: Both China and the United States realize that a nuclear war would be disastrous to both sides and to the rest of the world. There is a little chance of a nuclear war, but if competition between China and the United States grows out of hand, a nuclear war is not out of the question. Many wars between major powers, including World War I, were triggered not by the great powers but by a third country, including a small power. In the 1930s, it was unthinkable that Germany would fight its European neighbors or Japan would fight the United States, but we nevertheless ended with devastating destruction. Now we have even more destructive weapons. Neither China nor the United States wants to engage in war, but we need to work hard to make sure tensions do not escalate and become out of control.

Kato: The Trump administration argues that the longstanding US policy of engaging China has failed. Should the US regard China as a strategic competitor and move on to a containment policy to protect its fundamental, long-term national interests? Has engagement failed? Is the approach of deepening contacts and interdependence with China in all fields and encouraging its transition to a more free and open society no longer workable?

Vogel: Some Americans have argued that US engagement with China has failed. However, such people do not have a deep knowledge of China. They do not consider the huge impact on China of the opening of its markets or of the millions of Chinese who have learned how to operate in international society. They underestimate how Chinese who take part in international organizations now operate according to international rules. They also have not considered the impact in China from participation in international markets and organizations.

More than 350,000 Chinese people are studying in the US, and approximately 1.5 million Chinese are now studying abroad. Additionally, approximately 100 million Chinese travel outside the country each year. China specialists in the West never thought that exposure to the outside world would lead to the abandonment of Chinese culture. Nevertheless, engagement with the outside world has had a profound impact on the Chinese people.

At the time when the Chinese economy was small and just beginning to open to the outside world, foreign countries were unhappy when Chinese companies stole foreign technology without abiding by international rules. But now that the Chinese economy is huge, when their companies steal foreign technology, it can have a serious impact

on the foreign companies. When the Chinese military was weak and it claimed the islands in the South China and the East China Seas, it was bothersome. But now that the Chinese military is much stronger and it has taken over Scarborough Reef in the Philippines and places pressures on the Senkaku/Diaoyu Islands that are under Japanese administration, it is alarming to other countries that worry about how China will behave as it grows even stronger.

The Chinese population is roughly twice that of Europe and North America combined. When the Chinese population has a standard of living comparable to that of the Americans and Europeans, the Chinese economy will be much larger than that of the United States. The challenge for the United States is to prevent China from evading international rules or taking an aggressive military posture.

Kato: Are you concerned about China making the same mistakes as the US has done by using military force to pursue its interests?

Vogel: Yes, I am concerned about that danger. The greatest dangers of conflict now come in the South China Sea and over Taiwan. China is expanding its capacity and facilities in the area by using military power with increasing confidence. China's military power has grown rapidly over the years. In 2019, China's defense budget increased by 7.5 percent from the previous year, exceeding the economic growth rate target of 6.0 to 6.5 percent. Americans responsible for our national security are concerned about China's intentions and its lack of transparency and accountability. Of course, this is the nuclear era, and if nuclear powers were to use atomic bombs, it would lead to a full-scale war that would devastate the planet. Chinese leaders are aware of this and thus are likely to exercise caution. However, if China continues to expand its military, nationalists in other countries will feel have to respond. The danger is that national leaders, in China as elsewhere, may be unable to restrain the ultra-nationalists in their respective countries.

It is natural for leaders to promote nationalism so that their populations will follow the rules and the national leadership. But there is a danger if nationalism becomes too powerful. Our country has issues with China, but it is important that we manage our rivalry such that it does not spin out of control.

QUESTION 2: WHAT COULD THE CHINESE GOVERNMENT AND COMPANIES LEARN FROM JAPAN'S TRADE FRICTIONS WITH THE US IN THE 1980S?

Kato: With the US-China trade war, structural problems and strategic competition between the two countries have surfaced. There has been a tit-for-tat escalation of tariff actions. In your 1979 book *Japan as No. 1: Lessons for America*, one of the topics you explore is the US-Japan trade frictions at the time. What are the differences between the current US-China trade war and the one between the US and Japan? Are there any lessons that apply?

Vogel: Competition between the US and China differs from that between the US and Japan in the 1980s. Since World War II, Japan and America have been allies. Economic competition between the two countries was contained because of their mutual opposition to the Soviet Union. Today, the US-Japan alliance is contained due to China's military ambitions.

