

# JAPAN PERSPECTIVES

No. 8

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# JAPAN PERSPECTIVES

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# JAPAN PERSPECTIVES

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January 23, 2014

## Reshaping Japan's Next Decade

*Tokyo Foundation Fellows Discuss Change and Continuity in an Increasingly Interconnected World*

The Tokyo Foundation

**T**he current Shinzo Abe administration — the first in six years to benefit from a majority in both houses of the Diet — has been passing key legislation and pushing through long-delayed reforms.

Among the most notable achievements in its first year have been a return of business confidence, sparked by the “Abenomics” program of economic growth; institutional changes enabling Japan to make a more “proactive contribution to peace” in reaction to a vastly transformed security environment; and steps to encourage greater social diversity, such as through an expansion of women’s career opportunities.

These reforms seek to radically enhance Japan’s interconnectivity with the world and revitalize a nation that had been plagued by two “lost decades” of economic stagnation.

In a specially organized round table, three Tokyo Foundation distinguished fellows — Tatsuo Hatta, Shinichi Kitaoka and Yoriko Kawaguchi — assessed the policy agenda advanced by Prime Minister Abe, and analyzed the issues and challenges that lie ahead in re-establishing Japan’s global presence. The session was moderated by Tokyo Foundation President Masahiro Akiyama. The Tokyo Foundation is an independent, not-for-profit public policy think tank with a broad network of influential global partners, and a team of highly respected and widely quoted research fellows.

### Is Abenomics working?

**Akiyama:** Mr. Hatta, you’ve been closely involved in shaping the prime minister’s efforts to advance regulatory reform. Would you give us an overview of what Abenomics is all about and why it was adopted?

**Hatta:** Japan’s gross domestic product had been stuck at around ¥500 trillion for 20 years and something had to be done to rejuvenate the economy. One explana-

tion for the lack of growth is that a rigid monetary policy kept the yen's value extremely high. So the first arrow of Abenomics reforms was quantitative easing to end deflation and boost investment, and, at least for the time being, it seems to be working. Share prices have shot up 45 percent over the past year, compared to the global average of 11 percent.



*Tatsuo Hatta, distinguished fellow, Tokyo Foundation; director, Keizai Doyukai Center for Policy Study and Analysis; president, International Center for the Study of East Asian Development; former president, National Graduate Institute for Policy Studies; member, Council on Special Economic Zones, Cabinet Office*

The second arrow was a boost in fiscal spending. Considerable concern has been voiced about exacerbating Japan's perilously high government debt. But it could be argued that the administration has decided to front-load the public investments that are going to be needed in the near future anyway. Personally, I think the government needs to be far more selective in how it spends its money and to eliminate wasteful expenditures, but in terms of fueling the recovery, the fresh spending has been somewhat effective.

The third arrow of structural reform is to break up entrenched interests, which are stifling Japan's long-term growth. One major factor behind Japan's postwar economic "miracle" was the eradication of prewar interests that allowed innovative business leaders to build powerful, global companies like Honda, Panasonic and Sony. But the various industries that developed in the postwar period are now

jealously guarding their interests and are reluctant to open the door to new players.

Needless to say, breaking up vested interests is a very difficult political task. Although Prime Minister Junichiro Koizumi achieved some success in structural reform, his successors have opted for easy solutions, leading to a landslide victory by the Democratic Party of Japan. Shortly after the victory, however, the DPJ became cozy with interest groups. The Abe government cannot afford to repeat these mistakes. Since the prime minister will be unable to make any headway if he turns all the lobbies against him, he'll need to be selective. Employment might be a good place to start, introducing greater labor mobility and social dynamism by bolstering the rights of nonpermanent, nonunion workers.

### **Rising security threats**

**Akiyama:** In addition to economic reform, the Abe Cabinet has been advancing

major policy initiatives in the area of national security. A law to create a national security council was recently enacted, as was legislation to strengthen the protection of state secrets.

**Kitaoka:** These are issues that the prime minister tried to address in his first term, back in 2006-07. A bill was drafted then to create an NSC, which I helped author, but this — along with the issue of the right of collective self-defense — failed to pass owing to differences of opinion within the Liberal Democratic Party. An NSC is an urgent priority since national security is an area where sectionalism must be avoided; this is clear from Japan’s prewar experience, when opinion was divided between the Foreign Ministry and the military. An NSC would be able to formulate foreign and security policies from a broader perspective in line with national interests, and enable a more flexible response.

I think one reason that the prime minister was able to get the NSC bill through the Diet this time was recognition of heightened security threats. The Chinese defense budget has quadrupled over the past 10 years and North Korea has nuclear capabilities in addition to missile technology while Japan’s budget has been declining. There has been growing recognition — in the LDP and the DPJ — of a need for an organization like the NSC in response to such changes in the global environment.

A national security strategy was also recently outlined for the first time and new National Defense Program Guidelines were formulated. Both are the joint products of Cabinet ministers and an advisory panel, of which I was chairman. The guidelines call for “integrated mobile defense” capabilities in Japan’s southwest islands that will hopefully reduce some of the sectionalism referred to earlier. These are all institutions and policies that would be normal in any democracy, and they are but very modest steps in addressing the shortcomings of Japan’s security framework.

Anyone with any knowledge of history would know that Japan has no intentions of becoming a military power and reviving its prewar policy of aggression. Japan has been contributing to regional peace and stability through official development assistance since the 1950s, began taking part in U.N. peacekeeping operations in 1992 and endeavored to address the root causes of global conflict through



*Shinichi Kitaoka, distinguished fellow, Tokyo Foundation; president, International University of Japan; chair, Prime Minister Abe’s Panel on National Security and Defense Capabilities; professor emeritus, University of Tokyo; former ambassador to the U.N.*

concepts like human security in the 1990s. A more “proactive contribution to peace” announced by Mr. Abe is a natural extension of these tangible achievements and I think it’s a highly welcome development.

**Kawaguchi:** In terms of PKOs, I think there’s a lot more that Japan can and should be doing. But because of Japan’s constitutional constraints on the use of force, there’s a strong tendency to think twice about dispatching personnel into conflict zones.

### Abe’s Yasukuni visit

**Akiyama:** What ramifications do you think the prime minister’s visit to Yasukuni Shrine late last year will have on Japan’s security environment?

**Kawaguchi:** I believe that politicians have a right, just like anybody else, to follow their religious beliefs. The prime minister has said that he went to Yasukuni to pay his respects to all those, Japanese and foreigners, who gave their lives in the war, and vowed that Japan must never wage a war again. Some countries in Asia, though, are trying to portray him as a right-wing, warmongering nationalist. Perhaps Japan needs to do a better job of explaining the nature of the shrine.

Japan did make mistakes in the past, and caused suffering and damage to the peoples of other countries. This should not be repeated, and Japan has thus steadfastly worked to bring peace to the region and has helped other countries become prosperous over the past 70 years. It has deeply entrenched democratic values and system of government. These will not change and this is what Japan would like the world to see.



*Yoriko Kawaguchi, distinguished fellow, Tokyo Foundation; professor, Meiji University; former minister for foreign affairs and minister of the environment; former member of the House of Councillors*

### Dynamism through diversity

**Akiyama:** Mr. Abe has also emphasized the need to expand employment and advancement opportunities for women to boost national strength.

**Kawaguchi:** There’s certainly a need to boost diversity. In the Global Gender Gap Report, issued by the World Economic Forum, Japan’s ranking in gender-based disparities has fallen over the past three years, from 98th to 105th. I know that



efforts are being made to narrow the gender gap, but the results show that other countries are doing even more.

So the Abe administration's call for the fuller utilization of women as human resources is significant, not just from the viewpoint of raising productivity or easing a labor shortage but also for bringing new and different perspectives into the social mainstream.

An expansion in the number of child care facilities is also crucial in enabling women to remain in the workforce after childbirth. There have been so many outstanding women on my staff who have been unable to return to work because their children have been put on waiting lists at day care centers.

**Hatta:** The government could shorten the waiting lists by allowing new private companies into the industry. Women would participate in the labor force more if general wage levels were raised. One way to attain such an increase is by raising the appraisal standards of public works projects, some of which are now so low that no one bids for them. This could trickle down to other sectors and help boost general income levels.

**Kawaguchi:** If the third arrow of Abenomics —structural reforms — falls short, then Japan will have squandered a golden opportunity to chart a bright future. There's really not much time. What Japan can accomplish over the next year will be crucial in determining its place in the global community in the decade to come.

**Akiyama:** And I would also hope that the Abe administration has a full understanding of the importance of fiscal consolidation in ensuring such a bright future for our country. Thank you all very much for your time today.



*Masahiro Akiyama, president, Tokyo Foundation; former administrative vice-minister of defense; former chairman, Ocean Policy Research Foundation*

*Reprinted with permission from Davos Special 2014, the Japan Times, published on January 23, 2014.*

January 31, 2014

# US Engagement Policy toward China

## *Realism, Liberalism, and Pragmatism*

Tsuneo Watanabe

*US policy toward Beijing has consistently been one of engagement since President Richard Nixon's visit to the People's Republic of China in 1972. There have been occasional swings in nuance, though, resulting from the positioning of four groups within the United States—pro-China commercial liberals, anti-China human-rights-oriented liberals, pro-China interdependence- and stability-focused realists, and anti-China military- and rivalry-focused realists—frustrating China and US allies in the region. In addition, US policy has been shaped by two distinct schools sharing the balance-of-power concept within the realist paradigm: one, which grew around Henry Kissinger, is optimistic about China's future trajectory, while the other is skeptical. Despite the subtle but perceptible swings over the years, US leaders have managed to balance the various domestic interests and ideologies into a pragmatic and feasible policy, which has largely remained within the engagement paradigm. This paper examines whether or not US policy toward China is currently undergoing a structural change due to several key developments in recent years and the Obama administration's evolving perceptions of China. (This article is reprinted with permission from The Journal of Contemporary China Studies, Vol. 2, No. 2, published by the Institute of Contemporary Chinese Studies, Waseda University.)*

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### Introduction

In 2009 Barack Obama began his presidency with the “audacity of hope” that China would become a responsible stakeholder, cooperating with the United States on various global issues from climate change to post-Lehman financial and economic crisis management through the framework of a US-China “Group of Two.”

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*Tsuneo Watanabe      Senior Fellow and Director of Foreign and Security Policy Research,  
Tokyo Foundation.*

By the following year, though, China's assertiveness on territorial issues in the South and East China Sea and the harsh reaction to US arms sales to Taiwan dampened US optimism regarding China as a global partner. Despite mounting frustration, the Obama administration patiently maintained close bilateral communication, such as through the US-China Strategic and Economic Dialogue, as part of its engagement policy toward China.

Since President Richard Nixon's surprise visit to the People's Republic of China in 1972, the US policy toward Beijing has consistently been one of engagement, in sharp contrast to the antagonistic containment policy from 1947 to 1972 during the first half of the Cold War.

That said, there have been subtle changes in the substance of the US engagement policy over the years. These occasional policy swings in the US government have frustrated China and US allies in the region. US journalist James Mann describes the occasional "about face" moments in US policy from the Nixon to the Bill Clinton administrations in his book, *About Face*.<sup>1</sup>

For example, during the 1992 presidential campaign, Bill Clinton criticized President George H.W. Bush for irresponsibly extending most-favored-nation (MFN) status to China without considering the country's human rights violations in the 1989 Tiananmen Square incident. The Clinton camp proposed a linkage policy between improvements in human rights and MFN status. When he was elected president, however, Clinton ignored his campaign proposal and extended MFN status before there was any tangible improvement in the human rights situation. Clinton even called on Congress to grant China permanent MFN status in 2000 (the designation was renamed "permanent normal trade relations" in 1998) without considering human rights, as the prosperous business and economic relations with China was contributing to a booming US economy.

During the 2000 presidential campaign, George W. Bush criticized Clinton's strategic partnership with China and proposed that the country be redefined as a



US President Nixon meets China's Communist Party leader, Mao Zedong, in February 1972.

<sup>1</sup> James Mann, *About Face: A History of America's Curious Relationship with China, from Nixon to Clinton* (New York: Vintage Books, 2000).

strategic competitor.<sup>2</sup> US-China relations deteriorated following the accidental collision between a US Navy EP-3E signals intelligence aircraft and a People's Liberation Army Navy J-8II jet fighter near Hainan Island in April 2001. The terrorist attacks on September 11 of that year, though, restored the cooperative tone of US-China relations. In his visit to Beijing in February 2002, President Bush welcomed China's cooperation on the global war on terror following 9/11.<sup>3</sup>

Despite such policy swings, all US administrations since 1972 have remained within the engagement paradigm. Initially, this paradigm was shaped by the Cold War dynamics of the global balance of power. In the post-Cold War period, though, China has emerged as a potential challenger to the regional and even global hegemony of the United States. In this context, the mutual interdependence of the US and Chinese economies has become a tool to justify the engagement paradigm as serving both economic and security interests.

For Nixon and his national security advisor, Henry Kissinger, China was regarded as a positive game changer that could break the quagmire of the Vietnam War and the impasse in the Cold War against the Soviet Union. Hence, strategic cooperation with China was a crucial factor in the US Cold War strategy, enabling Washington to strike a balance with its strategic adversary between 1972 and 1989. Kissinger himself pointed out that China no longer sought to constrain US power projection and started enlisting the United States as a counterweight against the Soviet Union.<sup>4</sup>

After the collapse of the Soviet Union, many US security experts began to see China, with its growing power, as a potential rival to US regional and global hegemony, although Kissinger and his school retained their expectations that the US-China partnership would continue to grow. Two different schools thus shared the balance of power concept within the realist paradigm. Their differences were policy implications: While the Kissinger school was optimistic about China's future trajectory, the other school was skeptical.

A new dimension to the US engagement paradigm was added after the end of the Cold War in the face of rising economic and commercial expectations regarding the burgeoning Chinese economy. Now positioned as the second largest in the world, China's rapidly growing economy has become essential for US businesses.

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<sup>2</sup> Condoleezza Rice, "Promoting the National Interest," *Foreign Affairs*, January/February 2000 (vol. 79, no. 1).

<sup>3</sup> "President Bush Meets with Chinese President Jiang Zemin," February 21, 2002, US Department of State Archive, <http://2001-2009.state.gov/p/eap/rls/rm/2002/8564.htm> (accessed March 23, 2013).

<sup>4</sup> Henry Kissinger, *On China* (New York: Penguin Press, 2011): 275–76.

Deepening US-China economic interdependence is regarded as a factor in preventing an eventual US-China hegemonic rivalry, and liberal politicians have come to endorse an engagement policy, rather than the realism they espoused during the Cold War.

Schizophrenic tendencies in the US policy toward China can be seen in the shifting policy focus of US administrations, alternating between realism and liberalism. The US posture toward China has been affected by the positioning of various domestic actors, such as pro-China commercial liberals, anti-China human-rights-oriented liberals, pro-China interdependence- and stability-focused realists, and anti-China military- and rivalry-focused realists.

Competition among the various policy schools became more visible and significant with each US presidential election cycle. Despite the policy swings and contradictory approaches, though, US leaders have managed to balance the various domestic interests and ideologies into pragmatic and feasible policies. In this sense, pragmatism has always been a dominant trait of US leaders, and US policy toward China since 1972 has, as a result, largely remained within the engagement policy paradigm despite vociferous arguments from both the left and right. At the same time, the pragmatic approach of US administrations has always provided a ready target for criticism from their political rivals.

Barack Obama is probably one of the most pragmatic presidents in US history. Unlike Clinton and Bush Jr., Obama began his administration without criticizing the China policy of his predecessor, although he did have harsh criticism for the decision to start the Iraq War. Over time, Obama's China policy came to be shaped more by China's assertiveness and uncooperative attitude toward global governance. Being a pragmatist, Obama shifted his China policy from one of cooperative engagement to cautious engagement in order to hedge against China's military expansion and its assertive behavior toward its neighbors.

Does Obama's policy shift signal a historic transition from an engagement to a containment paradigm, with the United States perceiving drastic changes in the balance of power in the twenty-first century? Or is this just the latest of the periodic swings within the engagement paradigm that we have observed since 1972? This paper examines whether or not US policy toward China is undergoing structural change by focusing on several key factors that have shaped the policy over the years.

## **1. Four Different Policy Groups**

The apparent schizophrenia in US attitudes toward China can be explained by the

existence of four distinct camps that have exerted an influence on US administrations. Winning a US presidential election requires candidates to secure the support of a broad array of constituents. One group may be critical of China's human rights record, while another might seek stable business ties. The candidate must navigate carefully between the two different orientations, and, as a result, the policies they outline are often vague.

The four major camps influencing the direction of US policy toward China are outlined in the Figure 1. The four blocs (A to D) are identified with regard to policy directions, particularly in security and trade.

Group A represents the hawks who believe that hegemonic rivalry and military collision is likely, as a rising China increasingly poses a challenge to the United States both regionally and globally. This group is not optimistic that China would become more democratic as its economic grows, and it is also skeptical about economic interdependence acting to stabilize the relationship and preventing conflicts. It thus advocates a confrontational security policy toward China bordering on containment.

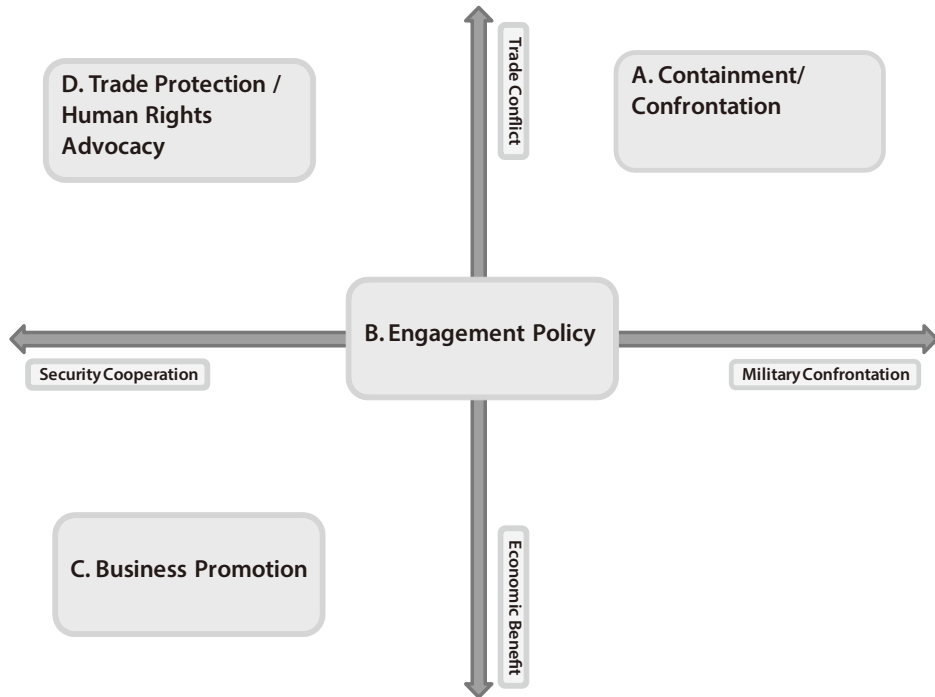
A group called the Blue Team in the George W. Bush administration, for instance, adhered to an anti-China security policy. Many members were neoconservatives who advocated the use of US military power to promote democratization around the world. Blue Team members saw China's Marxist, one-party rule as a potential source of confrontation. And they did not expect China to democratize on its own as a natural outcome of economic growth.

Vice-President Richard Cheney was among the leading figures in this group. Princeton University Professor Aaron Friedberg, who served as Cheney's national security advisor, provided theoretical support for the confrontational policy, arguing that China was a game changer for the international system.<sup>5</sup> Friedberg believed that China's growing wealth and power would, if its one-party, authoritarian dictatorship was left intact, become a source of tension with the United States.<sup>6</sup>

In 2000, conservative, anti-China members of Congress created the US-China Economic and Security Review Commission with a mandate "to monitor, investigate and submit to Congress an annual report on the national security implication of the bilateral trade and economic relationship between the United States and the People's Republic of China, and to provide recommendations, where appropriate,

<sup>5</sup> Aaron L. Friedberg, *A Contest for Supremacy: China, America and the Struggle for Mastery in Asia* (New York: W.W. Norton & Company, 2011).

<sup>6</sup> Yoichi Kato, "Interview/Aaron Friedberg: More Balancing Needed than Engagement with China," *The Asahi Shimbun* (September 13, 2012), <http://ajw.asahi.com/article/views/opinion/AJ201209130026> (accessed March 24, 2013).

**Figure 1: Two Influential Schools in the Realism Tradition****U.S. Four Policy Groups Toward Rise of China**

to Congress for legislative and administrative action.”<sup>7</sup> In its annual report to Congress in 2012, the commission made 32 policy recommendations to the Obama administration, including a review of investments in the United States by Chinese state-owned and state-controlled companies, flows of military technology or data to China, and China’s cyber practices.<sup>8</sup>

Group B represents those with moderate and pragmatic positions who advocate maintaining the engagement policy. Most policy practitioners since Nixon’s 1972 visit to China belong to this group. Even within this camp, though, there are subtle differences in policy orientation. Those advocating soft engagement in such forms as a “sunshine policy” argue that economic cooperation would encourage

<sup>7</sup> US-China Economic and Security Review Commission website, <http://www.uscc.gov/> (accessed March 24, 2013).

<sup>8</sup> US-China Economic and Security Review Commission, “2012 Report to Congress: Executive Summary and Recommendations,” November 2012, [http://origin.www.uscc.gov/sites/default/files/annual\\_reports/2012-Report-to-Congress-Executive%20Summary.pdf](http://origin.www.uscc.gov/sites/default/files/annual_reports/2012-Report-to-Congress-Executive%20Summary.pdf) (accessed March 24, 2013).



China to be a benign and helpful partner in the security and political arenas. This position is close to group C, which emphasizes mutual economic interests and interdependence. On the other hand, the hard-line, “hawkish” engagement proponents attach importance to hedging against a potential military confrontation with China. This position is close to group A, with an emphasis on the hedge element.

The softer position is championed by those viewing China as a stakeholder or envisioning a US-China G2. In general, they are optimistic about China’s cooperative attitude in the region and the world. Robert Zoellick, deputy secretary of state in the George W. Bush administration, advocated a “stakeholder” policy in a 2005 speech in which he said that China was unlike the Soviet Union of the late 1940s in four ways. First, China does not seek to spread radical, anti-American ideologies. Second, China does not seek conflict against democracy, although it is not itself a democracy. Third, China is not opposed to capitalism. And fourth, China does not seek to overturn the fundamental order of the international system but rather believes that its success depends on being networked with the modern world.<sup>9</sup>

Zbigniew Brzezinski, former national security advisor to President Jimmy Carter who advanced the normalization process with China in 1979, was a notable advocate of the G2 position.

Brzezinski was a strategic thinker in the realism school who saw a globally ascending China as a revisionist force for important changes in the international system. He felt that China would seek them in a patient, prudent, and peaceful manner and noted that Americans who deal with foreign affairs appreciate China’s “peaceful rising” in global influence while seeking a “harmonious world.”<sup>10</sup> Brzezinski has influenced the Obama administration through his advice on foreign and security policy.

Unlike Zoellick and Brzezinski, the hawkish engagement position is skeptical of China’s self-described “peaceful rise.” For example, bureaucrats in the Department of Defense are concerned about China’s modernizing military and growing global economic influence. Unlike those in group A, they tend to be neutral about China’s Marxist ideology or one-party authoritarian rule. In other words, they do not necessarily believe that military confrontation with China is inevitable. But at the same time, they do not share the notion that economic interdependence in itself

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<sup>9</sup> Robert Zoellick, “Whither China: From Membership to Responsibility?” Remarks to the National Committee on US-China Relations, September 21, 2005 at <http://2001-2009.state.gov/s/d/former/zoellick/rem/53682.htm> (accessed March 24, 2013).

<sup>10</sup> Zbigniew Brzezinski, “The Group of Two that Could Change the World,” *Financial Times*, January 13, 2009.



would help prevent military confrontation. Andrew Marshall, who has continued to serve as director of the Department of Defense's Office of Net Assessment since being appointed by President Nixon in 1973, is one of the leading hawk engagers in this group. His perceptions of China can be gleaned from various Department of Defense reports, including the 2012 annual report to Congress. The report observes that the People's Liberation Army (PLA) pursues a long-term, comprehensive military modernization program to win "local wars under conditions of informatization," or high-intensity, information-centric regional military operations of short duration. On the other hand, the report says that Chinese leaders seek to maintain peace and stability along their country's periphery to secure access to markets, capital, and resources and avoid direct confrontation with the United States and others. The report recommends strengthening the US-China military-to-military relationship by encouraging it to cooperate with the United States and others through cooperative practices to secure access to international public goods through counter-piracy or international peacekeeping operations.<sup>11</sup> These two different approaches to the rise of China within the B camp will be discussed in the following section.

Those in the C group espouse a more optimistic view that deepening economic ties would prompt China to become a more cooperative actor in the region and the world. They have less concern about China's rapid military expansion and modernization resulting from accumulating wealth. They represent the economic interests of industry and business that stand to reap benefits from enhanced trade and investment. They tend to be quiet about advocating their positions, though, because they are wary of being criticized for their "greedy" pursuit of business interests or ignorance of US national interests and China's human rights record. As the result, few government officials openly take this position. However, advocates exert considerable influence among both Republican and Democratic party leaders and administrations through their financial donations.

Henry Paulson, who was treasury secretary in the George W. Bush administration, is one of the group's few visible policy advocates. He built a close network with Chinese counterparts during a financial career at Goldman Sachs and was a founding member of the US-China Strategic Economic Dialogue, which was upgraded to US-China Strategic and Economic Dialogue in 2009. As treasury secretary, Paulson believed that robust and sustained economic growth was a social

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<sup>11</sup> Office of the US Secretary of Defense, Annual Report to Congress: Military and Security Developments Involving the People's Republic of China 2012, May 2012 at [http://www.defense.gov/pubs/pdfs/2012\\_CMPR\\_Final.pdf](http://www.defense.gov/pubs/pdfs/2012_CMPR_Final.pdf) (accessed March 24, 2013).

imperative for China and that Chinese leaders viewed the country's international relations primarily through an economic lens. Paulson thus proposed approaching China through economic interests as "an effective way to produce tangible results in both economic and noneconomic areas." While noting that some people were recommending containment, Paulson clearly stated that engagement was "the only path to success."<sup>12</sup>

Those in group D represent the liberal Democratic in Congress who are concerned about promoting human rights and protecting American jobs in the face of China's currency manipulation and closed market. Human rights watchers include former House Speaker Nancy Pelosi, who early in her congressional career worked to protect Chinese students in the United States in the wake of the Tiananmen Square incident. She co-sponsored and helped pass legislation to extend the length of stay of the students, who could have been arrested once back in China for their support of the 1989 pro-democracy movement. Pelosi continued to promote actions against human rights violations even while serving as House speaker and currently House minority leader. On her website, Pelosi states, "in China and Tibet, people are languishing in prisons for only expressing their ideas and political views." She adds that Nobel Peace Prize recipient Liu Xiaobo, who called for an online petition to promote human rights and democracy, is still in prison and argues, "If we don't stand up for human rights in China and Tibet then we lose our moral authority to speak out for human rights in the rest of the world."<sup>13</sup>

The trade protectionist wing within group D is represented by Senator Chuck Schumer. He has sponsored many retaliatory bills against China, such as higher tariffs in response to "currency manipulation," which is blamed for eating into US domestic employment. For example, Schumer co-sponsored the Currency Exchange Rate Oversight Reform Act of 2011 to impose tariffs on imports from countries with undervalued currencies. Although the bill was approved by the Senate on 11 October 2011, it was rejected by the House.

On his website, Schumer takes a negative view of China's participation in the WTO, which was expected to bring China's policy in line with global trade rules. Instead, he claims, China has used those rules to spur its own economic growth and expand exports at the expense of its trading partners, including the United States.

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<sup>12</sup> Henry Paulson, "A Strategic Economic Engagement: Strengthening US-China Ties," *Foreign Affairs*, September/October 2008.

<sup>13</sup> Congresswoman Nancy Pelosi's website, <http://pelosi.house.gov/special-issues/human-rights.shtml> (accessed March 24, 2013).

He also criticizes “China’s overt and continuous manipulation of its currency to gain a trade advantage over its trading partners.”<sup>14</sup>

D group members cooperate with group A Republicans on human rights and trade issues at the congressional US-China Economic and Security Review Commission. In fact, the commission’s chair has alternated between representatives of the two groups. For example, the current chairman during the reporting cycle through December 2013 is William Reinsch, a Democrat who served as legislative assistant to Senator John Rockefeller. The current vice-chairman and former chairman is Dennis C. Shea, who served as assistant secretary in the Department of Housing and Urban Development during Republican George W. Bush’s administration.<sup>15</sup>

The US engagement policy toward China since 1972 has been conducted mainly by realists in both Republican and Democrat administrations. In 1972, President Nixon and his national security advisor, Henry Kissinger, led a drastic policy paradigm shift from the confrontational containment policy of previous administrations to one seeking cooperation with China. It also represented a shift from an ideology-oriented containment policy against the Communist bloc as a whole toward a calculated engagement policy based on balance-of-power realism. Nixon understood the necessity of cooperating with China to influence the balance of the power in favor of the US strategic position against the Soviet challenge, in spite of ideological differences with China. Ironically, China’s Marxist ideology was more radical than that of the Soviet Union. In fact, China criticized the Soviet position as revisionist and for straying from Marxist ideals.

Nixon set aside ideology and focused instead on the geopolitical conflict between the two Marxist states.

The rationale behind the decision to reach reconciliation with China, though, was not a simple one. As a matter of the fact, the administration was also seeking to ease tensions with the Soviet Union,<sup>16</sup> and its realism had a highly pragmatic quality. Nixon expected both China and the Soviet Union to play a cooperative role to end the quagmire in Vietnam—a war that had seriously exhausted the US economy and society.

With the 1972 visit to China, Nixon and Kissinger initiated a shift from an

<sup>14</sup> Senator Charles E. Schumer’s website, <http://www.schumer.senate.gov/Issues/trade.htm> (accessed March 24, 2013).

<sup>15</sup> US-China Economic and Security Review Commission website, note 7.

<sup>16</sup> Michael Schaller, “Drinking Your Mao Tai and Having Your Vodka, Too,” in Robert S. Ross and Jian Changbin, eds., *Re-examining the Cold War: U.S.-China Diplomacy, 1954–1973* (Cambridge, MA: Harvard University Asia Center, 2001), Chapter 12, 362–63.

ideology-led containment policy paradigm to a pragmatism-led engagement policy paradigm. US policy toward China has since remained within the engagement paradigm, although there have been occasional subtle swings. Political interaction among the various interest groups has been one cause for these swings.

Another factor has been the existence of two schools within the US policymaking community, including government officials, namely, the “Kissinger school” and the “Marshall school.” Interaction between these two schools, with different approaches to China, has played a critical role in shaping US policy toward China. The two groups are named after legendary foreign and security policy “gurus,” the first being Henry Kissinger, national security advisor in the Nixon administration and secretary of the state in the Gerald Ford administration, who has continued to exert an influence on presidents and State Department foreign policy experts to this day. Although he has not held any official positions since the Ford administration, such protégés as Brent Scowcroft—national security advisor for George H.W. Bush—have played important roles in government and academia.

Andrew Marshall, meanwhile, has served as director of the Office of Net Assessment in the Department of the Defense since 1973. He has had considerable influence over secretaries of defense and Pentagon experts over the years, although he is not as well known to the public as Kissinger.

The two schools have different approaches to China, although they share a geopolitical realism and an engagement paradigm.

Comparing the two schools, Kissinger is closer to the “business promotion” orientation of group C, while Marshall is closer to the “containment / confrontation” policy of group A in the Figure 1. For example, the Kissinger school tends to focus on security reassurances and on keeping communication channels open. On the other hand, the Marshall school tends to focus on balancing and hedging in the security domain against China’s military expansion and potential confrontational posture.

Brent Scowcroft summed up the Kissinger school’s view of China as follows:

They [China] depend on our market, and we depend on them to buy bonds so that we can run these big deficits. So there is growing interdependence. . . . If we treat them like an enemy, they will [become an enemy]. We can’t make them a friend. But, I don’t see anything that would lead me to conclude that inevitable conflict/confrontation is out there.<sup>17</sup>

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<sup>17</sup> Hiroyuki Akita, “U.S.-China Relations and Management of the U.S.-Japan Alliance,” USJP Occasional Paper 07-01, Program on U.S.-Japan Relations, Harvard University, 2007,

On the other hand, Andrew Marshall himself pointed out that there are two dimensions to Washington's China policy, engagement and risk hedge:

The hope [of an engagement policy] is that this will lead, ultimately, to a more democratic and normal power. We don't know that that's the way it will actually end up, and so we have to hedge against [the possibility of this] not turning out quite so well.<sup>18</sup>

These two schools have shaped the policy directions of the US engagement policy paradigm. For example, in the 1970s the Ford administration gradually and quietly increased its military and intelligence cooperation with China against the Soviet Union. This can be interpreted as a result of interaction between the two schools. Kissinger subsequently tried to promote military and intelligence cooperation with China as a substitute for his unfinished promise, made on his 1972 visit, to normalize relations with China.<sup>19</sup> Normalization talks had stagnated due to domestic opposition among pro-Taiwan members of Congress and the politically weakened Republican administrations, set back by the Watergate scandal and the resignation of President Nixon.

Secretary of Defense James Schlesinger in the Ford administration agreed with Kissinger's idea of proceeding with military and intelligence cooperation with a different rationale; he adhered to the idea of using the "China card" against the Soviet Union. As a young researcher at RAND Corporation, Michael Pillsbury wrote a secret "China card" memo to the Pentagon noting that military cooperation with China would induce the Soviet Union to reduce its military forces on the European front in order to deal with Chinese forces along its southern border.<sup>20</sup> Secretary Schlesinger eagerly embraced the China card option, since confrontation with the Soviet Union in Europe was a critical issues for US security policy at the time. Pillsbury had worked under Andrew Marshall at the RAND Corporation before Marshall joined the Pentagon.

During the Cold War era, both schools favored strategic cooperation with China as a realistic hedge against the Soviet Union. After China emerged as a potential geopolitical rival to the United States, however, the two schools sometimes took different positions within the engagement paradigm.

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<sup>18</sup> Ibid., 10.

<sup>19</sup> James Mann, *About Face*, 53–77.

<sup>20</sup> Michael Pillsbury, "US-China Military Ties?" *Foreign Policy*, Autumn 1975.

Both schools were represented in the Georg W. Bush administration, as in earlier administrations. Kissinger himself regularly advised President Bush and Vice President Cheney.<sup>21</sup> Bush eventually took a cooperative stance toward China, regarding the country as a partner in the war on terror, despite initially labeling it a strategic competitor. Clearly, the priority for the Bush administration was the fight against terrorism following 9/11.

The Defense Department, though, has quietly started viewing China as a potential challenger to US regional and global hegemony. For example, the DOD's Quadrennial Defense Review (QDR) 2006 described China, along with Russia, as a country at a strategic crossroads. The report states that "China has the greatest potential to compete militarily with the United States and field disruptive military technologies that could over time offset traditional US military advantages absent US counter strategies."<sup>22</sup> At that moment, though, it was not clear whether China had the capability and intention to emerge as a threat to the US hegemony. The report's wording emphasized a cooperative, engagement rhetoric, noting, "The United States' goal is for China to continue as an economic partner and emerge as a responsible stakeholder and force for good in the world."<sup>23</sup> At the same time, there were clear elements of a hedge policy: "Shaping the choices of major and emerging powers requires a balanced approach, one that seeks cooperation but also creates prudent hedges against the possibility that cooperative approaches by themselves may fail to preclude future conflict." Such ideas suggest Marshall's influence.

In fact, the principle author of QDR 2006 was then Special Assistant to Deputy Secretary of Defense Jim Thomas. He later joined the Center for Strategic and Budgetary Assessments (CSBA) as vice president and director of studies. CSBA Founder and President Andrew Krepinevich is regarded as one of the most prominent students of Andrew Marshall.<sup>24</sup> For Thomas, the challenge was how to sustain US military capabilities in the Asia-Pacific over the long term at a time of severe fiscal restraints on military spending. He expected Japan to share the burden of counterbalancing China's naval strength in the air-sea battle scenario, cooperating within the framework of the Japan-US alliance.<sup>25</sup>

<sup>21</sup> Bob Woodward, "State of Denial," *Washington Post*, October 1, 2006.

<sup>22</sup> US Department of Defense, *Quadrennial Defense Review Report*, February 6, 2006, 29, at <http://www.defense.gov/qdr/report/report20060203.pdf> (accessed March 24, 2013)

<sup>23</sup> Ibid.

<sup>24</sup> Hiroyuki Akita, *Anryu* (Silent Stream), (Tokyo: Nikkei Publishing, 2008): 41–42.

<sup>25</sup> Jan Van Tol, Mark Gunzinger, Andrew Krepinevich, and Jim Thomas, *Air Sea Battle: A Point-of-Departure Operational Concept*, Center for Strategic and Budgetary Assessments,

Since the 1970s, two streams within the realist school have influenced US policy toward China. The dynamic interplay between these two groups has been an important element in shaping US strategic thinking toward China.

## 2. From the G2 Euphoria to the Asia Pivot

There has been a perceptible change in the Obama administration's policy during the first four years of the president's tenure. Jeffrey Bader, who served senior director for East Asian affairs on the National Security Council, recalls in his memoirs that the Obama administration's basic stance toward China has not changed, suggesting that the media has depicted the nuanced changes in the Obama administration's position in an exaggerated manner.<sup>26</sup> Indeed, there has been no shift in the engagement policy paradigm, and in this sense, Bader's claim is legitimate. But at the same time, there has been a clear change in nuance, from the early cooperative engagement posture built on "strategic reassurances" and expectations of a US-China G2 to the more recent hedging and balancing, marked by such rhetoric as "pivot to Asia" or "rebalancing toward the Asia-Pacific" stressing a more fully engaged US military presence in the Asia-Pacific region.