Americans are sensitive to the term "Communist Party." Because Japanese officials are democratically elected, it is easier for Americans to be relaxed about contacts with Japanese officials than with Chinese officials.

Relations between Japanese and Americans have been relatively smooth because the Japanese have made such large investments in US industry and because the Japanese who have come to the United States have much to contribute to the local communities where Japanese factories and offices are located.

Let me give three examples. After Japanese auto companies, including Honda, Toyota, and Nissan, established sizable factories in the US to reduce exports to the United States, those companies made great efforts to take root in the local areas.

Honda established its first factory in Marysville, Ohio, less than 20 miles from my hometown. I have visited the factory several times. The Japanese working there and living in the nearby neighborhoods have worked hard to become good citizens in their respective communities.

I also became friends with the two generations of leaders of YKK, the Japanese zipper, hardware, and machinery company, which built a factory in Georgia. Mr. Yoshida, in the course of establishing the factory, became friends with Governor Jimmy Carter. They remained good friends even after Carter became US president and the friendship between President Carter and successor Tad Yoshida continues to this day. YKK employees play an active role in community activities in Georgia.

I served in the US government from 1993 to 1995. When the Japanese emperor visited the United States in 1994, President Bill Clinton hosted a state dinner, to

which my wife and I were invited. Among the 150 guests, there were several Japanese businessmen, all of whom had factories in Clinton's home state of Arkansas. All had established good relations with Clinton when he was state governor and since then they have maintained close contacts with him. President Clinton has always appreciated their contributions to the local economy.

Over time, as Japanese factories in the United States have become deeply rooted in many parts of the country, Americans have become very comfortable working with Japan.

By contrast, few Chinese companies have contributed to the local US economies or have formed strong relations with local officials. Of course, China has many fewer factories in the US. Nevertheless, if China wants to establish stable economic and trade relations, it would be highly desirable for Chinese companies to build deep relationships with Americans, just as the Japanese did in the past.

The Japanese government did have protectionist policies that made it difficult for foreign companies and foreign goods to enter the Japanese market. However, in general such imports were not illegal. In contrast, the Chinese government favors domestic firms, sometimes requiring foreign companies in China to share their technology and it does not sufficiently protect foreign intellectual property rights.

When the Chinese first sought to adopt foreign technology, Chinese officials were eager to attract foreign investments to boost economic growth. However, now that China has already acquired the foreign technology, many Chinese officials are not so welcoming to foreign firms. The Chinese government has promised to do more to respect intellectual property rights, but American companies continue to find many cases where the Chinese government has not punished those companies that steal intellectual property.

Kato: The trade war is more than about trade and economics. This is a strategic competition for national power and pride, a contest between political systems and development models. The US is more and more wary about China's technological advances and Beijing's industrial policy and subsidies for companies. The charging of the Huawei CFO, which led to her arrest in Canada, may be viewed in this context. How do you assess the policies and responses of the two leaders and governments? Is there any room to adjust their policies and tactics to maintain a relatively stable bilateral relationship rather than enter a long period of strategic competition?

Vogel: The Trump administration has been concerned about the trade imbalance between the United States and China and has raised tariffs on many goods in an

effort to reduce the trade imbalance. China has responded by imposing tariffs but in general it has avoided escalating the conflict.

Nevertheless, the Chinese government has made it difficult for some high-tech firms such as Google to operate in China. The US has responded by making it difficult for some Chinese companies such as Huawei to operate in the United States.

Trump is a single-minded bargainer, constantly pressing China to compromise. He does not allow his staff freedom to work on complex issues in a systematic manner so his actions often come as a surprise, not only to the Chinese but also to the American negotiators, making it difficult to negotiate complex agreements.

Kato: Are you worried that the US-China dispute could widen from trade to security issues, particularly with Taiwan? Could Trump move on from dealing with trade to focusing on Taiwan?

Vogel: I do worry about this. As the trade war has escalated, nationalist sentiments have become stronger in both countries. There is a danger that trade emotions will spill over to other areas, such as relations with Taiwan. If Trump ignores the already agreed-upon Sino-US understandings about Taiwan, for instance by sending a high official to Taipei, there is a danger that China may take actions that will lead to a military confrontation.

I am concerned that many of Trump's advisors do not have an adequate understanding of the agreements that China and the US have reached over the years, thus increasing the risks of conflict. Although many specialists in China understand the complexity of the issues separating the two countries, high-level political officials in China do not necessarily understand the reasons for the American complaints. If the top political leaders on both sides were to learn from the best specialists in their respective countries, then prospects for mutual understandings would be greatly enhanced.

QUESTION 3: IS THE US-JAPAN ALLIANCE SOLID?

Kato: You have argued that Japan should play a bigger and more independent role in the international community while maintaining its peaceful constitution and the US-Japan alliance. I would like to ask your frank and honest view: Is the alliance solid? Do you see any uncertainties or risks which could undermine its solidarity, particularly with the rapid rise of China?

Vogel: US-Japan-China trilateral relations have now entered a new era.

Japanese officials are concerned about the escalation of tensions between China and the United States. Meanwhile, Japan is confronted with the difficult task of strengthening economic and social relations with China while maintaining security ties with the United States. There are over 30,000 Japanese companies in China. As the US-China trade war escalates, Japanese companies that manufacture parts for Chinese products that are then exported to the US are encountering increased difficulties.

Japan is also concerned that the US might reach agreements with China over issues like Korea before there are meaningful consultations with Japan. If the US feels threatened by China, Japan naturally worries whether the US will stand firmly behind it

Some Japanese have long hoped that Japan could serve as bridge between Asia and the West. But for much of the 20th century, the United States had better relations with China than it had with Japan and thus Japan was not able to play such a role. However, If Japan is now able to stabilize its relations with China, it could help weaken the passions that now inflame Sino-US relations.

In general, Japanese understand China more deeply than Americans in terms of language, culture, and history, and thus they are capable of contributing to better relations.

Although Trump is unpredictable and not knowledgeable about Asia, there are still reliable and experienced specialists in US universities, think-tanks, the private sector, and even the government and the White House. Hopefully they will be able to play an important role in shaping policy. Even as Trump remains president, some issues can still be resolved by knowledgeable specialists in all three countries.

Kato: For Okinawa's people, the US military bases have always been a sensitive and controversial issue. China is aware of this and sees Okinawa as a sort of bottleneck for the US-Japan alliance. Do you think China will try to undermine the alliance through the Okinawa issue?

Vogel: As you know, people in Okinawa feel strongly about the American military presence. The Chinese have already put pressure on the Senkaku/Diaoyu Islands. It is possible that China may put greater pressures on the presence of American troops and bases in Japan and this could create difficulties for those Japanese officials who want to continue working with the Americans.

The desire of people in Okinawa to reduce the US troop presence creates problems for both Japan and the United States. The presence of US troops in Okinawa and other parts of Japan provides reassurance that the United States is committed to the defense of Japan. Nevertheless, the Japanese government might face pressures to transfer some of the US military facilities in Okinawa to other prefectures.

Kato: From your perspective, no matter how provocative China's actions, Japan should strengthen the alliance with the US and continue to make it the core of its diplomacy, right?

Vogel: Given that the Chinese population is ten times that of Japan, Japanese officials realize they cannot keep up with the increasing size of the Chinese defense budget. Japanese officials understand that it is in their interest to continue the security relationship with the United States. Until now, Japan has not had a strong security relationship with other countries, but it may now want to consider taking an initiative to strengthen its own military facilities.

The Trump administration has caused Japan to consider what it should do to take more initiatives, as in the case of TPP that Trump abandoned. Japan has continued to work on trade arrangements with other countries. Fortunately, it has now developed good relations elsewhere so that it can begin to take more initiatives, especially with Asian countries.

QUESTION 4: HOW WOULD YOU EVALUATE JAPAN-CHINA RELATIONS OVER THE LAST THOUSAND YEARS?

Kato: You have just published a new book, *China and Japan: Facing History* which covers the history from the Nara era to the present. How do you evaluate the historical development of their relations?

Vogel: There were close cultural connections in the history of Japan and China. The early Japanese culture formed after 600 A.D. was based on what Japan had learned from China. The written language, the layout of cities like Nara and Kyoto, Confucianism, Buddhism, architecture, art, music—all the basics of Japanese civilization—had deep roots in what Japan learned from China when it sent delegations to China from 600 A.D. to 838 A.D.