This change was undoubtedly a reaction to a series of assertive actions and rhetoric of Chinese government officials, especially high ranking officers of the People's Liberation Army. It is important to take note of how Chinese actions and US perceptions of them have influenced the standing of various China experts within the Obama administration.

Obama initially expected China to emerge as a potential partner in dealing with the many global issues in the international arena, reflecting foreign policy advisor Zbigniew Brzezinski's G2 expectations. Brzezinski contributed an article on informal G2 cooperation between the United States and China for global governance to the *Financial Times* in January 2009.<sup>27</sup>

And in a speech in October 2009, Deputy Secretary of the State James Steinberg proposed a "strategic reassurance policy" toward China:

Strategic reassurance rests on a core, if tacit, bargain. Just as we and our allies must make clear that we are prepared to welcome China's "arrival," as you all

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2010.

<sup>26</sup> Jeffrey A. Bader, *Obama and China's Rise* (Washington, DC: Brookings Institution Press, 2012), 80–82.

<sup>27</sup> Zbigniew Brzezinski, "The Group of Two that Could Change the World," *Financial Times*, January 13, 2009.



have so nicely put it, as a prosperous and successful power, China must reassure the rest of the world that its development and growing global role will not come at the expense of security and well-being of others. Bolstering that bargain must be a priority in the US-China relationship. And strategic reassurance must find ways to highlight and reinforce the areas of common interest, while addressing the sources of mistrust directly, whether they be political, military, or economic.<sup>28</sup>

Steinberg's idea is based on expectations that China would take responsibility for solving global political and economic issues if the United States reassured China's position as a global power. This was the foreign policy tone of the Obama administration in early 2009. The administration felt that the United States alone would be unable to deal with all global issues in the light of the Bush administration's failed unilateral approach and the heavy burden of engagement in two wars in Afghanistan and Iraq.

Such naïve expectations of China's cooperation were, however, quickly betrayed by China's assertive actions and the harsh rhetoric of PLA officials in 2010. Omens of a negative Chinese reaction toward G2 expectations were China's uncooperative attitude at the COP15 climate change meeting in Copenhagen in December 2009. The Obama administration expected China, as a potential US partner, to help shape the post-Kyoto Protocol framework to reduce greenhouse gas emissions. Neither the United States nor China were signatories to the Kyoto Protocol, despite being the world's two largest CO<sub>2</sub> emitters. Since China had an influential position over developing countries, which were opposed to the position of the developed countries, US-China cooperation had the potential to produce a general agreement. President Obama believed that China should not be imposed the same level of emission reduction requirements as developed countries, while European countries believed China should.<sup>29</sup> The conference produced some results, thanks to President Obama's efforts and his persuasive rhetoric.<sup>30</sup> But China's uncooperative attitude at COP15 was a source of disappointment and worry for administration officials.

In January 2010, moreover, China reacted harshly to the administration's decision to sell \$6.4 billion in military equipment to Taiwan, and it unilaterally sus-

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<sup>28</sup> James Steinberg, keynote address on "China's Arrival: The Long March to Global Power" at the Center for a New American Security, September 24, 2009.

<sup>29</sup> Jeffrey Bader, *Obama and China's Rise*, p. 62.

<sup>30</sup> *Ibid.*, p. 68.



pended all military exchange with the United States. The reaction was stronger than expected, despite the fact that the deal did not include such crucial offensive weapons as F-16 C/D jet fighters. President Obama was also puzzled by the unusually strong reaction to his meeting with the Dalai Lama, an exile from China-controlled Tibet, the following month.

In March, the South Korean Navy's corvette, ROKS Cheonan, was sunk by a North Korean miniature submarine. To deter further North Korean military aggression, the US and South Korean Navies conducted joint exercises in the Yellow Sea. PLA leaders, including Deputy Chief of Staff General Mao Xiaotian expressed strong opposition to the exercises in the media.<sup>31</sup>

In addition, the PLA Navy's East Sea Fleet conducted military exercises in the East China Sea, and its missile destroyer and frigate cruised along the high seas between Okinawa Island and Miyako Island near US military bases in July. Meanwhile, tensions rose owing to territorial disputes in the South China Sea between China and Vietnam, the Philippines, and Indonesia.

At the ASEAN Regional Forum in Hanoi on July 23 2010, Secretary of State Hillary Clinton stated, "the United States, like every nation, has a national interest in freedom of navigation, open access to Asia's maritime commons, and respect for international law in the South China Sea."<sup>32</sup> This apparently offended China, which conducted large naval exercises in the South China Sea after the meeting.

A series of events caused a further deterioration in US-China relations. Chinese President Hu Jintao's scheduled visit to the United States in September was postponed to January 2011. In its annual report to Congress, submitted on August 16 2010, the US Department of Defense noted that the PLA Navy was seeking to enhance its strength in order to gain an upper hand in disputes in the East China Sea and South China Sea, that China may start work on building its own aircraft carrier within the year, and that despite improving relations with Taiwan, it had not reduced the size of the military force poised against it. In response, on August 18, the Chinese Ministry of Defense criticized the report, saying that it "has no basis in objective fact" and would be "an obstacle to the improvement and development of military relations between the US and China."<sup>33</sup>

<sup>31</sup> Elizabeth Bumiller and Edward Wong, "China Warily Eyes U.S.-Korea Drills," *New York Times*, July 20, 2010.

<sup>32</sup> Hillary Rodham Clinton, "Remarks to the ASEAN Regional Forum," July 12, 2010, at <http://www.state.gov/secretary/rm/2012/07/194987.htm> (accessed May 26, 2013)

<sup>33</sup> "Chugoku Bei gunjihokoku ni hanpatsu: Kankei hatten no samatage, koryu saikai muzukashiku" (China Criticizes US Military Report as Impediment to Closer Relations: Resumption of Exchange Now Difficult), *Nikkei* website, August 18, 2010, at <http://www.nikkei>

Earlier, the Department of Defense clearly indicated it was advancing a hedging policy against potential Chinese assertions in its 2010 Quadrennial Defense Review, released in February 2010.

The report stated that the two biggest security challenges in East Asia are dealing with North Korea's continuing nuclear weapons development program and addressing the rise of China and its growing global influence. It confirmed its engagement stance by stating that rather than treating China as an enemy requiring "containment," the "United States welcomes a strong, prosperous, and successful China that plays a greater global role."

However, it simultaneously illustrated US intentions to hedge against Chinese military expansion, stating, "Lack of transparency and the nature of China's military development and decision-making processes raise legitimate questions about its future conduct and intentions within Asia and beyond."<sup>34</sup>

QDR 2010 specifically warns of the denial of US and allied military access by Chinese forces—as the result of continued modernization—to areas of potential conflict, such as the seas around Taiwan, the South China Sea, and the East China Sea. The report refers to this kind of capability as anti-access/area-denial (A2/ AD): "Anti-access strategies seek to deny outside countries the ability to project power into a region, thereby allowing aggression or other destabilizing actions to be conducted by the anti-access power." The fear is that "Without dominant U.S. capabilities to project power, the integrity of U.S. alliances and security partnerships could be called into question, reducing U.S. security and influence and increasing the possibility of conflict."<sup>35</sup>

China's assertive posture in regional security and stability eventually convinced the Department of Defense, along with many in the State Department, that more hedging is necessary to shape China's course along a peaceful trajectory. Among the major shapers of this policy course were Secretary of the State Hillary Clinton and Assistant Secretary of the State for Asia-Pacific Affairs Kurt Campbell.

In fact, Kurt Campbell was deputy assistant secretary for Asia-Pacific affairs in the Department of Defense in the Bill Clinton administration. The hedging-oriented QDR 2010 was supervised by Undersecretary of Defense for Policy Michele Flournoy, who co-founded the think tank, Center for a New American Security (CNAS), with Campbell.

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.com/article/DGXNASGM18038\_Y0A810C1FF1000/ (accessed April 1, 2013).

<sup>34</sup> US Department of Defense, *Quadrennial Defense Review Report*, February 2010, p. 60, at [http://www.defense.gov/qdr/images/QDR\\_as\\_of\\_12Feb10\\_1000.pdf](http://www.defense.gov/qdr/images/QDR_as_of_12Feb10_1000.pdf).

<sup>35</sup> *Ibid.*, p 31.

Despite of nuanced differences in wording, both Secretary of State Clinton and Secretary of Defense Leon Panetta have released policy papers and made speeches to the effect that Washington will refocus its security, foreign, and economic policy toward the Asia-Pacific region. The policy shift has been called a “pivot to Asia” or a “rebalancing toward the Asia-Pacific.” The policy direction was reaffirmed with President Obama’s remarks at the Pentagon and the release of new strategic guidelines for US defense policy, “Sustaining U.S. Global Leadership: Priorities for 21st Century Defense,” in January 2012. The report clearly confirmed the priority being given to the US military presence in the Asia-Pacific region despite limited defense resources.<sup>36</sup>

### 3. Obama’s Policy Shift and Future Directions

There are three main elements in Washington’s engagement policy paradigm toward China. The first is “cooperative engagement,” which means building and maintaining economic and diplomatic ties with China. The second is “balancing,” which means creating a favorable balance of power surrounding China to affect its behavior. The third is “hedging,” which means maintaining a regional military presence and closer alliance management in case China emerges as a challenger to US hegemony.

Looking at the transformation of the Obama administration’s China policy from its early optimism to cautious engagement, one can say that there has been a shift away from cooperative engagement and toward balancing and hedging. Balancing is found in the pivot/rebalancing, which is an attempt to reassure China’s neighbors that the US military presence will continue. It also tries to shape China’s choices toward benign and cooperative options. A hedging element, meanwhile, is found in Obama’s November 2011 announcement of the deployment of Marine Corps personnel to Darwin, Australia, which is closer to the South China Sea, as well as a series of statements aimed at maintaining closer ties with such regional allies as Japan and South Korea.

A series of assertive Chinese moves apparently stimulated the “early warning sensors” of US policy planners, who believe in the importance of balancing and hedging against China’s military expansion.

Jeff Bader, who actually conducted the White House’s China policy as a

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<sup>36</sup> Department of Defense, *Sustaining U.S. Global Leadership: Priorities for 21st Century Defense*, January 2012. at [http://www.defense.gov/news/defense\\_strategic\\_guidance.pdf](http://www.defense.gov/news/defense_strategic_guidance.pdf) (accessed May 26, 2013).

senior director for Asian affairs of the National Security Council, points out that “China’s incautious and gratuitously assertive diplomacy and action had alienated most of its neighbors, notably Japan, South Korea, Vietnam, Indonesia, and India.” Since one element of Obama’s Asia strategy was to ensure that China’s rise contributed to regional stability rather than instability, Obama’s national security team felt that China’s neighbors would welcome a US presence and forward deployment.<sup>37</sup> This description is the rationale behind the US pivot/rebalancing policy of 2010–11.

Aaron Friedberg, who advocates a more hawkish engagement than Bader, made a similar but blunt observation on Obama’s policy change. Friedberg shared Bader’s view that Chinese assertions have caused a great deal of anxiety among Japan, South Korea, the smaller countries of Southeast Asia, and India. “The Obama administration, starting in 2010, really began to change direction. They didn’t abandon engagement, but placed a lot more emphasis on the balancing part of the long-standing US strategy.”<sup>38</sup>

Interestingly, within the Obama administration, such a policy shift was conducted smoothly without any apparent policy conflict or personnel changes. That is characteristics of the engagement policy paradigm. Even among the two different realist factions in the administrations, the three elements of the engagement policy were embedded in their policy calculation.

Initially, the Kissinger school’s traditional stance with a more cooperative, engagement-oriented “security reassurance” policy was spearheaded by Deputy Secretary of the State James Steinberg and the National Security Council’s Senior Director of East Asian Affairs Jeffery Bader. Zbigniew Brzezinski had a strong influence in shaping the ideas held by senior administration officials and President Obama.

After seeing China’s assertive behavior, though, a more cautious engagement policy advocated by the Department of Defense, Secretary of State Clinton, and Assistant Secretary of State Kurt Campbell has come to the fore. Their approach is more within the Marshall school tradition. Again, such a policy change was made smoothly without apparent conflict in the administration. All actors in the Obama administration seemed to understand that shifting emphasis on different elements within the paradigm was necessary and effective in positively shaping China’s choices.

Obama’s policy change has not been as dynamic as in past administrations, which saw open conflict among the main actors—both inside and outside the ad-

<sup>37</sup> Jeff Bader, *Obama and China’s Rise*, 109.

<sup>38</sup> Yoichi Kato, “Aaron Friedberg Interview.”

ministration—associated with four separate groups, as outlined in the Figure 1. Obama’s policy shift has simply been a nuanced change within group B.

This suggests that US policy toward China will stay within the engagement policy paradigm despite the turmoil in bilateral relations in 2010. In 2011, military exchange had resumed, and channels of communication remained open. In fact, military exchange between the United States and China have continued even in the face of deteriorating ties with Japan over the Senkaku Islands and the escalation of tensions in the South China Sea in 2011 and 2012.

In May 2012, Beijing hosted the second US-China Strategic Security Dialogue, jointly chaired by US Deputy Secretary of State William Burns and Chinese Vice Minister of Foreign Affairs Zhang Zhijun and attended by Acting Under-Secretary of Defense James Miller, Commander-in-Chief Samuel J. Locklear of the US Pacific Command, and Ma Xiaotian, deputy chief of the General Staff of the PLA. During the same month, Chinese Minister of Defense Liang Guanglie visited the United States and met with a number of top US defense officials, including Chairman of the Joint Chiefs of Staff Michael Mullen, Secretary of Defense Panetta, and National Security Advisor Thomas Donilon. Accompanied by personnel from the Chinese Army, Navy, and Air Force, Liang toured military installations nationwide. PLA Deputy Chief of Staff Cai Yingting also visited the United States in late August, even as tensions ran high in the South China Sea and around the Senkaku Islands.

This is proof that Obama’s policy shift does not indicate a reversal from engagement to hostile containment, as contended by some Chinese officials, who criticize America’s Cold War thinking. If any administration truly tried to move toward a containment paradigm, there would be an enormous, negative impact on US businesses and the economy, as well as strong political backlash from Congress and industry.

During the 2012 presidential election, Republican challenger Mitt Romney made no reference to a shift toward a hostility or containment paradigm, although he criticized China as a currency manipulator. This implies that even conservatives do not seek to contain China and rather see China as an economic partner into the foreseeable future.

The future trajectory of US policy toward China’s rise beyond the Obama administration is very difficult to predict. China’s international behavior is an important element that will shape this policy. At the same time, we need to keep an eye on the interaction among not only policy subgroups within US administrations but also domestic political groups. As long as China’s assertiveness and show of strength are well balanced with US economic interests, US policy is likely to stay

within the engagement paradigm for the foreseeable future. At the same time, it would be very difficult for China to pursue a modest foreign policy because the new political leadership in China needs to address growing domestic contradictions and frustrations in a rapid growing society. As the result, US policy toward China will no doubt continue to occasionally stress the hedging and hawkish elements within the engagement paradigm. Although US policy toward China appears to swing, the range of policy options are limited. A more drastic paradigm shift in US policy would result only in the light of more dynamic changes in the balance of power between China, on the one hand, and the United States and its allies, on the other.

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## Japan and the Korean Peninsula

### *A Regional “Two-Level Game”*

Bonji Ohara

*What is responsible for the recent estrangement between Japan and South Korea, and why have the two countries been unable to put aside their differences? In a paper originally prepared for a forum in Washington, DC, at the Carnegie Endowment for International Peace in October 2013, Research Fellow Bonji Ohara points to both domestic and regional factors, noting the important role Washington can play in breaking the impasse between its two East Asian allies.*

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South Korean President Park Geun-hye has criticized Japan over historical and territorial issues, reportedly telling US Defense Secretary Chuck Hagel during a meeting on September 30, 2013, that repeated regressive remarks by the Japanese leadership have prevented the nurturing of bilateral trust. This was her reply when Hagel—who was in South Korea to mark the sixtieth anniversary of the US-South Korean alliance—urged the president to improve the country’s relationship with Japan. While the statement captures the strained nature of the relationship between Japan and South Korea, it probably does not reflect the true sentiments of the South Korean leader. President Park was no doubt compelled by circumstances to make the remark.

This can be seen as a typical “two-level game” in the bilateral relationship, in which the leaders of both countries are constrained by the domestic political situation. No leader can play the diplomatic game without also considering its domestic political repercussions. Usually, though, options are available to ease diplomatic tensions. In the case of Japan and South Korea, however, both leaders seem unable to pursue such options.

Both Japan and South Korea are adhering to their respective perceptions of



*Secretary of Defense Chuck Hagel greets South Korean President Park Geun-hye at the sixtieth anniversary gala of the bilateral alliance in Washington, DC, on May 7, 2013.*

history, although this is what is hindering an improvement in their relationship. This suggests that for both leaders, domestic politics has higher priority than the bilateral relationship and that they would rather live with a poor relationship with a neighbor than lose domestic support. So despite their differences, Japan and South Korea appear to have similar policy priorities.

Park and Japanese Prime Minister Shinzo Abe no doubt have their rea-

sons for their policy choices and are also aware that conditions allow them to pursue those choices. Both countries understand they need to improve the relationship but have reasons for avoiding an appeasement policy. To find a way to improve the relationship, we need to understand those reasons and also the conditions, especially diplomatic conditions, that are allowing them to postpone resolving the problem.

### **Domestic Priorities**

The answer mainly lies in both leaders' concerns about their constituencies. This is a typical two-level game situation in which the two governments give priority to domestic issues, at the expense of diplomatic ties.

Japan needs to take a firm stance against South Korea, mainly because the Abe government draws support from conservative voters. They assume the prime minister has been playing things safe for a while, rather than advance a conservative agenda. But the government's true colors can be gleaned from the fact that Abe has not yet visited China and South Korea, even though he has made visits to other Asian countries.

Abe may be feeling some pressure from Japanese society. The administration's present stance toward China and South Korea is somewhat different from that of Abe's first term as prime minister in 2006–07, when public support for the administration faltered; evidently, he has learned a lesson and does not want to repeat his mistakes. Abe's predecessor, Yoshihiko Noda, was driven from office after failing to demonstrate leadership. Therefore, the Abe government wants to show its firm stance on every policy. Prime Minister Abe is trying to prevent Japanese society

from losing its dynamism, and campaigned successfully during the recent elections for the two houses of the National Diet on the theme of bringing Japan back to a position of strength.