Trade continued over the centuries, but from 838 to 1895 such deep learning was not replicated. During this period, China was clearly the superior power in terms of the relationship. Japan learned from China, but China had little interest in learning from Japan. In 1895 this all changed when Japan defeated China in the first Sino-Japanese War. One of the reasons for Japan's victory is that Japan had much better information about China than China had about Japan. However, after 1895 until the second Sino-Japanese War in 1937, large numbers of Chinese went to Japan to work and study. For example, Sun Yat-sen built up his revolutionary base in Japan, and Kang Youwei and Liang Qichao continued their writing in Japan. By 1905, over 10,000 Chinese from all walks of life were visiting or studying in Japan, including Chiang Kai-shek, Zhou Enlai, Jiang Baili, Lu Xun, Zhou Zuoren, Guo Moruo, Liao Zhongkai and his son Liao Chengzhi, and Wang Jingwei.

Kato: As you described, in ancient times Japan was weak, China was strong. After the Sino-Japanese War, the situation reversed and after World War II, China experienced the Cultural Revolution, while Japan enjoyed a period of high economic growth. In 2018, Japan terminated the Official Development Assistance (ODA) which had demonstrated its deep commitment to China's reform and opening-up policy over the past 40 years. In this sense, Japan and China are now entering a new era. What do you think?

Vogel: In retrospect, I think the period from 2008 to 2012 was a turning point. China gained confidence through the Beijing Olympics and the global financial crisis. Meanwhile, the relationship between Japan and China, which collided over territorial issues in 2010 and 2012, reached a new low.

In 2010, the Chinese economy exceeded Japan's. Japan had been stronger than China since 1895 both economically and militarily. In the 1980s, China learned a lot from Japan. However, after 2010 and 2012, for the first time since 1895 the Chinese were again in the superior position.

Chinese have not forgotten World War II and in the 1990s, after the demonstrations in 1989, movies about Japanese atrocities in World War II helped strengthen Chinese nationalism and anti-Japanese feelings. Chinese are still concerned about the Japanese military spirit. Many Chinese fear that if Japan becomes too independent from the United States, then it might once again become a strong independent military power.

QUESTION 5: WHAT ARE THE IMPLICATIONS OF THE “NATIONALIZATION” OF THE SENKAKU/DIAOYU ISLANDS?

Kato: How do you look back on Japan-China relations over the past 10 years, especially in light of the political tensions over the Japanese government's “nationalization” of the Senkaku Islands and Prime Minister Shinzo Abe's visit to the Yasukuni Shrine?

Vogel: The most serious incidents have been the collision of a Chinese fishing trawler with Japanese Coast Guard vessels within the 12-nmi territorial zone around the Senkaku Islands in 2010 and Japan's nationalization of three of the five Senkaku Islands that had been privately owned by a Japanese citizen in 2012. These incidents, taking place when China felt it was again the superior power in the relationship, provoked large-scale anti-Japan demonstrations in hundreds Chinese cities. Japan-China relations deteriorated to a new low. Eventually, Shinzo Abe and Xi Jinping met at the 2014 APEC summit held in Beijing and were able to reduce the danger of outright conflict and to establish a measure of stability in the relationship.

Kato: Why were China's reactions so aggressive to the Senkaku incidents?

Vogel: By 2010 when the World Bank declared that the size of the Chinese economy had surpassed the size of the Japanese economy, the Chinese felt that finally, after 125 years, China was in the superior position. For Chinese nationalists, this was an exciting time.

But tensions deteriorated because the Democratic Party of Japan handled the situation poorly. At the 2012 APEC meeting held in Vladivostok, Prime Minister Yoshihiko Noda told President Hu Jintao that the Japanese government was purchasing three Senkaku/Diaoyu Islands from private hands. Noda did not have a good understanding of the seriousness with which the Chinese regarded the issue.

This incident fanned the flames of Chinese nationalism just as Xi Jinping was assuming leadership of the country and party.

QUESTION 6: HAS THE UNITED STATES UNDERMINED JAPAN-CHINA RELATIONS?