The administration's stance toward China and South Korea is thus based on popular sentiment. There are many who feel that China and South Korea are unreasonably critical of Japan's aggressions during World War II, demanding apology after apology and endlessly playing on Japanese feelings of guilt. Feeling that Japan has been too apologetic to date, they are losing patience with criticism from China and South Korea and strongly support the Abe administration's resolute attitude. Needless to say, there is a huge gap between perceptions in Japan and in its two neighbors. Chinese government officials, scholars, and private citizens have told me that China is not demanding that Japan apologize again and again. They understand that Japan has already made an apology to other Asian countries and that this is enough. They are, however, concerned about the prime minister's remarks and actions, which have caused them to lose trust and to harbor suspicions about Japan's real intentions. This perception gap has influenced the Japan-China relationship, making it difficult for either side to adopt an appeasement policy. The deterioration in the Japan-China relationship has also influenced South Korean thinking and diplomatic policy.

There is one more reason that the Japanese government cannot concede on the history issue. Since the Abe administration decided on October 1, 2013, that the consumption tax rate would be raised from 5% to 8% as scheduled, effective April 2014, many people in Japan are worried about making ends meet. The government cannot be seen as being weak for now, including over the history issue.

### **Tough on Japan**

South Korea, too, needs to take a firm stance against Japan, owing to the weak political base of President Park Geun-hye, who was elected in December 2012 by only a narrow margin. Her approval rating had been low before she began taking a strong attitude toward Japan and North Korea, falling to 44% a month following her inauguration. She needs to count on public support for her foreign policy, partly because her economic policy has not successfully fueled a strong recovery.

Another dilemma is that she is frequently labeled as being pro-Japanese owing to her father's ties with imperial Japan, and she needs to deny this legacy. Her approval rating recovered to 59% on August 25 after taking a strong attitude toward Japan and North Korea, so she cannot easily change her attitude against Japan.

There are other reasons for the firm stance. It is one way of developing relations

with China, which, in the past, was hesitant to build closer ties with Seoul out of deference toward North Korea. China is a vital factor in South Korea's economic growth and has a critical influence on the relationship among Northeast Asian countries, which I will come back to later.

Usually, countries consider security, economic, and other factors when choosing their closest partners. In the case of Japan and South Korea, their estrangement stems, in part, from the economic situation.

Abe is confident about his Abenomics policy of economic growth, and indeed the Japanese economy has been recovering. Japan has good economic ties with Southeast Asian countries, and sees these countries as its new economic partners. Many Japanese companies are now choosing to sidestep the "China risk" and are moving their business operations to Southeast Asia. The *Wall Street Journal* published a report on September 13, 2013, noting, "Japanese investment in China is falling amid political tensions between the nations, a trend that means Beijing could be missing out on a fresh wave of overseas expansion by Japanese companies." It added, "Japanese investment in Southeast Asia jumped 55% in the first six months of 2013 from the year before to \$10.29 billion, while outlays in China tumbled 31% to \$4.93 billion, according to statistics from the Japan External Trade Organization."<sup>1</sup>

A Chinese local government official participating in a forum in Beijing asked me to help find Japanese companies to invest in an industrial complex that was developed by the local government. He said the situation was serious and required more foreign investors.

Having succeeded in its bid to host the 2020 Olympics in Tokyo, Japan can look forward to seven more years of good economic conditions. Tokyo and nearby cities have already begun drawing up many redevelopment plans.

The Japanese government believes it is possible for the Japanese economy to grow even in the absence of good relations with China and South Korea. It therefore sees no need to rush to address the problem of tensions with Seoul.

The economy is not the only concern in Northeast Asia, however; there are security issues involved as well. This is why the Japanese government is under US pressure to improve relations. Japan relies heavily on the United States for its security, but at the same time, the United States also needs Japan to bear a growing burden of maintaining stability in East Asia. This requires that Japan, at the very least, not be in a state of confrontation with China and South Korea.

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<sup>1</sup> *Wall Street Journal*, "Japan's Companies Shun China for Southeast Asia," <http://online.wsj.com/news/articles/SB10001424127887324549004579070820138376020>.

## **South Korea's Economic Ties with China**

The economic situation is slightly different in South Korea, which is losing steam and wants to enhance cooperation with Japan. But because President Park cannot make concessions to Japan, South Korea must find other ways to drive its economy, one way being to bolster cooperation with China. South Korea has always been eager for closer ties, but this had not been reciprocated because of Beijing's special relationship with Pyongyang. This time, though, South Korea is finally being viewed as an important partner, and so it can be expected to continue acting in concert with China over the history issue, facilitating good relations with China.

The South Korean population in China is burgeoning, especially in cities near the Korean Peninsula, such as Dalian and Qingdao, which, by around 2005, had over 80,000 and 30,000 South Korean residents, respectively. The South Korean communities in these cities have built schools, hospitals, markets, and homes, and many enjoy a higher quality of life there than in their native country.

Samsung Electronics has begun construction of a huge factory in Xian at a cost of \$7 billion, making it the biggest investment ever by a foreign company in China. Such deals serve to demonstrate to other countries, notably Japan, the closeness of South Korean and Chinese economic cooperation.

Washington is following these developments carefully and calmly, as it needs the cooperation of both China and South Korea in dealing with North Korea.

## **The China Factor**

China's conduct has a huge impact on the situation in the Asia-Pacific region, including relations between Tokyo and Seoul.

Chinese President Xi Jinping treated President Park Geun-hye as an important guest when the latter made an official visit on June 27. China's reasons for pursuing good relations with South Korea are both diplomatic and economic.

China needs more Asian supporters because its assertions about Japan's historical "misperceptions" are rarely echoed by Southeast Asian officials, who usually only want to talk about the future. The only exception may be Singapore. For Xi, then, Park was a highly welcome visitor who also took a strong attitude toward Japan and openly voiced concern about remarks made by Japanese leaders.

China also has expectations of increased investment from South Korea. Local governments have developed many industrial complexes, but few foreign companies have built factories there, and many complexes are turning into ghost towns because there are no jobs. The situation has become a very serious problem in China.

Japanese companies were expected to move in, but following violent anti-Japanese demonstrations, many chose to avoid the “China risk,” forcing China to find other investors. Some South Korean companies have already started investing, but this may not be enough, given South Korea’s economic conditions at present.

On the other hand, the Chinese leadership is now busy fighting off political rivals, namely those in the “right wing,” which sometime includes the Jiang Zemin group. Many pro-Japan senior officials and experts belong to this group, although the only member with a key party post is currently Foreign Minister Wang Yi, who, under the circumstances, is unable to act freely. The power struggle has extended to the Railway Ministry, and one Chinese official told me that the next targets may be the electricity and oil groups as President Xi tries to bring all powerful groups under his control to push his economic reform agenda forward. Since Xi is preoccupied with domestic concerns, he has devoted little energy to easing tensions with Japan, making improvement in the bilateral relationship more difficult.

At the same time, China is afraid of unexpected collisions with Japan. Xi discussed the situation in East Asia with US President Obama directly in seeking a “new type of major-power relations.” China wanted a guarantee that the region would be free of war, which, for China, would mean having to fight US forces—something that it wants to avoid at all costs. Here is the importance of the US influence in this region.

### **A Nuclear North Korea?**

The China–North Korea relationship was originally not very good. Chinese military officers have always said they did not trust the North and felt it was a burden on China. At the same time, they felt they had no choice but to support Pyongyang because of their “friendship sealed in blood.” Recently, though, the bilateral relationship appears to be getting worse.

North Korea conducted missile launch tests on April 13 and December 12, 2012, even though China had voiced its opposition to them. The December launch was the first time that North Korea succeeded in putting a satellite into orbit. North Korea conducted a nuclear test on February 12, 2013, declaring it to be a success. If we take North Korea at its word, then the country already has the capability to launch a nuclear attack.

Although China opposed any new sanctions against North Korea in the UN Security Council, it announced financial sanctions of its own on May 7, 2013. These were implemented without the cooperation of international society, but they did represent a response to US demands that China play a new role in the problem.

China usually does not act just because other countries ask it to. China's leaders, though, were unhappy because North Korea failed to listen to China's requests and felt slighted when young North Korean leader Kim Jong-un did not visit President Xi Jin-ping to express his intention to submit to China's wishes.

Moreover, the Chinese public became angry over North Korean behavior toward China. The Chinese media published the number of war dead in the Korean War, and I have heard that the Chinese people were surprised by the large number of Chinese casualties and wondered why so many Chinese soldiers had to die in the war. A staff member of a Chinese government organization has commented that more than 95% of China's micro-bloggers were opposed to sending troops to support North Korea if war with the South were reignited. Many Chinese people feel that North Korea is rude to their country.

China's economic sanctions were an attempt to convey its frustrations to North Korea, which understood that China could desert leader Kim Jong-un, although it was unlikely to abandon North Korea altogether. But still, Pyongyang failed to obey China. China did not forgive Kim even after he dispatched a special envoy on May 22. Relations between China and North Korea are becoming confrontational, and North Korea needs another economic supporter, enabling it to sidestep mounting pressure from China.

### **South-North Relations**

North Korea reopened dialogue on the Kaesong factory complex with South Korea in early June 2013 and reached agreement to restart the facility on August 15. The factory complex is the first cooperative economic project between South and North Korea that was unilaterally shut down by North Korea in April 2012 following a UN Security Council censure of North Korea and the "Key Resolve" and "Foal Eagle" joint US-South Korea military exercises.

North Korea depends on China for more than 80% of its trade and is in dire need of new economic partners, as China has started joining the economic sanctions imposed by international society. South Korea is an obvious choice, but it needs more investments from other countries. The restart of the Kaesong factory complex was an attempt to show international society that North Korea is ready to accept investment by foreign companies.

Needless to say, North Korea is unpredictable and very difficult to deal with. On September 21, it ordered the indefinite postponement of a scheduled series of reunions for families divided since the 1950-53 Korean War, setting back efforts to improve its relationship with the South.



North Korea also appears to have begun preparing a “Japan card,” inviting Isao Iijima, an aide to Prime Minister Abe, to Pyongyang from May 14 to 17, 2013. Iijima conveyed Abe’s concerns about the abduction of Japanese nationals by North Korean agents in the 1970s and 1980s, preventing the two countries from normalizing relations. North Korea appears to have used the abduction issue as a bait to win a dialogue with Japan, which Pyongyang has conveniently been using to strike a balance with its other neighbors. Japanese reporters were invited to Pyongyang in September to visit the home of an “ordinary” resident, a beach, and an amusement park. All of the people interviewed by the Japanese media emphasized that they were “ordinary” citizens. This was obviously an attempt to show international society that the North Korean economy was not affected by the UN sanctions.

Contrary to Pyongyang’s intentions, however, these North Korean overtures suggest that the country’s economy is in dire straits and needs foreign support. It can also be inferred that China’s sanctions have been effective and that relations with China have not improved. In this light, North Korea will no doubt keep trying to play one country off another in this region.

### **The United States as a Central Player**

In many ways, North Korea’s behavior holds the key to regional relations. Japan’s ties with China and South Korea are now stymied over historical issues, but if Beijing-Pyongyang ties continue to deteriorate, this may help Japan seek better ties with China and South Korea, as the necessity of closer trilateral ties would become more apparent. If, on the other hand, North Korea restores good relations with China, then China will be unable to accept South Korea’s fervent overtures, and North Korea could expect renewed support from China. The quality of North Korea’s relations with China influences South Korean thinking and behavior and could prompt Seoul to seek better relations with Japan. This kind of situation occurred in 2010, when China unwillingly supported North Korea after it torpedoed and sank a South Korean corvette on March 26. Beijing was forced to take a stance under US pressure, and it eventually sided with North Korea. Japan supported South Korea at that time, after which South Korea softened its attitude toward Japan.

The United States has a counterbalancing presence in this region, preventing the situation from getting out of hand. The United States does not want to see tensions escalating and is persuading each country—including Japan—to improve its relationship with one another. Washington needs to deal with North Korea by cooperating with Japan, China, and South Korea. If North Korea continues with



its nuclear weapons development program, the country could become a true threat to the United States, requiring that its allies—Japan and South Korea—to cooperate. Poor relations between Japan and South Korea would weaken the effectiveness of US operations, and in that sense, the current situation in East Asia is contrary to US wishes.

Washington has gone along with China's desire for a "new type of major power relationship," but it has been very careful about defining this phrase. China understands the US attitude and has changed the English translation to "major country," recognizing that "major power" may be too sensitive. Russia is another important country for China, but relations between these two countries have always had an element of distrust. Russia is a counterbalance against the United States for China. As such, the degree of China-Russia cooperation in East Asia will be affected by the US attitude toward this region.

North Korea has always sought bilateral security dialogue with the United States. And because Japan and South Korea are both US allies, the United States remains the central player in this region.

### **The Gap between Politics and Defense**

Although Japan and South Korea are locked in a stalemate politically, this has not meant a complete halt in defense exchange. A South Korean Navy submarine and submarine rescue ship visited Yokosuka, Japan, on September 18, 2013, before taking part in the "Pacific Reach 2013" joint submarine rescue exercise. This multinational naval exercise began in 2000 and has been conducted once every two or three years; this was the first time it was held in Japan since 2002. Japan, the United States, Australia, South Korea, and Singapore participated in the exercise this year, and Ecuador, India, Indonesia, Malaysia, Peru, Thailand, and Vietnam took part as observers.

The South Korean Navy is unable to undertake military exchange with Japan on a bilateral basis because of the strained relationship. But it can participate in multilateral exercises, even when Japan is a participant.

I visited Seoul in August 2013 and met my former classmates from Japan's National Institute for Defense Studies. All of them were in the South Korean Navy then and were now retired. They gave me a warm welcome, setting aside considerable time for discussion over lunch and dinner, even though they were quite busy. All of them criticized the Japanese attitude when talk turned to perceptions of history. But once we moved to a different topic, they were smiling and joking again. They were working for civilian companies after retiring from the Navy and asked

me to help arrange a joint project between Japanese and South Korean defense companies. They commented that senior naval officers are offered good jobs after retirement because of their ability to facilitate projects on joint development of equipment with other countries. But officers with ties to Japan have a difficult time finding good post-retirement jobs because there are no joint projects with Japan. If Japan and South Korea launched the co-development of naval equipment, they and their colleagues would have a better chance of landing good jobs. This may also encourage more naval officers to seek deeper ties with Japan. Generally speaking, they are more pragmatic than emotional.

My ex-classmates still serving in Japan's Maritime Self-Defense Force have told me that their counterparts in the South Korean Naval Headquarters have apologized for not being unable to conduct bilateral exchange with Japan right now. The South Korean Army, on the other hand, has not stopped sending officers to the Ground Self-Defense Force Staff College as students. A retired South Korean Navy rear admiral told me that the Army is much stronger than the Navy in South Korean politics; while the Army can act as it pleases, the Navy has to be mindful of the political situation, even in the Joint Staff Office.

What this shows is that it is not the South Korean military that is resisting exchange with Japan; it is simply following political instructions. Both the SDF and the South Korean military are still open to cooperating with one another. There is a perception gap between politicians and military personnel in South Korea, as politicians have a need to consider public opinion.

### **Changes in the Japan–South Korea Relationship**

Japanese Foreign Minister Fumio Kishida met South Korean Foreign Minister Yun Byung-se in Washington, DC, on September 26, 2013. Most Japanese media reports described the meeting as having ended in a stalemate because they failed to come to an agreement on a bilateral summit. But this was hardly unexpected. The more important thing was that they met at all and that they agreed on the importance of the two countries' relationship.

Minister of Education, Culture, Sports, Science, and Technology Hakubun Shimomura likewise met with Minister of Culture, Sports, and Tourism Yoo Jin-ryong in South Korea on September 27, 2013, during a Japan–China–South Korea meeting of culture ministers. The South Korean minister stated that his country intended to return the Buddhist statues that were stolen by Korean thieves from Tsushima, Japan, in October 2012 and smuggled into South Korea. This was despite the fact that South Korean courts had ordered a stop to the returning of the

statues. It was first time that the South Korean side showed any intention of returning the stolen items.

### **Conclusion: Dealing with Japan's Neighbors**

I have made frequent mention of China and North Korea because I wished to explain the difficulties faced in dealing with them. Japan, South Korea, and China have similar policy priorities; importance is attached in all three countries to domestic popular opinion, which is deeply linked with the economic situation. Although the diplomatic situation allows China and South Korea to maintain a strong posture toward Japan, they face divergent security challenges and have different perceptions of security threats.

Japan needs to pay close attention to these differences. China and South Korea may have similar domestic concerns, but their relationships with the United States are quite different. Japan and South Korea are both US allies, so if Japan deals with China and South Korea in the same way, then it will have difficulty improving ties with either. Another major difference between China and South Korea is the nature of the territorial issues with them: Takeshima is occupied by South Korea, but the Senkakus are not occupied by China. South Korea stations troops on Takeshima, and former President Lee Myung-bak visited the island in August 2012. But no Chinese government officials or military personnel have ever tried to land on the Senkakus, although some civilian activists have tried to do so. The Chinese leadership, in fact, usually seeks to prevent them from sailing to the Senkaku Islands, including in August 2013. Japan can lower the tone of claims from China by appreciating Chinese government efforts to prevent activists from landing on the Senkakus, although China does continue to send law enforcement ships near the Islands. Since improving relations will prove to be difficult anytime soon, Japan will need to avoid unexpected collisions over the long term. Japan should respond to China on an issue-by-issue basis. Should China lower its tone of claims against Japan, this is bound to have an influence on South Korean thinking. This would be a positive way for Japan to use Chinese influence on South Korea. The important thing is for Japan to improve its relationship with South Korea for the sake of regional security, and I believe this is possible.

We should take note of the fact that there are differences in the attitudes of South Korean government leaders, such as between the president and her cabinet ministers, as I mentioned above. The South Korean military will seek to continue pursuing military exchange with Japan. The Japan–South Korea business relationship can also be developed. I have South Korean friends in Japan working for

Japanese civilian companies that are interested in developing their business in South Korea. When I introduced them to my retired Korean Navy officer friends who are now executives at big companies, they were very happy to meet each other.

This suggests that a Japan–South Korean summit does not need to happen first. Japan can develop its relationship with South Korea at various levels and arenas. President Park is likely to allow lower-level officials to cooperate with Japan, particularly with regard to military exchange, such as in a trilateral context with US forces.

These aspects of the bilateral relationship are quite different from the situation with China. Here, Japan needs to pursue a summit meeting with President Xi Jinping first. Otherwise, the lower levels will be unable to freely start discussions with Japan. US involvement in easing tensions between Japan and China will be instrumental here as well, though. Japan must brace itself for long-term tensions with China. And Japan must be careful in its treatment of North Korea. The abduction issue is very important for Japan, but North Korea should not be allowed to use it to disturb East Asian stability. Good relations between Japan and South Korea will help to improve the Japan-China relationship and to deal with North Korea as well.

Japan has to treat the relationships one by one, as they all have different characteristics. And Japan needs to continue cooperating closely with the United States. This will enable South Korea to cooperate more easily with Japan and to also ease tensions with China.