Kato: US-China-Japan relations have become more complex than ever. One of the most critical issues in the Asia-Pacific region is how the Japan-US alliance responds to the rapid and uncertain rise of China and guarantees stability and prosperity in the region. On the other hand, China seems to be trying to split the alliance. There has also been a tendency in Japan to overreact to any rapprochement between the US and China. How do you evaluate the current situation and future development of the trilateral relations?

Vogel: China has deep suspicions that the United States has contributed to the deterioration of Sino-Japanese relations. It fears that a Japan completely separate from the United States might become an independent military power. But if Japan and the United States have problems in their relationship, China might be able to increase its strength in the region.

The Chinese realize that a war with the United States would be devastating to China as well as to other countries and the outcome would be uncertain. However, if the US-Japanese alliance were weaker, then the Chinese would have more room to maneuver in Asia.

Kato: How should Japan cope with China and maximize its national interest between the US and China?

Vogel: If I were Japan's leader, I would try to maintain the alliance with the United States but maintain some independent room for maneuver that would allow Japan to have a stable relationship with China, even if Sino-US relations continue to deteriorate. At the same time, China's expansion of military activity and growing confidence in gaining influence around the world create uncertainties about how China might behave if the size of its economy surpasses that of the United States and its military continues to strengthen. China's efforts to gain a stronger base throughout the world and its growing military and technical power create serious concerns about its long-term goals and strategic intentions.

QUESTION 7: WILL CHINA REPLACE THE UNITED STATES AS WORLD POLICEMAN?

Kato: Nowadays, the US voters look exhausted by the role of their country as the world's policeman and tend to oppose the government's use of huge amounts of taxpayers' money to interfere outside its border. This mentality even may have promoted the rise of President Donald Trump. China seems to have been looking at how that happened and may try to replace the United States to become the new world policeman. Do you agree?

Vogel: The US has spent an enormous amount of money and has little to show for its efforts to control Afghanistan, Iraq, and Syria. The extent to which the Trump administration has promoted his "America first" slogan and disregarded the interests of its partners has created global concern about US intentions. This provides China with an opportunity to boost its national interests and to find areas where it can replace the United States as a global leader.

Although the US military still has the support of the US public, there is no longer sufficient support and reserve funds to maintain its role as the "world's policeman." We must acknowledge that the era of Pax Americana is over.

But China's soft power and attractiveness as a national model still lag behind the United States. Although many countries in Asia and Africa welcome Chinese funds to build infrastructure, they are not receptive to Chinese leadership or its patterns of soft power.

Kato: I agree. The world is concerned about whether China will democratize. How would you evaluate the future development of China's political system?

Vogel: I do not believe that Chinese will ever attempt to pattern their government after that of the United States. But I also do not think that Chinese efforts to control the thinking of its people by limiting access to information will succeed in the long run. With so many Chinese traveling and studying abroad, unlike when it was a closed country China will not be able control the thinking of its people.

I do not see how China can become the dominant world power without becoming a more open, free, and inclusive country that respects human rights and international rules and norms. How much China is able to enhance its international influence will also depend on the stability of its economic growth. The current Chinese economy continues to grow at about 6 percent per year but the experience of other late-developing countries, such as Japan, Korea, and Singapore, is that after

infrastructure projects are completed, it will be difficult to continue the high growth rate.

If Chinese economic growth falls rapidly, it is difficult to predict what will happen. Since China is not a democratic country, much of the legitimacy of the Chinese Communist Party depends on the achievements of its governance, particularly its economic growth. Chinese leaders are understandably worried that China might face the same fate as the Soviet Union and Communist Eastern Europe. They remember how difficult it was to keep the country unified in the late nineteenth and early twentieth centuries. Today, with a population of 1.4 billion people the challenge will be much greater.

Whether Chinese leaders will continue to use tight political controls to prevent disintegration or whether they will be sufficiently confident to increase individual freedoms is difficult to predict.

QUESTION 8: WILL THE US AND CHINA RISK MILITARY CONFRONTATIONS OVER TAIWAN?

Kato: The Taiwan issue is vital for the future of China and US-China relations. Since Taiwan's rule under the leader of the Democratic Progressive Party, Tsai Ying Wen, US-Taiwan relations have strengthened, but China-Taiwan relations have deteriorated. In the United States, Congress has enacted legislation to strengthen military and political ties with Taiwan. China has been strongly opposed to these actions, with Xi Jinping saying, "the motherland must eventually be united" and China has never abandoned the possibility of military reunification with Taiwan. How do you see the recent situation in the Taiwan Strait?