February 7, 2014

## Russia's Sochi Gamble

Paul Saunders

*The Sochi Games are an enormous gamble for Moscow that could elevate or seriously damage its image as a major international player. Success will hinge, Paul Saunders reports, on Russia being able to deal effectively with several challenges, including potential political protests and the threat of terrorist attacks.*

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**T**he Winter Olympic Games in Sochi, on Russia's Black Sea coast, will be a major test for Moscow. After spending several years and some \$50 billion—over 10% of the country's annual federal government expenditures, at a time when Russia faces a budget deficit—to prepare for the Games and the international attention they bring, the coming weeks could have a huge impact on global perceptions of Russia and its capabilities and role. A successful event could reinforce the view of Russia as a major international player, while serious failures could fuel an alternative narrative of a country stagnating or in decline. It is an enormous gamble.

Fortunately for those managing the Alpine events, earlier concerns about potentially warm weather in this subtropical climate appear to be fading. Russia's official weather service is projecting below-freezing temperatures in the mountains, reassuring those anxious about insufficient snow. Nevertheless, Russia's officials continue to face three major challenges in their Olympic moment: management, politics, and terrorism.

International media have already highlighted each of these three challenges in the months and days leading up to the Games. Analysts have speculated whether all of the Olympic sites would be ready in time. Activists for various causes have sought to squeeze themselves into Russia's international spotlight hoping that by

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capturing eyeballs they can win hearts and minds. And security officials have reassured athletes and spectators that tens of thousands of troops and police will keep Sochi safe from “black widows” and other potential terrorists.

While it has clearly been a race to the finish line to complete Sochi’s massive construction projects, early reports suggest that this has been largely accomplished. The delays reported so far appear minor—landscaping and hotel amenities—and peripheral to the Games themselves. But hosting the Olympics is about far more than building things; the next three weeks will demonstrate whether all of the structures and systems put in place, from hotels to transportation to computer and communications networks, will function smoothly and invisibly.

### Summit Diplomacy

Politics poses a different problem. Even before the International Olympic Committee selected Sochi as the host city for the 2014 Winter Games, human rights groups troubled by Russia’s governance and practices lobbied against the choice. Since the selection, many have called for a boycott of the Games. This effort rather predictably failed; the last significant Olympic boycott, in 1980, came after the Soviet

Union’s invasion of Afghanistan and whatever its failings, Russia is not the Soviet Union in its foreign policy or its domestic arrangements.

Nevertheless, US and other Western leaders have generally stayed home, with the exception of Italy’s Prime Minister Enrico Letta, who publicly explained that he had to attend the Games to support Rome’s bid for the 2024 Summer Olympics, and Japan’s Prime Minister Shinzo Abe,

who has sought closer ties to Moscow for understandable geopolitical reasons.

Despite this, President Vladimir Putin’s top foreign policy aide Yuri Ushakov has announced that some 60 heads of state or heads of government will visit Sochi during the Olympic Games. Taking into account that only 85 nations are sending teams to compete, this is a substantial share of those participating. And it suggests that however Western governments and activists may feel about Mr. Putin’s leadership style, many in the rest of the world have a different view.

Still, Russia may have to contend with unexpected political protests in Sochi—



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and the international reaction to its responses. This is less likely to be a problem for Moscow during the Games themselves, as athletes are specifically prohibited from political activity by the Olympic Charter, and it is up to the IOC to enforce its rules. It may be more challenging outside the official venues, if activists and/or spectators organize spontaneous demonstrations or find more creative means to express their views.

Terrorism is the least predictable and most dangerous challenge for Russian officials in hosting the Sochi Olympics. It is not a unique threat, of course; every host nation has had to prepare for possible terrorist attacks since the tragic Munich Games in 1972. More recently, there was a bombing during the 1996 Atlanta Games. However, Russia faces a greater and more specific threat than most from domestic Islamist separatists, some of whom have international connections and support.

And it must defend the world's largest territory during a three-week long, high-profile event. After creating the much-publicized "ring of steel" around Sochi, it will likely be impossible to apply a similar security standard to the rest of the country. Experts suggest that terrorists are most likely to attempt attacks just outside secure areas, where large crowds are present but fewer protective measures are in place, as was the case in Atlanta. Inside the "ring of steel," security forces will be hard pressed to balance their first responsibility—maintaining safety—with a degree of flexibility in responding to political activity.

Hopefully, Russia and its leaders will rise to all of these challenges and host a safe, efficient and enjoyable event in Sochi. In thinking about the problems Moscow may face, and Russia's geopolitical aims, it is easy to forget the central objective of the Olympic movement—bringing a degree of international cooperation and cross-cultural contact to a divided world. None of this can succeed if Russia does not.

February 5, 2014

## Breathing the Same Air

### *Outlook for Environmental Change in China*

Kenji Someno

*The suffocating cloud of smog in Beijing and other Chinese cities have triggered public outrage and unprecedented soul-searching at the highest levels of Chinese government. But it will take more than a few protests and government directives to change the way the Chinese do business. Research Fellow Kenji Someno assesses the outlook for meaningful change.*

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Air pollution is a serious and growing problem all over China. The basic culprits are skyrocketing consumption of fossil fuels, particularly coal, to power a rapidly developing and expanding economy; the widespread use of low-quality fuel with high sulfur content; and lax policies to control pollution from factories, power plants, and motor vehicles. The smog crisis of January 2013, when air quality plunged to dangerous levels in Beijing and elsewhere, occasioned public soul-searching by Chinese officials and provided strong evidence that China's current pace and style of economic growth is unsustainable environmentally as well as demographically. The situation, moreover, has not improved one year later. In the following, I review the basic factors underlying the crisis and their implications for China's environmental future.

### **Dark Days in Beijing**

On January 10, 2013, a thick cloud of smog formed over much of north and central China. Although Beijing was hit the hardest, the noxious haze enveloped much of Hebei, Henan, Shandong, Jiangsu, Anhui, Shaanxi, and even Sichuan province. Altogether, it covered an area measuring 1.4 million square kilometers—about

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*Smog in Beijing.*

one-seventh the total land area of China and approximately 3.5 times that of Japan.

One particularly dangerous component of the dense smog that grabbed world headlines last January was particulate matter: tiny airborne particles that can cause serious respiratory problems. On January 12 and 13, many pollution monitoring stations in Beijing were recording levels of PM 2.5—particles measuring less than 2.5 microns—in excess of 700 microns per cubic meter. At 11:00 pm on January 12, multiple monitoring stations recorded PM 10 (particles between 2.5 and 10 microns) levels surpassing 900  $\mu\text{g}/\text{m}^3$ , while readings at the Xizhimen station hit 993  $\mu\text{g}/\text{m}^3$ , the highest concentration on record.

The Beijing Municipal Bureau of Environmental Protection blamed the episode on weather conditions and unusually high levels of atmospheric emissions, compounded by chronic air pollution in the area. It seems that the unusually cold weather gripping Beijing since the previous December had caused a spike in coal consumption for heating, adding to emissions from vehicles, factories, and power plants inside and around the city. At the same time, a temperature inversion, in which air at ground level is colder than the air above it, prevented the pollution from dissipating, pushing up levels to dangerous levels over a wide area.

But a distinction needs to be drawn between the temporary conditions that precipitated the episode and the ongoing factors that made the region vulnerable to such a crisis in the first place. At a press conference held on March 15, 2013, during the annual spring session of the National People's Congress, Vice Minister

of Environmental Protection Wu Xiaoqing blamed the event on underlying environmental problems that have built up as a result of rapid industrialization and urbanization.

He noted that China's three major metropolitan areas—the Beijing-Tianjin-Hebei region, the Yangtze River delta (including Shanghai), and the Pearl River delta (including Guangzhou)—which together make up only 8% of China's total land area, account for 42% of the nation's coal consumption and 52% of its gasoline consumption, as well as 55% of its steel production and 40% of cement production. As a consequence, their emissions of sulfur dioxide, nitrogen oxides, and particle pollution per unit area is about five times higher than the rest of the country, accounting for some 30% of atmospheric emissions nationwide.

Wu added that smog reached serious levels at least 100 days out of the year in these areas, with some cities recording more than 200 smoggy days per year.

### **Getting to the Root of the Problem**

As the foregoing suggests, although weather conditions precipitated the crisis, the stage had been set earlier by excessive emissions of atmospheric pollutants. Pursuing the chain of cause and effect to its source, we can see how a failure of policy allowed economic growth and pollution to spiral out of control, and further, how this policy failure reflects flaws in China's social and political system (see figure below).

Most people agree that China's ongoing pollution problem is a product of the unbridled economic growth of the past two decades. The issue here is not just the scale of the economy and the speed of its growth. It is also a stubbornly inefficient economic structure that consumes vast amounts of energy in the creation of wealth. At heart, this is a policy issue. China needs to shift its economic emphasis away from energy-intensive heavy industries if it is to achieve sustainable growth.

A related issue is the kind of fuel China uses to power its economy. The continued reliance on coal is a major problem in itself, but so is the low quality of the fossil fuels people use to run their vehicles, heat their homes, and so forth. For example, the maximum sulfur content for automobile fuel under the "China III" standards still applied in most parts of the country is some 15 times higher than the limit enforced in most industrialized countries. With such fuel, even vehicles meeting today's tough environmental standards will be unable to achieve clean emissions.

The rapid pace of urbanization is another oft-cited factor. China's top officials have continued to stress urbanization as a key strategy for modernization. Yet

when cities grow so fast that the transportation system is unable to keep pace, as in Beijing, the number of automobiles skyrockets, and air pollution inevitably worsens.

All of this points to a failure of environmental policy despite a long history of government involvement in environmental initiatives. In 1972, Chinese representatives attended the first United Nations Conference on the Human Environment in Stockholm, and China held its first National Environmental Protection Conference the following year. The 1978 constitutional revision added a new article stating, "The state protects and improves the living environment and the ecological environment, and prevents and controls pollution and other public hazards." The Environmental Protection Law was adopted provisionally in 1979, followed by a series of laws covering various aspects of the environment.

Unfortunately, the development of environmental infrastructure and the enforcement of regulations have not matched China's policymaking fervor. Chinese environmental agencies are understaffed and underfunded. The Ministry of Environmental Protection has a full-time staff of about 350. Even allowing for differences in jurisdiction, this seems sadly inadequate when compared with the size of Japan's Ministry of the Environment (1,500 employees) or the US Environmental Protection Agency (18,000 employees)—particularly in view of China's huge population and land area.

China's environmental expenditures have grown substantially over the past few years and now approach 3% of gross domestic product. But this level of investment is still far short of the estimated 8.5% of GDP that Japan spent controlling pollution in the 1970s. By China's own estimates, it will need to spend at least 7% of GDP to get pollution under control (see No 'Shortcuts' with Environmental Action by the author).

## **A Systemic Failure**

How, then, do we account for China's failure to implement effective environmental policies?

The most fundamental problem of all is China's politico-social system. China may adopt green technologies and strengthen environmental regulations, but in the absence of social and political mechanisms for accountability, these efforts are bound to remain piecemeal and transient in their effect, instead of bringing about widespread and fundamental improvement.

The history of environmental policy in Japan may be instructive in this regard. One key to progress is the constitutional separation of powers. Thanks to an inde-

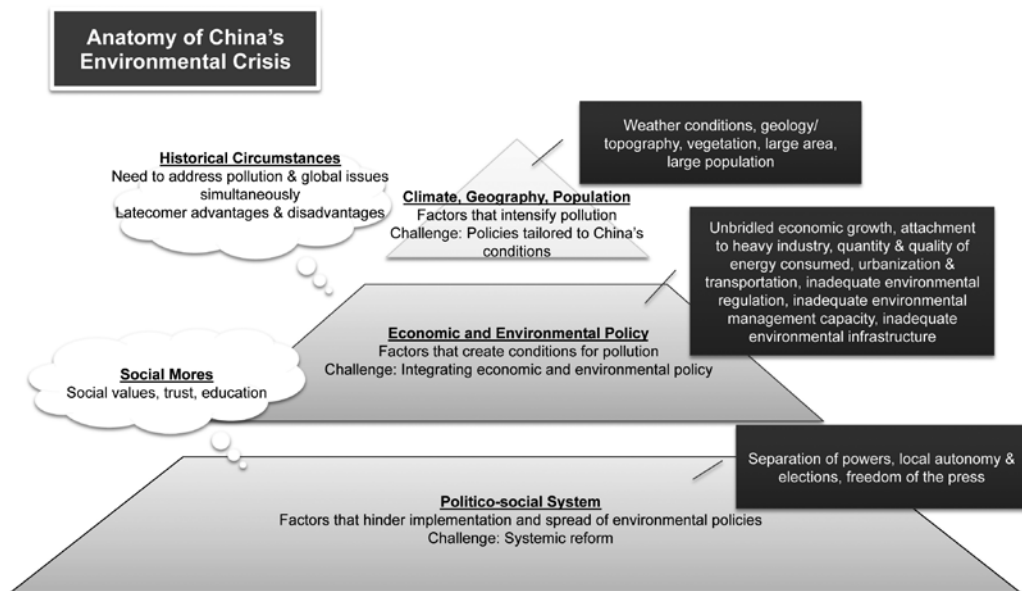
## VIEWS ON CHINA

pendent judiciary, citizens had recourse to the courts when the government's response fell short. Another key is local autonomy and democratically elected local executives. In Japan, it was local politicians—directly accountable to the voters and responsible for their welfare—who took the first steps toward controlling pollution. The third key is a free and independent press that monitors the situation and informs the public of problems, infractions, and conflicts of interest. In short, Japan has been able to bring economic and environmental policy into balance thanks to three essential elements of our democratic system: separation of powers, local autonomy and elections, and freedom of the press.

Of course, China must choose its own system of government. But the need for mechanisms that function more or less as those discussed above is becoming increasingly apparent. If society rewards cheating and evasion rather than compliance and cooperation, it will not doubt be hard to protect the environment from degradation, even with access to the most advanced technology.

In the figure below, I attempt to sum up the factors and forces underlying China's pollution crisis. The tiers of the pyramid represent the basic structural factors: (1) natural and geographical conditions, (2) economic and environmental policy, and (3) the politico-social system. To the left of the pyramid, we see two exogenous factors: historical circumstances and social mores.

*Historical circumstances* refers to the fact that China is forced to cope simultaneously with the kind of pollution Japan experienced in the 1950s and 1960s and the global environmental problems that came into focus in the 1980s and 1990s,



as well as a plethora of other environmental challenges, from waste management and mercury disposal to PM 2.5 pollution. On the other hand, China's position as a latecomer also confers some advantages when it comes to addressing these challenges.

*Social mores* refers to the ethical and moral attitudes imparted via education and one's social milieu. Human nature is much the same the world over, but whether a particular society at a given time encourages its members to trust one another, meet one another halfway, and work together for the common good can have a major impact on its ability to deal with environmental problems.

### **Breathing the Same Air**

In a speech delivered on the concluding day of the March 2013 National People's Congress, Premier Li Keqiang called on the Chinese people to come together to fight air pollution, "working together as we breathe the same air."

The idea of air pollution as a national problem that affects everyone equally is an appealing one in this nation of growing economic inequality. But it does not necessarily hold up under close scrutiny. Those with great wealth can more easily flee to cleaner areas or retreat to homes, offices, or cars equipped with air filtration systems. China has become a nation of haves and have-nots, both at the individual and the corporate level. And the concentration of wealth eventually gives rise to powerful vested interests that wield disproportionate influence over public policy.

Some years ago, I spoke to a Chinese scholar about the challenges of implementing tough environmental policies in China. He told me then that businesses put up little resistance to tighter environmental regulations because they were doing so well in the booming Chinese economy that they could easily absorb the costs.

But things seem to have changed in recent years. Oil giants China National Petroleum Corp. and Sinopec Group are resisting government plans to tighten fuel standards, asking who will bear the additional costs of upgrading their refineries. Nowadays it seems the government must negotiate with big business when it wants to tighten environmental regulations.

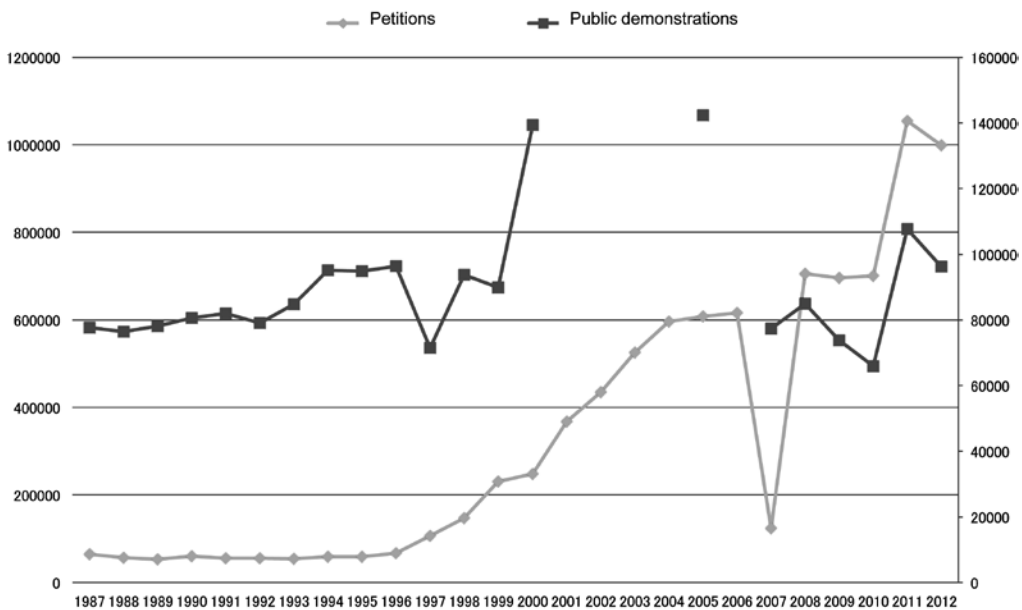
Opinions about environmental policy also differ by region. While many in the prosperous urban areas along the coast are clamoring for cleaner air, some of the less developed regions of the country regard growth as their top priority. In a country as large and diverse as China, it is a stretch to suggest that everyone "breathes the same air."

The Chinese have a saying, "For every policy measure from above, there is a

countermeasure below.” In May 2012, Beijing adopted some of the strictest automotive fuel standards in the world. But just step outside the city limits, and one can buy all the low-quality fuel one likes. Long after the government tightened standards for fuel quality, sampling revealed that very little of the fuel on the market actually met the new standards. In a society where evading government regulation has become a way of life, coming together to fight air pollution is easier said than done.

That said, when GDP rises and living standards improve, as they have in China, a nation’s focus inevitably begins shifting to quality of life. This is what happened in Japan in the 1970s. A groundswell of environmental protests in the form of petitions and public demonstrations suggests that Chinese society may be headed toward a similar transition.

### Environmental Protests in China



Source: Compiled from the *China Statistical Yearbook*, the *China Statistical Yearbook on Environment*, and other sources.

In terms of scale and magnitude, the PM 2.5 smog of January 2013 bears comparison with pollution cases that galvanized Japanese public sentiment and raised the entire nation’s environmental consciousness during the 1970s. Even under China’s current system, national sentiment is a force to be reckoned with. If the present mood of crisis continues, China could be entering a new era in environmental policy.

February 18, 2014

## Interpreting Xi's "Chinese Dream"

Tomoki Kamo

*Is President Xi Jinping's "Chinese dream" a vision of social equity or global supremacy? Keio University's Tomoki Kamo explores this crucial question in the light of mounting political challenges facing China's one-party state.*

\* \* \*

**W**here is the government of President Xi Jinping leading the Chinese nation?

The official line is that Xi government is charting a course toward the "Chinese dream," which Xi describes as "the great renewal of the Chinese nation."<sup>1</sup> Realization of this dream, we are told, involves the achievement of China's "two 100-year goals": building a "moderately prosperous society in all respects" by 2021, when the CPC will celebrate its 100th anniversary; and building an "affluent, strong, civilized and harmonious socialist modern country" by 2049, the 100th anniversary of the People's Republic of China.

This, then, is the core of the "Chinese dream." But the question remains: What policy course will the Xi regime follow in pursuit of those goals?

For the international community, the main question is whether Xi intends to pursue his "dream" in the capacity of a reformer or that of a challenger. At present, he shows indications of doing both. Xi the reformer speaks of addressing the social side effects of China's extraordinary growth and development under the "reform and opening" policy and addressing the diverse needs of Chinese society.

Xi the challenger appears bent on building a "rich and powerful" China by establishing China's place as one of the rule makers of today's international order and by aggressively protecting and promoting China's interests in every part of the

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<sup>1</sup> "Xi Pledges 'Great Renewal of Chinese Nation,'" Xinhuanet, November 29, 2012, [http://news.xinhuanet.com/english/china/2012-11/29/c\\_132008231.htm](http://news.xinhuanet.com/english/china/2012-11/29/c_132008231.htm).

world, even at the risk of exacerbating tensions with other countries in the region. The international community is particularly anxious to see what sort of stance Xi's government will take vis-à-vis the development of new regulatory frameworks in such key areas as cyberspace and Arctic sea routes.

### **Xi's Unstated Goal**

To predict the Xi regime's policy course, we need first of all to grasp the government's priorities. The top priority now, as in the past, is to maintain the stability of the current one-party system under the CPC.<sup>2</sup> This is the underlying purpose of Xi's "Chinese dream" initiative. To fully understand the new administration's policies, in short, we must understand how they contribute to stable one-party rule in China.

The task can be approached from two directions. One is to analyze what the current government is doing, or might do, to bolster the party's "performance legitimacy"—that is, its right to govern by virtue of its achievements. In this case, analysis centers on the efficacy of the Xi regime's specific policy initiatives. The second approach focuses on the structure of single-party rule in China, identifying the means by which the political system has functioned to maintain the stability of the one-party system in recent years. Having done so, we should be able to assess the outlook for continued stability by monitoring changes in those features. Here I would like to take the latter route, focusing on the institutions supporting China's one-party system.

### **Sources of Political Stability**

Income and wealth disparities have widened dramatically in China over the past few decades, and protests of various kinds have broken out in response to the perceived lack of fairness, equality, and justice. Such protests are a destabilizing factor for the Communist regime, but at this point they are relatively isolated, and there appears to be little risk of their coalescing into a genuine threat to the system. Nor is there any indication that a political force capable of displacing the CPC (the party's biggest fear) is taking shape. How have the CPC and the state government maintained such political stability since the Tiananmen Square protests of 1989? In recent years this has been the central question consuming specialists in the field of contemporary Chinese studies.

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<sup>2</sup> The Central People's Government of the People's Republic of China, [http://www.Gov.Cn/Ldhd/2010-12/06/Content\\_1760381.Htm](http://www.Gov.Cn/Ldhd/2010-12/06/Content_1760381.Htm).



Scholars have offered up a number of explanations. Some have posited that, while the CPC's governing apparatus is in a protracted state of atrophy, the party has reinforced its grip with a number of internal reforms and adaptive measures. Others have highlighted the way in which the CPC has strengthened its control by "co-optation," absorbing China's key social actors into the ruling apparatus. But almost all agree that the CPC's base of power remains secure—either because outsiders tend to underestimate the governing capacity of the CPC or because the system has compensated for weaknesses in governing capacity by adapting to changes in the social environment.<sup>3</sup>



I would like to approach the question a little differently, highlighting the political role of nominally democratic institutions—national assemblies, elections, and parties—in authoritarian states like China's.

### Quasi-Democracy as a Tool of One-Party Rule

Most authoritarian states have a national assembly and political parties. This means that they must also hold elections. Of course, these are not free and fair elections but carefully orchestrated affairs. Still, there are costs associated with all of these institutions. Why, then, do the vast majority of authoritarian states—including North Korea—maintain them?

The reason becomes clear once we understand the political function of nominally democratic institutions in authoritarian states like China. Recent analyses have shown that such institutions, frequently dismissed as window dressing, are in fact an important political tool of authoritarian rulers. They play a key role in preserving the stability of authoritarian regimes by providing forums and frame-

<sup>3</sup> See Jie Chen and Bruce J. Dickson, *Allies of the State: China's Private Entrepreneurs and Democratic Change* (Cambridge: Harvard University Press, 2010); Teresa Wright, *Accepting Authoritarianism: State-Society Relations in China's Reform Era* (Stanford: Stanford University Press, 2010); David Shambaugh, *China's Communist Party: Atrophy and Adaptation* (Washington, D.C.: Woodrow Wilson Center Press, 2008); Kevin O'Brien, "Where 'Jasmine' Means Tea, Not a Revolt," *New York Times*, April 2, 2011; and Bruce J. Dickson, "No 'Jasmine' for China," *Current History*, September 2011.

works for negotiating and building relationships with influential organizations and individuals that have the potential to be either allies or political rivals.<sup>4</sup> For this reason, authoritarian governments accept the costs of establishing quasi-democratic institutions as the price they must pay for political stability.

This principle applies to China no less than to other authoritarian states.

Although there are a number of ways to gauge the political importance of these institutions in China, I have chosen to focus on coverage in the state-sanctioned media, specifically *Renmin Ribao* (People's Daily). In recent years, the newspaper has reported with ever-increasing frequency on the attendance of China's top government leaders at plenary meetings of the National People's Congress and the National Committee of the Chinese People's Political Consultative Conference.

During the Eighth National People's Congress (March 1993), the paper carried 44 articles pertaining to the meeting, including items reporting on the attendance of top government figures. That number swelled to 186 during the first session of the Ninth NPC (March 1998), then soared to 910 during the first session of the Tenth NPC (March 2003). It dropped to 683 during the first session of the Eleventh NPC (March 2008) only to jump to 995 this past March during the first plenary session of the Twelfth National People's Congress.

News coverage by a party organ like *Renmin Ribao* naturally reflects the political intent of those at the top. Based on the sharp increase in articles pertaining to the National People's Congress, it seems safe to conclude that the party is eager to convey the importance it places on the role of that body in Chinese government. (The same can be said of the Chinese People's Political Consultative Conference, China's other major quasi-democratic institution at the national level.)

But to whom is it trying to convey this? Probably not to the masses so much as to key actors in Chinese society. China today has a number of increasingly influential social and economic elites outside the Communist Party, and the party needs to understand their interests and take them into account when making policy decisions. The deputies to the NPC and the CPPCC include important members of these non-CPC elites. They are, in essence, the friends and allies of the one-party state. Providing these social actors with an avenue for limited input in the political process affords the CPC access to the information it needs for policymaking purposes. The growing number of media references to the NPC and the CPPCC reflects an effort to convince those actors that the government and the party take them seriously. It signals a realization among China's leaders that the NPC and CPPCC

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<sup>4</sup> Jennifer Gandhi, *Political Institutions under Dictatorship* (New York: Cambridge University Press, 2008).

have become essential underpinnings of the single-party state owing to the growing influence of these non-party elites.

Judging again from such official news coverage, the Xi regime is acutely aware of the need to take into account the interests of actors outside of the Communist Party. In his keynote speech at the closing meeting of the first session of the Twelfth NPC last March, Xi Jinping affirmed the need for the CPC to forge strong ties with as many other key players as possible. Specifically, he called on the party to (1) bolster solidarity and cooperation with minor, registered non-CPC parties, as well as those unaffiliated with any political group; (2) strengthen and develop ethnic relations domestically, operating on the principles of equality, solidarity, mutual assistance, and harmony; and (3) encourage members of the religious community and believers to play an active role in the nation's economic and social development.

### **The CPC's Precarious Foundations**

Some may applaud this inclusiveness as a healthy sign of the new administration's awareness of changing social conditions and the Communist Party's ability to adapt to changes and challenges. But such assessments miss the key point.

More than anything, these moves to appease interests outside the CPC reveal the increasingly precarious foundations of one-party rule in China. The oft-cited atrophy of the CPC as a ruling party is undeniable. As Masaharu Hishida has pointed out, the party's organizational "grip" over Chinese society has waned dramatically.<sup>5</sup> Although it still has a virtual monopoly over the nation's political resources, the CPC has lost the capacity to make unilateral policy decisions. Policy-making today means listening to and taking into account the demands of a broad range of socio-political actors. Moreover, the government is fast approaching the limits of its capacity to adapt to the changes sweeping Chinese society.

It may seem as if the CPC has maintained its grip on power over the years thanks to foresight and a successful long-term strategy. But the CPC's reputation for long-term planning is built on a narrative constructed after the fact. The narrative surrounding the "reform and opening" policy is a classic example. The simplified version of history has it that the policy sprang into being at the third plenary

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<sup>5</sup> Masao Hishida, "Chugoku Kyosanto: Kiki no shinkokuka ka, kiban no saichuzo ka" (The Communist Party of China: Deepening Crisis or Recasting of the Base?) in Kazuko Mori and Shigeto Sonoda, eds., *Chugoku Mondai* (China Issues) (Tokyo: University of Tokyo Press, 2012), pp. 2–33.

session of the Eleventh CPC Central Committee in December 1978. But in reality it evolved slowly and fitfully, through a process of trial and error. The notion that the strategy behind China's subsequent growth and development emerged fully formed from the head of Deng Xiaoping is a myth.<sup>6</sup>

If Xi Jinping's "Chinese dream" is predicated on the continued survival and stability of China's Communist regime, then it may indeed be no more than a dream.

Achieving the kind of renewal Xi Jinping has promised will be no easy task, and the Communist government today has precious little room to maneuver. In realistic terms, his best option is surely the path of internal reform. The reason is that his options in the role of a challenger to the global system will be severely limited by the necessity of maintaining one-party rule despite the declining influence of the CPC and the growing clout of other social actors.

But it is entirely possible that Xi will opt for the other route, challenging the international order and building up a "rich and powerful" China so as to secure the support of the populace and China's key socio-political actors, thereby shoring up the Communist regime's legitimacy. This is possibility for which we must prepare ourselves.

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<sup>6</sup> See Akio Takahara, "Gendai Chugoku-shi ni okeru 1978-nen no kakkisei ni tsuite" (On 1978 as a Watershed in Modern Chinese History), in Tomoki Kamo et al., eds., *Chugoku kaikaku kaiho e no tenkan: 1978-nen o koete* (China's Shift to Reform and Opening: Beyond 1978) (Tokyo: Keio University Press, 2011), pp. 121–36.

February 24, 2014

## The Latest Wave of Chinese Emigration

Chen Tien-shi

*While earlier generations of Chinese emigrants settled down and assiduously built careers in their adopted homes, the Chinese who are now moving abroad are, for the most part, affluent individuals who are taking advantage of foreign countries' investment immigration policies to purchase second homes, notably in Malaysia and southern Europe. Anthropologist Chen Tien-shi examines recent trends in the Chinese diaspora and their domestic implications.*

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**T**he International Society for the Studies of Chinese Overseas (ISSCO) held its eighth global conference on August 17–19, 2013, in Kuala Lumpur, Malaysia. Organized by the Universiti Tunku Abdul Rahman, the conference drew leading researchers of the Chinese diaspora, providing a forum for them to share their latest findings. Discussions were held in a broad range of fields, including political science, economics, history, anthropology, literature, law, and religion.

### Cultural Diversity of Overseas Chinese

The conference was held mostly bilingually in Chinese and English. Additionally, since Malaysia was the host country, for the first time, some sessions were also held in Malay. Researchers from around the world presented nearly 200 papers, with the ISSCO's cultural diversity being clearly evident from the participants' countries of origin, fields of academic research, and spoken languages.

I have been researching the Chinese diaspora since my undergraduate years and have been a member of the ISSCO since its founding in the early 1990s. I have ex-

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panded the focus of my research to encompass stateless individuals over the past 10 years or so, so I was participating in the conference for the first time in many years.

As a graduate student, I visited Malaysia so frequently for my fieldwork that I was sometimes mistaken for a local resident. That was around 10 years ago, and this time I was surprised by how fast time flies. I visited Melaka and Penang after

the conference, which have since become World Heritage Sites, and the transformation of these areas into bustling tourist destinations made me feel the passage of time.

Also eye opening was the dynamism of the researchers at the conference who were born in China but moved abroad following the period of “Reform and Opening up” and had become faculty members at universities in countries like Australia, Canada, and the United States. They represent, in short, the new wave of

overseas Chinese. Compared to those who had emigrated prior to the 1970s—including the prewar years—the achievements of these new overseas Chinese have been truly impressive.

### “Malaysia My Second Home”

While visiting Malaysia, one could not help but feel the remarkable rise of China’s global presence—through investment and development projects, as well as in the number of tourists.

One example is a segment of Iskandar Malaysia in Johor Bahru that is being financed by China’s Country Garden Holdings. Iskandar Malaysia is a large-scale development project being advanced by the central Malaysian and Johor state governments. Country Garden seeks to develop the entire Danga Bay area just across the Straits of Johor from Singapore (and measuring three times the total size of the island country) into a “world city.”<sup>1</sup> In addition to building up the existing electric power and petrochemical industries, the project envisions creating a new

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*The Johor-Singapore Causeway linking Johor Baru with Singapore.*

<sup>1</sup> “Country Garden Recommends Danga Bay on August 11,” *Nanyang Siang Pau*, July 27, 2013.

financial and education center. Country Garden is investing 10 trillion yen in the project and expects to house some 3 million residents.

Since Johor Bahru is located along the border, a commute to central Singapore takes just 30 minutes by car. Real estate prices, though, are anywhere from just a tenth to a fifth of those in Singapore, and many people have chosen to live in Johor Bahru and commute to Singapore.

The Malaysian government launched a program known as Malaysia My Second Home (MM2H) several years ago aimed at welcoming new immigrants. Many elderly Japanese couples have moved to Malaysia under this long-term international residency scheme, so I imagine that there is some familiarity with it in Japan. In essence, long-stay visas of up to 10 years are issued under MM2H to foreigners who open a fixed deposit account above a certain minimum, enabling them to freely enter and leave the country.

This was a golden opportunity for Chinese investors. As part of the Iskandar project, Country Garden—one the top 10 real estate developers in China—is building serviced apartments, high-end sports clubs, a shopping mall, and an amusement park over a 55-acre (22-hectare) area. On August 11, Sultan Ibrahim Ismail of Johor was invited to an event marking the start of construction, complete with fireworks, and a photo of the celebration was featured on the front page of a Chinese-language daily in Malaysia. Country Garden is very enthusiastic about the project and is also confident of its success—even asserting that it intends to turn Johor Bahru into a major international hub. If development progresses as planned, the project should expand employment opportunities in Malaysia, so the initiative is warmly welcomed by both the sultan and the Malaysian government.<sup>2</sup>

Buyers have been enthusiastic as well, with 6,000 condominiums being snapped up on the first day that 9,000 units were put on sale. The going price for these units was between 700 and 1000 ringgits—or 20,000 to 30,000 yen—per square meter. Buyers have been both Malaysians and foreigners, including from Japan and China. Private investors from China have shown particularly strong interest, as they need not worry about the language barrier owing to Malaysia's high population of ethnic Chinese, and they are also attracted by the country's stable political system and warm weather.

Taking a tour of the Johor Bahru site were two groups from China. They were informed of the scope of the Iskandar project, various conditions for making a

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<sup>2</sup> "Iskandar Malaysia to Turn Johor Bahru into Global City," *Nanyang Siang Pau*, August 12, 2013.



purchase, and the MM2H visa requirements, and they also visited local schools and other facilities. A mother and daughter from Shenzhen purchased a serviced apartment on the spot, saying, “With the MM2H program, living in Malaysia is an attractive proposition. We have relatives in Hong Kong and Singapore, but in terms of buying a home, I think Malaysia offers a better deal. The environment is wonderful, so it was an easy decision to make.” Another member of the tour said, “This is a great place for the kids’ education, so I’m hoping to buy a unit and move here with the family.”

### **Investment Migration to Europe**

Malaysia, of course, is not the only target of investment migration by Chinese individuals. They have long been purchasing real estate in and migrating to the United States, Canada, Australia and Singapore, and increasing numbers are now moving to the Mediterranean and other areas of southern Europe.

Europe was dealt a heavy blow following the 2008 financial crisis, when many overseas investors withdrew their funds. South European countries subsequently relaxed their investment immigration rules, and this resulted in a huge influx of Chinese immigrants. According to one report, 600 vacation homes in Cyprus were immediately snapped up by Chinese investors when they were put on sale last year.

Under Portugal’s amended immigration law, officially announced on October 8, 2012, non-European Union citizens may receive residency rights for themselves and their families if they invest 500,000 euros in the country. And if they spend at least seven days in Portugal every year, they may apply for citizenship in the sixth year. Incidentally, 500,000 euros in Portugal is enough to purchase a 200-square-meter house with a pool and garden.<sup>3</sup>

Similar immigration rights can be obtained in Spain for 500,000 euros and in Greece for just 250,000 euros. With many homes in Shanghai, Beijing, and Guangzhou costing over 1 million euros, an investment in southern Europe is not a bad option for the affluent Chinese. Indeed, over 300 Chinese people applied to migrate to Portugal after the new law went into effect at the beginning of this year.<sup>4</sup>

### **The Latest Wave of Emigration**

As I mentioned at the start of this article, many of the new overseas Chinese now

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<sup>3</sup> “Wealthy Chinese ‘Occupy’ Southern Europe,” *Nanyang Siang Pau*, August 12, 2013.

<sup>4</sup> Ibid.



active in the ISSCO emigrated in the 1980s, when China was still a developing economy. They went abroad as “student immigrants” and achieved the lifestyles and positions they now enjoy in their new lands through grit and endurance. The older wave of immigrants who left China before the war had generally done so as laborers, starting with nothing and building their lives from the ground up.

The latest group of “investment immigrants” is a completely different lot. They are wealthy individuals with overseas assets who have acquired residency rights and citizenship in foreign countries. Distinguishable from both the older and the more recent emigrants, these “new new” overseas Chinese are not necessarily interested in settling down in new lands, usually buying foreign property for the purpose of acquiring a vacation or second home. They want to be able to travel freely across national borders—and for this the availability of long-term visas, residency, and citizenship is an important consideration. The trend bears some resemblance to the exodus from Hong Kong prior to its 1997 reversion to China, sparked by concerns about Beijing’s takeover of the British dependent territory.

The latest wave of emigration has been prompted, I imagine, by such factors as the domestic political situation and anxiety about environmental pollution and their own livelihoods. The movement of Chinese nationals abroad always appears to be linked with domestic conditions, so in this regard, the trend will continue to merit close scrutiny.