Vogel: As the great strategist Sun Zi advised, it is best to win without fighting, Chinese leaders hope to follow this strategy to reunite Taiwan with the mainland. Mainland leaders prefer to put sufficient pressure on Taiwan such that reunification will come about without military involvement. Since 1949, Communist leaders have regarded reunification with Taiwan to be central to the national mission and all leaders of China have faced tremendous pressures to make progress in bringing Taiwan under CCP rule. The people of Taiwan, observing the pressure mainland China has applied to both Hong Kong and Taiwan, appreciate the freedoms they have enjoyed in recent years. Mainland leaders seeking reunification are trying to put pressures on Taiwan by weakening its economy and isolating it from the international community.

By embracing Taiwan and disregarding past US agreements on managing the Taiwan issue, politicians in Washington have greatly increased the risk that mainland leaders may decide that some kind of military force will be necessary to keep Taiwan under its control.

Kato: In today's Taiwan, "One Country, Two Systems" is taboo. During election campaigns, no candidate will take this position because it is unacceptable to the Taiwanese public.

Vogel: If the United States pulls back its military forces from Taiwan and reduces its troops in Japan, the mainland may increase its pressure on Taiwan, thus making Taiwan resistance more difficult.

Kato: To achieve reunification in the long run, the most important thing is political reform in China. Taiwan will be willing to reunite with China only under the condition

that China becomes a more open, free, inclusive, and somewhat democratic country. It would be the best scenario if Taiwan were able to push China in the direction of democratization.

Vogel: I think this is a desirable scenario, but the situation has moved in the opposite direction during the last decade.

QUESTION 9: HOW CAN THE US AND CHINA PEACEFULLY CO-EXIST?

Kato: In the book *Japan as Number One*, you point out that Americans and Japanese have different styles of behavior, but their values are surprisingly similar. This includes democracy, freedom, transparency, and the credit system, thus greatly helping the working relationship between the two countries. Compared to Japanese and American values, Chinese and American values appear to be quite different. How do you think the discrepancy in values will affect US-China relations, particularly in resolving difficult issues such as the trade war, the Taiwan issue, and the problems in the South China Sea?

Vogel: Some foreigners believe that the Communist Party has created a highly unified society. In fact, China is a complex and diverse society, and there are many people who desire more freedoms. Chinese intellectuals who meet with their Western counterparts are comfortable with open intellectual discussions. Their values are not so different from those of Western intellectuals. The financial industries in the two countries are able to work together because their perspectives are quite similar.

In the 1980s, one reason why the trade disputes between the United States and Japan did not lead to a collapse of the alliance was that their common values provided a basis for cooperation. The differences between China's centralized power and America's decentralized democracy make it much more difficult to resolve our differences.

To resolve the trade frictions constructively, friendship between Presidents Trump and Xi is not enough. Understanding and trust on the Chinese side toward the Pentagon, the White House, the Departments of State, Commerce, and the Treasury, as well as understanding and trust on the US side toward some key persons in the PRC leadership, such as Wang Huning, Liu He and Yang Jiechi, are a must for stabilizing this important but complicated relationship. Unfortunately, during the Trump administration mutual trust has been deteriorating.

Kato: In your analysis, why have such misunderstandings, mistrust, and mismanagement arisen? Were there any specific incidents or historic turning points?

Vogel: I think an important point was the end of the Cold War. After the border conflicts between China and the Soviet Union in 1969, China and the United States became relatively close due to their common threat from the Soviet Union. However, after the Soviet Union was dismantled and the Cold War ended, China no longer regarded America as an ally. Additionally, Pentagon officials seeking a larger military

budget pointed to Chinese military advances, which led some in Washington to regard China as an enemy.

At the same time, however, there are people in the United States who argue that relations with China should be stabilized. Despite their different political systems and values, it is important for officials on both sides to find ways to maintain a cooperative, stable, and working relationship. As you know, this is also my personal view.

QUESTION 10: COULD THE US CHANGE CHINA?

Kato: The Chinese ambassador to the United States, Cui Tiankai, said on July 25, 2018: “I don’t think that our two countries can really change each other as some have advocated. China has its own history, culture, and political and economic systems. Whatever has happened in China is an outcome of China’s long history. I don’t think that any country can really change China. And that shouldn’t be the policy goal of any country, including the United States.”

What is your impression of Cui’s remarks? A lot of US policy makers, strategists, and scholars have tried to engage China and push it to become a more open, free, inclusive, even democratic country. Is it not the case that the engagement policy toward China of the last four decades is no longer working?

Vogel: As you know, I do not agree with this view. China has joined many international organizations, including the United Nations and the World Trade Organization (WTO), and this has led China to abide by international rules. If China, the world’s largest trading nation, were not to participate in the WTO, what significance would the WTO have? China’s participation in the WTO can be seen as an achievement brought about by the US engagement policy.

China and the United States have different cultures and are not likely to develop the same form of government. However, the citizens of Taiwan and the majority of the residents in Singapore are of Chinese origin. Both Taiwan and Singapore value the rule of law and offer their citizens a considerable degree of freedom. Some officials in China have received training in public policy in Singapore. As a result, it is not impossible to believe that China might be able to develop systems similar to those in Taiwan and Singapore that value the rule of law and allow the populations greater civic participation to express their views.

The Chinese government places a much higher priority on what the top leaders consider to be the needs of the nation as a whole rather than on the rights of the individual. For example, before a large public event that officials believe might endanger public safety, it is likely that people living in the area may be relocated without going through any court procedures. In carrying out urban reconstruction or building high-speed railways, the Chinese government unilaterally will take over whatever property it needs. This has enabled China to rapidly develop its urban areas and rail lines.

Kato: But looking at the current policies under the Xi Jinping administration, the Chinese people enjoy much less freedom. Is this sustainable for the development and stability of China?

Vogel: The Chinese effort to control access to information is not sustainable. As China expands its international role through construction projects for the Belt and Road Initiative, it will have to make some accommodations to local customs. Western countries engaged in business with China that expect equal treatment for their businesses in China will experiment with sanctions on Chinese businesses in their home countries. If China were to make greater efforts to guard against the theft of Western intellectual property and to accord foreign businesses greater opportunities to engage in business in China, this would contribute to the stabilization of relations between China and other countries, including the United States and Japan. All countries make efforts to obtain confidential information about other countries' military buildup. When the Chinese make efforts to acquire secrets about the products of foreign companies, there are highly negative foreign reactions.

To be sure, China would like to increase the power of the Chinese military in Asia and to weaken the role of the US military there. If the Chinese continue to build bases on islands off the coast of China, the risks of a conflict with the US military will increase. The policy adopted by Deng Xiaoping—*taoguang yanghui*, that is, keep a low profile and bide your time—made it easier to maintain good relations with other countries than the more assertive policies of the Chinese military in recent decades.

Kato: How do you evaluate the politically “penetrative” actions by the Chinese government, companies, and even students on campuses?

Vogel: Americans are now very sensitive to efforts by the Chinese government to control the messages reaching the American public about China. They are also concerned about the efforts by those Chinese in the United States who seek to acquire secret information about American technology. There are now debates in America about how to maintain an open society while reducing the threat that outsiders will try to control information reaching our public and will try to steal secrets from American companies. This issue is not likely to go away soon. Chinese officials seeking to stabilize relations with the United States will be more successful if they can reduce the manipulation of information reaching the American public and restrain Chinese in the United States from stealing technologies from American companies. The challenge for American institutions is to prevent such threats while continuing free discussions and making the vast majority of foreign intellectuals and businesspeople feel fully welcome in our society.

ABOUT THE PARTICIPANTS

Ezra F Vogel is the author of numerous books on Japan and China, including his latest books “China and Japan: Facing History” (Harvard) and “Deng Xiaoping and the Transformation of China” (Harvard), which was a finalist for the National Book Critics Circle Award for Biography, winner of the Lionel Gelber Prize, and a Best Book of the Year in the Economist, Financial Times, Wall Street Journal, and Washington Post. It was also a New York Times Editors’ Choice and a Gates Notes Top Read. Vogel is the author of the classic work “Japan as Number One” (Harvard), whose Japanese edition topped the bestseller list there for many years. He is Henry Ford II Professor of the Social Sciences, Emeritus, at Harvard University.

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