November 25, 2013

## Dispatches from Ghana

### *(3) A Business Model for Social Change*

Junko Tashiro

*In November 2012, Junko Tashiro traveled to Ghana under an Acumen Global Fellowship to launch Copa Connect, a social venture aimed at integrating smallholding rice farmers into the value chain. In her third report from the field, Tashiro explains the venture she helped launch and its sustained impact.*

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**T**he Copa Connect Smallholder Program is an innovative new venture by GADCO, a socially oriented agri-food start-up based in Ghana. The aim of Copa Connect is to connect small rice farmers to Ghana's growing premium consumer market by integrating them into the value chain of GADCO's Copa brand rice, thereby breaking the cycle of rural poverty while enhancing Ghana's food security. In my third report, I focus on the Copa Connect business model and the mechanisms by which it promises to achieve a sustained impact.

When I arrived in Ghana in November 2012, Copa Connect was little more than an abstract idea. In the ensuing months, through hours and hours of discussion with various global partners and a five-month pilot with a local farmer, we were gradually able to develop the strategic, financial, and operational prototype outlined below.

### **The Copa Connect Mission**

Demand for rice is soaring among Ghana's end-consumers, yet the country's small rice farmers remain trapped in a cycle of poverty. At the heart of this problem are structural obstacles and disconnects at each key stage of the value chain.

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At the production stage, small rice farmers have practically no means of obtaining seeds for the variety of rice that has real market value in Ghana—namely, the premium jasmine rice preferred by urban consumers. Smallholders have inadequate access to basic farm machinery, including the power tillers and tractors needed to prepare the soil for planting. They have limited opportunities to learn about good agricultural practices. Moreover, they have access neither to affordable financing for the purchase of high-quality inputs nor to good extension services needed to boost crop yield.

Further obstacles arise in the post-harvest handling and processing stage. In rice farming, the timing of the harvest is critical to yield, quality, and taste. Farmers need to harvest the rice at its peak, yet they also need to adjust the harvest schedule to weather conditions and the availability of combines and other harvesting equipment. Because newly harvested rice has high moisture content, it deteriorates rapidly unless dried and stored properly. This means that rice farmers need to make post-harvest handling arrangements in advance to ensure that everything proceeds smoothly and expeditiously. Unfortunately, most of Ghana's small rice farmers lack both appropriate storage space and ready access to drying and milling facilities.

At the market stage, smallholders are cut off from Ghana's lucrative consumer market. Ghanaian consumers prefer high-quality aromatic rice, with no cracked or broken kernels, and they want it in printed bags under a brand name they know and trust. Ghanaian smallholders have almost no way to meet these demands, and as a consequence they are shut out of the existing domestic premium market.

The mission of Copa Connect is to develop an infrastructure that integrates smallholders into the value chain at each of the abovementioned stages while providing farmers with the skills, know-how, and incentives to produce high yields of high-quality rice tailored to the domestic premium consumer market. The solutions that Copa Connect offers to maximize smallholders' productivity can be grouped into the three infrastructures described below, according to the relevant stage in the value chain.

### **Production Infrastructure**

As producers of GADCO's Copa brand rice, farmers participating in Copa Connect are expected to produce the high-grade jasmine rice that GADCO's customers demand. GADCO purchases the harvested rice from participating smallholders and transports it to its own milling facility, where it is processed along with the rice harvested at GADCO's large-scale nucleus farm. It is packaged and sold under the Copa brand, indistinguishable from other GADCO-grown rice. What this means

is that participating smallholders need to meet GADCO's exacting quality-control standards.

To begin with, participating farmers are provided with a production protocol designed by GADCO's team of experts. Copa Connect farmers are required to follow this protocol, which specifies the quantity of various inputs—seeds, fertilizers, agrichemicals—per unit of land and provides a timetable for the entire produc-



*GADCO staff delivering rice seed to a project site.*

tion process, from planting to harvest, in the form of a daily calendar. In the words of an agronomist on the Copa Connect team, "rice cultivation is a science." The lifecycle and optimum amount of inputs differ according to the rice variety, and too little or too much of any given input can affect not only the yield but the quality as well. Moreover, different varieties are susceptible to different pests and diseases, and producers need to know exactly what pre-

ventive measures to take at each phase of the lifecycle.

The production protocol is adjusted to take into consideration such factors as soil conditions and the presence or absence of irrigation. Almost all Copa Connect smallholders are veteran rice farmers with 10 to 20 years experience, but this is the first time they have used a scientifically based protocol. Until now their timing of inputs hinged more on cash flow than best agricultural practices.

In addition to the production protocol, GADCO provides each of the farmers with a package of inputs customized to suit the size of the plot and farming conditions. This package includes the premium high-yield jasmine rice seed that GADCO has developed and produced on its own nucleus farm, as well as fertilizer and agrichemicals that GADCO procures through its own suppliers. This is important because the fertilizer and agrichemicals available to Ghanaian smallholders on the open market are generally of limited variety and poor quality, often formulated according to outdated recommendations. By partnering with global agri-input suppliers, GADCO has been able to design packages optimally tailored to each participating farm and provide smallholders with quality inputs unavailable to them on the open market.

GADCO procures these inputs directly from the suppliers and supplies them at cost to the Copa Connect farmers. Moreover, although GADCO distributes the inputs when they are needed, it does not require payment from the farmers until after the harvest, when revenues begin flowing in. At that point GADCO deducts

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the costs of the inputs from the crop price it owes each smallholder. In this way, GADCO uses its leverage with suppliers to procure quality inputs on the best terms possible, while at the same time mitigating smallholders' chronic cash-flow problems by providing them with pre-financing at zero interest—unlike local money lenders, who typically charge upwards of 50% interest for loans to smallholder farmers.

To ensure that farmers follow the production protocol, GADCO also provides training sessions and extension services that offer technical support throughout the production season. The training, which is offered to groups of 20 to 30 farmers at a time, includes both lecture-style sessions focused on theory and practical sessions held on actual demonstration plots. The extension services are provided by Copa Connect's own extension officers, who inspect each of the plots periodically and instantly communicate their observations to the GADCO team in Sogakope using a specially designed mobile application. In the event of a problem requiring immediate attention, such as signs of disease or flooding from heavy rains, farmers are able to contact the extension officers in a timely fashion, and the GADCO team assists with troubleshooting. Mobile computing technology is used to record and store basic information on each of the participating farms, along with up-to-the minute data on the cultivation process and use of inputs, which the GADCO team in Sogakope monitors on a regular basis.

Mechanization was not included in the scope of the Copa Connect pilot, which



*Training farmers in the classroom setting and the field.*

ended in March 2013. Since entering Phase 1, however, the program has begun providing participating farmers with access to basic farm machinery in some locales. The idea is to gradually increase capital investment in farm machinery and intensify the level of services provided to farmers as the program grows. We already know from the results of the pilot that even without mechanization, the basic ser-

vices provided thus far—production protocol, input packages, and training and extension services—have a significant impact on outcomes (as will be discussed in detail in my fourth and final report). Moreover, we know that the essential first step for farmers is to change their mindset and acquire new knowledge and skills in order to replace entrenched habits with best agricultural practices. For these reasons, the Copa Connect program’s current approach is to focus first on basic services.

### Processing and Logistics Infrastructure

As soon as the crop is harvested, GADCO sends out its team members to purchase the produce from the smallholders at the farm gate. The unhusked rice paddy is then transported to GADCO’s large-scale modern plant in Sogakope, which handles each stage of processing from drying and husking to polishing and packaging. Collecting the rice paddy from the farms promptly after the harvest minimizes post-harvest losses. In the course of about one month of processing, the smallholders’ crop is transformed into a marketable high-value-added consumer product under GADCO’s Copa brand.

In the Copa Connect business model, farmers receive payment from GADCO immediately after they hand over their crop at the farm gate. Small rice farmers must shoulder a variety of costs throughout the production process and are often strapped for cash by the time the harvest arrives. Yet Ghana’s small farmers must typically wait several months to receive payment from their buyers in the open market. In terms of cash flow, the Copa Connect instant payment system is therefore another important upside for smallholders.



*Rainwater has partially soaked this pile of drying rice. Lacking access to grain dryers, Ghanaian smallholders typically dry the unhusked rice naturally, but in the absence of good storage facilities to protect it from driving rain, the crop is often damaged by moisture after the harvest.*

### Market Infrastructure

The rice that GADCO purchases from smallholders is mixed with the rice from GADCO’s nucleus farm and sold on the domestic premium market as Copa brand rice. Prior to launching Copa Connect, GADCO had already established a strategic partnership with Finatrade—a leading distributor of agri-commodities in West Af-

rica—for the distribution of rice produced from the GADCO nucleus farm. Through their participation in Copa Connect, the smallholders are now able to take advantage of this distribution platform.

GADCO earns its business revenues from the sale of high-grade Copa brand rice at premium prices to its distribution partner. Each of the Copa Connect farmers receives a share of these profits in accordance with their output.



*Bags of packaged Copa brand rice.*

### **Mechanism for Recurring Impact**

The solutions described above are provided to each of the farmers, at cost, in the form of a comprehensive package of inputs and services. Through Copa Connect, GADCO aims to break the cycle of rural poverty in Ghana. However, Copa Connect is not a charity but a business undertaking. The participating smallholders are producers of Copa brand rice and GADCO's business partners. If GADCO is to transform the livelihoods of Ghana's smallholders over the long term, Copa Connect needs to generate revenues on an ongoing basis. Let us now look more closely at the mechanism by which the Copa Connect business model seeks to make a sustainable impact on livelihoods of smallholders.

The smallholders who take part in Copa Connect receive two types of payment. The first is the purchase price GADCO pays for the rice paddy immediately after harvest. The second is the so-called market premium, which reflects the profits GADCO earns from the sale of processed rice destined for the end-consumer market.

The first thing GADCO does when purchasing rice from a participating small farm is to inspect the produce and set a price on the basis of its grade. Barring bad weather or some other circumstances beyond their control, smallholders who follow GADCO's production protocol and the guidance of its extension officers can expect to receive the highest grade. GADCO's purchase prices are benchmarked against open market prices and are set somewhat higher than the norm. Since the purchase price is set without regard to quality on the open market, farmers outside of the Copa Connect program have no incentive to produce high-grade rice. By contrast, GADCO's combination of quality control and price incentives fosters discipline and business sense among smallholder producers.

Moreover, a farmer who participated in the Copa Connect pilot had substan-



tially higher yields than those who did not. Since the amount each farmer receives for the harvested rice is a function of the purchase price and weight, it goes without saying that a substantial increase in yield translates into a jump in the payment received at the farm gate. As noted above, farmers receive this payment directly from GADCO at the time of pickup. The cost of the input package and other Copa Connect services across the product lifecycle are deducted from the payment at this point. This system simplifies the recovery of costs for GADCO while minimizing cash flow risk for each farmer.

The market premium, which is paid later, is essentially a special bonus for the Copa Connect smallholders. Because Ghana's small rice farmers are cut off from the domestic end-consumer market, they usually receive nothing but the purchase price of the unprocessed rice after harvest. In addition, the smallholders generally depend on monopolistic local intermediaries known as "market mommies" to get their rice to the open market. This makes them prey to unfair pricing. The market premium, by contrast, represents GADCO's unique revenue-sharing commitment to smallholders. Only by partnering with GADCO can Ghanaian small rice farmers share in their product's value added in this way.

Higher yields, better quality of produce, and a share of the profits through the market premium are obvious ways in which Copa Connect improves the economic livelihoods of smallholders. But an even more important aspect of the program is the way it is rationalizing the value chain through vertical integration, thus maximizing the profits that GADCO can return to its smallholder producers. As I mentioned in the first of my dispatches, in Ghana's highly fragmented rice value chain, the smallholder producers are left with a tiny slice of a very small pie. At this point, GADCO is the only player in Ghana that has a full command of every phase of the rice value chain, from research and development to sales.

Over the years, many governmental and nongovernmental entities have intervened in an effort to improve the livelihood of smallholder farmers. Some have even tried to tackle the problem through a value-chain approach, but the best they were able to achieve was a 20%–30% increase in net farm income. By leveraging GADCO's market-based platform, Copa Connect has the potential to double or even triple the farm income of Ghanaian smallholders (as will be discussed in greater detail in the next and final installment).

## **Partners for Change**

GADCO is not the world's first agri-food business to integrate smallholder producers into its value chain, but the obstacles to such efforts remain formidable. Oper-



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ators like GADCO need time and capital, particularly at the early stage, to expand and put their business on a profitable footing. They also need partners willing to share the risks of such an investment. But attracting long-term capital to a high-risk smallholder business is no easy matter.

This is why Acumen, with its “patient capital” and long-term collaboration with social entrepreneurs, is so important to start-ups like GADCO and programs like Copa Connect. Patient capital is a new type of investment oriented to long-term social impact instead of short-term financial gain. Acumen is one of several “impact investors” who have supported GADCO from the beginning as it worked to correct the distortions in Ghana’s rice market by fixing the fragmented value chain.

Copa Connect has forged partnerships with global suppliers to build a strong value chain for smallholder-produced premium jasmine rice. Syngenta, a Swiss-based global agribusiness specializing in crop seeds and agrichemicals, has collaborated with GADCO to develop new high-yield varieties of premium jasmine rice while providing quality agrichemicals currently unavailable on Ghana’s open market for use by Copa Connect smallholder producers. The Norwegian firm Yara, the world’s biggest nitrogen-based fertilizer manufacturer, supplies Copa Connect participants with quality fertilizer and draws on a wealth of knowledge and experience to provide formulations tailored to the soil and growing conditions on Ghana’s small farms. In agreeing to supply GADCO with such inputs on credit, these firms take on a significant risk, since it will be six months before the rice is harvested, shipped, and sold for a profit on the consumer market. And because these partners have stepped in to share the risk, GADCO is able provide smallholders with necessary inputs without collecting payment until after the harvest.

Other partners have provided crucial technical support for the launch of Copa Connect and the ramp-up of its effective business operations. The Syngenta Foundation for Sustainable Agriculture, dedicated to raising productivity of small farmers in the developing world, has been especially helpful in providing support for irrigated smallholders. The team of experts that the foundation periodically sends



*Members of the Tigo Cash team, wearing their trademark blue T-shirts, visit the Copa Connect pilot site to bring mobile money to rural Ghana. At the far left are the author with Copa Connect’s agronomist. At the center are Acumen Global Fellows Manager John McKinley flanked by several Copa Connect smallholder farmers.*

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to Ghana collaborated with the Copa Connect team to design production protocols and technical training for participating farmers. Moreover, the mobile technology developed by the Syngenta Foundation for small farmers has contributed immeasurably to the program's ability and efficiency to monitor progress and conditions on participating farms. The Washington-based ACDI/VOCA, meanwhile, has assisted with efforts for rain-fed farmers. Tigo Cash, Ghana's pioneering mobile pay-



*Members of the GADCO Copa Connect pilot team (March 2013).*

ment service, is providing the technology for efficient cash transfers to smallholder producers while contributing to the development of Ghanaian society by promoting financial inclusion and ICT literacy. GADCO has also entered into a three-year partnership with the World Bank to conduct randomized controlled trials aimed at scientifically assessing the impact of Copa Connect on smallholder farm-

ers.

The interconnected tasks of pitching the Copa Connect idea to partners, negotiating terms, and refining the business model through a process of trial and error were critical to the program at the start-up phases, and these were the tasks that absorbed the bulk of my time and energy as I worked to build a system capable of catalyzing a paradigm shift and exerting a sustained impact on people's lives. It was an immensely worthwhile mission that taught me the value and the thrill of joining forces with others and working in tandem to bring about catalytic change.

February 20, 2014

## Leading the Leaders

### *A Forum for Local Youth Leaders in Maara Constituency*

Jacinta Mwende Maweu

*A successful Youth Leadership Forum was organized in Kenya by Sennane Riungu, a 2006 University of Nairobi Sylff fellow, with the support of a Sylff Leadership Initiatives grant. Dr. Jacinta Mwende Maweu, a 2004–05 Sylff fellow at Nairobi University and now a lecturer at her alma mater, was asked by the Tokyo Foundation to attend the Forum as an observer, and here she offers a first-hand report.*

\* \* \*

The first-ever Youth Leadership Forum was organized by Sylff fellow Sennane Riungu in Maara Constituency, Meru, Kenya, between December 9 and 11, 2013. Dubbed “Leading the Leaders Forum,” the event brought together 30 youth leaders from 15 community organizations and self-help groups in the constituency. The Forum was aimed at providing intensive training and professional development skills to youth leaders to enhance their effectiveness in their respective organizations. Maara is one of 290 electoral constituencies in Kenya (one of three in Tharaka-Nithi County) and has a population of 107,125 people, according to the 2009 census.

The Forum was timely and provided the young leaders with an excellent opportunity to get intensive training on diverse leadership issues, such as personal growth and career development, project planning and management, grant proposal writing, strategic framework for entrepreneurial skills development, and governance. Given the high poverty and unemployment levels in the constituency, the Forum emphasized approaches to youth empowerment, suggesting ways for young people to come together for profit-generating community projects that can positively impact on their economic status. University of Nairobi linguistics lecturer

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*Jacinta Mwende Maweu      Sylff fellow, 2004–05, University of Nairobi, Kenya; lecturer in philosophy and media studies, University of Nairobi.*

Mr. Otieno Atoh and project management consultant Ms. Linda Aduda were the main facilitators at the Forum and carefully took the participants through such core themes as “who is a leader” to “how to become an effective leader.”

The training sessions were mainly interactive, as the facilitators encouraged the participants to ask questions and to come up with ideas to illustrate such “aca-



*University of Nairobi fellow Sennane Riungu, who organized the Maara Forum, addresses the participants.*

ademic” concepts as SMART (specific, measurable, achievable, realistic, and time-bound) objectives. The facilitators helped the participants seek local solutions to the challenges facing them, both as individuals and as leaders. The facilitators made the participants understand why they cannot be effective group leaders unless “they are first leaders of their own lives.”

The participants were highly enthusiastic and eager to “improve themselves,” as most of them said when asked why they put aside their engagements to attend the two-and-a-half-day Forum.

## **Leadership Themes Addressed at the Sessions**

### *1. Personal Growth and Development Session*

Mr. Atoh, the facilitator, took the participants through the main principles of personal growth and development and emphasized that they can achieve their life goals only if they first know themselves. He invited them to ask, “who am I and what is my life’s purpose,” pointing out that the main reason most people remain poor or fail to actualize their life goals is because they do not know what they want out of life. He then asked all the participants to write down what they want to achieve in life and how they intend to reach those goals. Each participant was then challenged to share their dreams and execution plans with other participants, who offered their reactions.

From the animated exchanges, one could tell that the session was a real eye opener. The participants came to appreciate the fact that anyone can become successful if they clearly understand what



*Mr. Otieno Atoh facilitating a session on personal growth and development.*

they want out of life, are committed to pursuing their life goals, prioritize and learn how best to achieve those goals, create action plans, be willing to take the first step and to confront challenges, learn the virtue of perseverance, and never give up.

The facilitator also urged the participants to have the creativity to look for solutions to any challenge they face, instead of despairing and resigning themselves to their fate. Taking into account that 60% of the Kenyan population live below the poverty line surviving on less than \$2 a day, this was a very relevant session for the participants. The facilitator encouraged them to continually think of new ways to better themselves as individuals and as a group. He underscored the fact that the participants should not feel powerless and destined to remain poor simply because they do not have white-collar jobs. There are so many resources in the constituency, he said, that the participants can mobilize to improve their economic status.

## *2. Leadership and Governance Session*

Mr. Atoh also took the participants through what it means to be a leader and how to raise their effectiveness. The facilitator challenged the participants to explain why they considered themselves leaders in their respective groups and also asked them to identify qualities that would make them stand out further. He explained that leadership is a process of influencing, guiding, and directing other people to achieve a common goal. Therefore, to claim to be a leader means one must be seen as being able to influence and guide others toward common objectives. Mr. Atoh



*Forum participants during a session at Transit Motel Chogoria.*

therefore had the participants conduct a self-assessment. He explained that as leaders, they must be creative enough to initiate ideas that can motivate their colleagues to rise above the current situation. As leaders they must have the entrepreneurial and management skills to add value to the group as a whole.

The participants were also introduced to different leadership styles, such as relationship-oriented and task-oriented approaches, saying that the best leadership style is one that can facilitate the achievement of the group's objectives. In this session the participants learned about team building and the importance of working as a team. The facilitator emphasized the value of unity and cohesiveness, especially at the grassroots level, in helping each other attain economic empowerment.

### *3. Session on Project Planning and Management*

The facilitator for this session was Ms. Linda Aduda, who outlined the key steps in project planning and management, including how project proposals should be developed to qualify for grants. This was an interactive session where each participant was asked to come up with a project idea; one was then chosen to be developed by the group, with participants learning how to write a successful project proposal. This was a very timely and relevant session, as many of the leaders had been hiring people to draft the proposal for them. They were happy that they would now be able to come up with their own proposals in applying for funding.

Ms. Aduda also focused on how to monitor and evaluate the progress of projects. The participants were engaged in various activities, either as a group or as individuals, including dairy farming, poultry keeping, crop farming, small-scale businesses, dress making, and running hairdressing and beauty facilities. The facilitator challenged them to monitor and evaluate those operations by “taking stock” of the progress made in their projects, looking for ways to minimize risks, and effectively managing competition.

She also spoke about strategic planning, on which, she explained, the success of any group or organization hinges. Ms. Aduda noted the importance of coming up with various strategies to achieve personal and group objectives. The facilitator challenged the leaders to continually do a SWOT (strengths, weaknesses, opportunities, and threats) analysis so that they can strategically actualize their set objectives. In this session the participants were also trained to come up with a mission and vision statement to give the group greater focus. Most participants were unaware of what a vision and mission statement should contain, and Ms. Aduda helped them to develop one. At the end of the session, each group leader had come up with a mission and vision statement for their respective groups.

### **Significance and Impact of the Forum**

I can say with confidence that the Maara Youth Forum was a great success and that it was money well spent. The forum was the first of its kind in the deeply remote Maara Constituency. Most participants observed that if they had received similar training in the past, they would have been “very far” along the path toward achieving their goals. They noted that it was the first time that they had gained such training on critical issues concerning their lives as individuals and leaders, and they promised to pass on the skills and knowledge gained to their group members. Without doubt, the Forum provided the participants with much needed

## VOICES FROM THE SYLFF COMMUNITY

knowledge and skills to enhance their effectiveness and competence as youth leaders.

I believe the training went a long way toward empowering the participants of Tharaka-Nithi County—which I was visiting for the first time—and making a difference at the group and society level. I would also like to congratulate Sennane Riungu for coming up with the idea of organizing the Forum. As many participants observed, we need many more young leaders like her with a focused vision to make a difference at the grassroots level, not just in Maara Constituency but across Kenya, if the youth are to move to the forefront of the fight against poverty and the realization of Kenya’s Vision 2030.



*Participants at the Maara Youth Forum. Dr. Jacinta Maweu and the organizer, Sennane Riungu (holding her daughter), are in the front row toward the right.*



December 31, 2013

## Is There a Link between Music and Language?

*How Loss of Language Affected the Compositions of Vissarion Shebalin*

Meta Weiss

*How does stroke affect the activities of a musician? Meta Weiss, a cellist and Sylff fellow at The Juilliard School, used an SRA award to conduct research in Moscow about the life and music of Soviet composer Vissarion Shebalin, who lost his linguistic abilities after the second of two severe strokes. By studying Shebalin's journals and sketchbooks, Weiss gained new insights into the changes in Shebalin's compositional style after each stroke, which could have broad implications for our understanding of the functioning of the human brain.*

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Vissarion Yakevlevich Shebalin was born in 1904 in Omsk, Siberia. He lived in the Soviet Union until his death in 1963 and spent his entire professional life in Moscow. He began his musical studies in Omsk with Mikhail I. Nevitov before transferring to the Peter I. Tchaikovsky Conservatory in Moscow under the tutelage of Nikolai Myaskovsky. Those who knew him always admired his work ethic, modesty, organization, and innate ability as a composer. After completing his studies at the Tchaikovsky Conservatory, he taught there as a professor and eventually became its director, a position which he held from 1942 to 1948.

The year 1948 was a stressful time for all Soviet composers, and Shebalin was no exception. He was accused of formalism and stripped of his position in the Composers' Union as well as at the Conservatory. Many of his family members believe that



*The author performing at the Shebalin Music School.*

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*Meta Weiss     Sylff fellow, 2011, Juilliard School, where she is a doctoral student. Acclaimed cello soloist and chamber musician and top prize winner in numerous competitions.*



the first stroke that he suffered in 1953 was as a result of the many political stresses of the time. He was able to make an almost complete recovery following the stroke in 1953, with the exception of the lingering paralysis of his right arm and leg. He relearned how to write with his left hand, and continued to compose as well as



*With a former student of Shebalin, Mr. Roman Ledenov.*

teach. As a teacher, he remained extremely devoted to his students, even during his prolonged illness.

In 1959, he suffered a second stroke that resulted in aphasia. This was especially tragic because of his strong literary background and upbringing; before the strokes he was fluent not only in Russian, but also German, French, Latin and a bit of English. He worked with a team of linguists, neuropsychologists, and doctors to regain the Russian language, and although he was

limited in his physical activities by his doctors, he set aside time every day to compose and keep a journal of his activities (with the help of his devoted wife, Alisa Maximovna Shebalina).

By virtue of the fact that Shebalin was a Soviet composer—and he deliberately did not do any self-promotion despite his reputation within the Soviet Union as a leading composer and composition teacher—his music and name essentially died with him in 1963. There is almost no literature on him that is published in English, and when his name does come up in music history articles, it is only in conjunction with the political events of 1948. Shebalin, however, has intrigued the neuroscience community for many years since his case was reported by Drs. Luria, Futer, and Svetkova in the 1960s.

My dissertation will be the first paper in any language to discuss Shebalin's music through the lens of his medical condition. My aim is to analyze Shebalin's music, focusing on his string quartets, both pre- and post-aphasia, in order to discover a link, if any, between Shebalin's loss of verbal language and a change in compositional language. I am collaborating with Dr. Aniruddh Patel at Tufts University, a neuroscientist whose research focuses on music and language. While there have been other (better known) composers who suffered brain injuries, Shebalin is unique in that his condition was characterized by an almost complete loss of verbal language, and we can, based on his sketchbooks, create a fairly accurate timeline of his compositions as well as view the changes in his compositional process. This is inferred by studying the different motivic units Shebalin was constantly writing in his sketchbooks, as well as the more obvious indicators, such as handwriting

(left vs. right) and pen color. The string quartets were chosen because they span the creative output of the composer from all periods of his life, and Shebalin himself said that they were the compositions he was most proud of and represented him the best.

After receiving my SRA grant, I traveled to Moscow for the month of October on a student visa and enrolled in the post-graduate program of the Tchaikovsky Conservatory. After exhaustive research working with a Russian-English translator, I was able to track down the location of all of the archival materials on Shebalin, and I was fortunate enough to obtain access to everything that was relevant to my



*With Shebalin's family members and directors of the Shebalin Music School.*

research. This included the RGALI State Archive, the Glinka Museum Archive, and the Tchaikovsky Conservatory Archive and Reading Room.

Additionally, I was also able, using the Russian “vKontakte” social networking site, to locate the Shebalin family. They granted me permission to visit Shebalin’s summer estate, interview his surviving family members, family friends, former students, and doctors. Two of the three thera-

pists/neuropsychologists who helped Shebalin with his linguistic rehabilitation following his second stroke had already passed away. Again using vKontakte, I reached out to Dr. L.S. Svetkova, the only living team member who treated Shebalin during his rehabilitation, and she agreed to send me her detailed notes and records that she kept while he was her patient.

The highlight of my research was the sketchbooks that are housed in the RGALI State Archive. Shebalin worked quickly and methodically, and was constantly scrutinizing his work. His sketchbooks proved to be much more revealing than any of the manuscripts or other scores. Unlike the detailed journals kept by both Shebalin and his wife, the sketchbooks are unbiased. They show his compositional process neatly and efficiently. Also, because his right side was paralyzed following the first stroke, one can clearly see the change from writing with his right hand to writing with his left hand. They also reveal that after both strokes, he did not simply go back to older works and revise them but he also created completely new and different works.

Shebalin’s music changed in several ways post-stroke. There are distinct differences in the structure of the themes, the imagery of the music, and the scale of his compositions. After his second stroke, he also experimented with a pseudo-twelve-

tone style, though still within the tonal idiom, writing themes that featured all twelve tones melodically but relied on the functional harmony of tonality. Perhaps counterintuitively, his music was full of optimism following the onset of his aphasia, and, like his music before the strokes, the music was very clean and straightforward, but with new richness and depth despite the economy of means.

Upon further analysis, it is anticipated that although it will be relatively easy to differentiate the pre- and post-aphasia musical traits, it will be difficult to attribute an exact cause-effect relationship between the change in compositional language and loss of verbal language for two reasons.

First, despite the fact that both Shebalin and his close family and friends—many of whom were interviewed in the course of this research—deny that he ever buckled to political pressure, it will be difficult to definitively separate changes in his music due to political pressure and those due to his medical condition or changing musical taste. The second reason is that because of Shebalin's fragile physical state following the strokes, he was easily fatigued and thus limited to composing only a few hours a day by his medical doctors. Preliminary analysis reveals that his musical style is markedly more succinct following the strokes, though this may be a result of the doctor's restrictions.

Through the research conducted with the SRA grant, I was able to construct a complete picture of Shebalin and his compositional output. The future implications of this research are twofold. First, and perhaps most importantly, it would provide hope for stroke victims that in spite of the odds, Shebalin was able to continue to create music and express himself through his most beloved medium—composition. Second, by analyzing his music both pre- and post-aphasia, it may reveal certain processes or elements that are shared by both music and language that remain intact despite the loss of language (such as syntax and grammar).

In this way, my research may help future stroke victims to recover certain aspects of language and aid in our understanding of the brain and mind, a subject with implications far beyond just music or Shebalin.



*With Shebalin's great-granddaughter and great-great-granddaughter, outside the Shebalin Music School in Moscow.*

November 19, 2013

## In Search of the New Historians

### *Fieldwork in the “Holy Land”*

Khinvrav Jangid

*Khinvrav Jangid, a Sylff fellow at Jawaharlal Nehru University in 2012, used his Sylff Research Abroad (SRA) award to research Israel’s “New Historians” and their views, who challenged traditional interpretations of the first Arab-Israel War of 1948. He conducted his field research at Ben-Gurion University of the Negev in Be’er Sheva, Israel, and his findings formed the core of his doctoral dissertation. A summary of his research and fieldwork is presented below.*

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### Research

The case of the contested history of the 1948 War, or the first Arab-Israel War, within Israel is the subject matter of this research. It focuses on a group of Israeli historians who challenged the traditional understanding of the 1948 War on the basis of declassified documents from Israeli archives. The leading scholars of this group are known as the New Historians. The word ‘New History’ is applied to their historical writings and their school, which primarily included Benny Morris, Ilan Pappé, Avi Shlaim, and Tom Segev. Due to Israel’s liberal declassification laws, many archival materials became available from the late 1970s, enabling access to the original war papers and documents of the 1948 War.



*Ben-Gurion University of the Negev, where the author conducted his research.*

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However, this alone does not explain the critical reexamination of Israel's role in 1948. Some crucial social and political events played important roles in prompting the historians to take a renewed look at the country's past. These include the June 1967 War, the Israeli invasion of Lebanon in 1982, and the outbreak of the first Intifada in 1987. A generational change was also one of the factors behind the emergence of the critical reflection of the past. The generation born around or after the 1948 War was more self-critical and less attached to the emotional aspects of the war, as this was the first generation that did not participate in the war or witness its hardships.

The contested issues of the 1948 War between the new and conventional<sup>1</sup> views of history can be summarized in the following points:

- The conventional version stated that Britain tried to prevent the establishment of the Jewish state; the New History argued instead that Britain tried to prevent the establishment of a Palestinian state.
- The conventional version claimed that the Palestinians fled their homes of their own free will or at the behest of their leadership; the New History countered this by stating that the refugees were either compelled to flee or were chased out.
- The conventional version stated that the balance of power during the 1948 War was in favor of the Arabs; the New History contested the claim and argued that Israel had an advantage, both in terms of manpower and arms.
- The conventional version narrated that the Arabs had a plan to destroy Israel but failed to execute it; the New History suggested that the Arabs were not united as commonly understood but were divided and fought for their individual gains, not for securing the Palestinian state.
- The conventional version maintained that Arab intransigence prevented peace; the New History insisted that Israel is primarily to be blamed for the deadlock at the end of the war.

The fieldwork enabled me to interview the New Historians as well as their critics in Israel. The conversations with many scholars and historians, such as Benny Morris, Avraham Sela, Jose Brunner, Eyal Naveh, Yoav Gelber, Yosef Gorny,

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<sup>1</sup> It is important to clarify that there is not a well-explained and established body of work called "conventional history" in Israel. The history written prior to the New History is considered a conventional or traditional account of the 1948 War. (The word "official" is used by the New Historians.)

Rafi Nets-Zehngut, Dani Filc, Amnon Raz-Krakotzkin, and David Newman illuminated the various contours of the academic debate of the historians. For the interviews, I travelled to other prominent universities in Israel, including Hebrew University of Jerusalem, Tel Aviv University, and the University of Haifa. The chance to speak with the historians about their work and their ideological and political underpinnings was very fruitful, providing answers to some of the key questions that had guided my research, such as:

- What is the significance of Israel's preoccupation with the historical interpretation of the 1948 War?
- How does the self-critical historical narrative of New History affect the Israeli polity and society?
- What is the relevance of the New History? Where is its place within Israeli society and politics, two decades after the emergence of the New Historians?

The conversations provided me with the knowledge of the personal journeys of the New Historians which explained the nuances of their ideological or political



*Installed art on the BGU campus titled "Three Coats and a Travel Trunk," symbolizing graduates of the university walking out into the "real world" with the knowledge accumulated during one's university years.*

evolution. For example, Benny Morris spoke of his disenchantment with the other fellow New Historians like Ilan Pappé and Avi Shlaim in the aftermath of second Intifada (2000-2004). The New Historians had more differences than commonalities right from the beginning. But an event like the second Intifada revealed how the New Historians came under influence of the political events. On the other hand, the conversations with the critics of the New Historians made me realize to

look at the works of the other historians who made significant contribution to the body of knowledge pertaining to the issues of the 1948 War like Avraham Sela and Yoav Gelber.

The debate about the 1948 War ensued with the New Historians influenced Israeli society. First, they brought about a change in the teaching of history in Israeli high schools. The inclusion of the Palestinian version of the 1948 War in



school textbooks and mentioning the reasons why the Palestinians call the 1948 War a “catastrophe” paved the way for a mutual understanding of those events. The younger generation is more aware of what happened to the Palestinians in 1948. Since a nation’s collective memory and collective identity are shaped through history textbooks more than through any other means, the teaching of a more balanced account of the 1948 War at the school level signifies an important contribution by the New Historians.

Second, the New Historians have enabled the general Israeli public to understand how Arabs perceive Israel and how they view the common past. The redefining of the Israel-Palestine relationship through historical revisionism has helped society understand the “other” in a more compassionate manner and not in antagonistic terms. The rise and growth of the debate in academia and the media is a good indication of the attention it received in Israel and abroad. The opportunity to bridge the narratives of the Palestinians and Israelis through a fuller knowledge of history is a noteworthy consequence of the work of the New Historians.

Third, they inspired sociologists in Israel to take a critical view of Zionism as a political ideology. A recent development in Israeli academia has been the rise of revisionist sociologists known as post-Zionists who have been re-examining the evolution of Zionism and suggesting limiting its influence on state policy.

Thus, the New History was instrumental in shaping a new understanding of the 1948 War. After provoking debate, it was integrated into the Israeli academia, where it was examined, debated, and eventually accepted. But while the New History has had a discernible impact on Israeli society, it has thus far had no tangible impact on policymaking.

### **The Past as a “Foreign Country”**

The experience of conducting research abroad was meaningful in more ways than one. Academically, it required me, a student of international relations from India, to interact in a society that was foreign and unknown. Studying the history of the 1948 War was a process of understanding the birth of the state of Israel. It explained the origins of the protracted conflict between Israel and the Palestinians. In the history of modern international politics, the Israel-Palestine con-



*The BGU campus at dusk.*

flict stands out as one of the most complex examples of the formation of a nation-state through the use of force. Sovereignty and territorial issues between Israel and Palestine are far from being resolved, and they also offer a challenge to international conventions and organizations.

On a personal note, staying in a dormitory with Israeli, a few Palestinian, and other students gave me precious opportunities for interaction. The conversations I had reminded me that a wide gap still separates the perceptions of history held by most people and the findings of scholars. University life at Ben-Gurion University was an invitation to interact with the younger generation of Israeli society. Many of the students I spoke with understood the role of the past and of historians in helping resolve present-day conflicts. The role of historians is considered critical in any society. But how much impact do they really have on society?

The younger generation tends to think of the past like events in a “foreign country.” The debate of the historian was too political for the generation which is getting apolitical. They feel that what happened in 1948 has only a minor role in their lives. Nevertheless, university life was full of political and ideological encounters. In May 2012, on the occasion of the annual Palestinian demonstration of *Nakba* (meaning catastrophe, a term used by the Palestinians for the 1948 War), there was a heated debate that university space was being used against Israel’s national interests. The on-going debate in the social sciences pertaining to the Arab Spring was another example of the attention being given to regional political events and their impact on the State of Israel.

For this research work, Sylff fellowship and SRA award made significant contribution. The year 2009 when I was selected for Sylff was a turning point for me. I was born and brought in a framing family in Rajasthan. Being considered part of an international fellowship and the prestigious association with Tokyo Foundation inspired me for the academic world.





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