4. China’s strategy towards Japan in the Diaoyu Islands dispute

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Sources:

Zhu Feng, “A three-pronged strategy to protect the Diaoyu Islands”, Caijing, 9 September 2012).

Wu Di, “The Diaoyu Islands crisis and the strategy of ‘hiding one’s talents and biding one’s time’”, Lianhe Zaobao, 15 September 2012.

Editorial, “Clashing over the Diaoyu Islands”, Caijing, 9 September 2012.

A speedy resolution of the long-standing dispute between China and Japan over the sovereignty of the Diaoyu Islands (Senkaku in Japanese) does not seem likely. But most Chinese experts agree that this diplomatic row has reached a critical stage. The writers say that China has not had to face such a serious “Japanese threat” (日本威胁, riben weixie) since the end of World War II. Zhu Feng says that military conflict between China and Japan over the Diaoyu Islands is inevitable, but that things have not yet come to that. Zhu says it is “extreme” (偏激, pianji) and “not common sense” (缺乏常识的看法, quifen changshi de kanfa) to think that protecting Chinese sovereignty can legitimise the use of military force at every opportunity. Shi Yinhong, quoted in Caijing’s editorial of 9 September, agrees. He says the situation is serious, but he does not believe that the relationship between China and Japan can be completely compromised right now. The experts rule out a military solution. Instead, they consider which strategy China should adopt so as to resolve the dispute without endangering the country’s economic and strategic interests.

Crisis diplomacy, patriotism, and power

Zhu Feng proposes a “three-pronged strategy to protect the islands”, centred on three principles: complete military preparedness (充分的军事准备, chongfen de junshi zhunbei); effective crisis diplomacy (成功的危机外交, chenggong de weiji waijiao); and combining the efforts of the Chinese government and society (中国政府与社会共同努力, Zhongguo zhengfu yu shehui gongtong nuli). He spends most time developing the second point, saying that “effective crisis diplomacy” does not just mean the ability of a government or a country to manage a diplomatic controversy. The country needs to announce that it has good intentions and is willing to cooperate, and by doing so, obtain international support in the dispute. To achieve this, the government must focus on contact, dialogue, and communication, while remaining unshakeable on protecting the country's interests and sovereignty. International alliances must also be considered, and the government should give some thought to logical potential strategic allies. For example, China’s territorial disputes with Japan also concern Russia and South Korea. China could capitalise on a shared opposition to the Japanese right wing, which, Zhu says, is “a common enemy of the political community of East Asia” (东亚政治共同的敌人, dongya zhengzhi gongtong de diren). China, he says, should join South Korea in opposing Japan. In an international crisis like the dispute over the Diaoyu Islands, “effective crisis diplomacy” must be implemented as soon as possible to reassert China’s position.

Zhu says that media patriotism and public opinion must be respected. But it should not be allowed to descend into “puerile patriotism” (爱国主义幼稚病, aiguo zhuyi youzhi bing) or a “patriotic frenzy” (爱国主义狂躁症, aiguo zhuyi kuangzao zhen). He says China should “complain less and act more” (少放炮, 多做事, shao fangpao, duo zuo shi). It will need to do this in the conflicts it will face in the future, which will be increasingly frequent and hard to manage.

Wang Yizhou thinks China’s problem is that it “still has a deep-rooted war mentality, but lacks a commitment to producing international public goods”. He says that any solution must be in line with the Chinese government’s diplomatic agenda, and should be based on a mixture of soft and hard power. Beijing should definitely not give up on hard power. If China wants to become a major maritime power, it must use whatever means it can to protect its maritime space: warships, fishing boats, the coast guard, and so on. But China must also plan and articulate a clear soft power strategy. It needs to learn and apply the rules for managing international waters, including those that relate to fishing, protecting marine biodiversity, or exploiting natural resources. Wang says that “China must become the guardian of security in international waters” (中国要做国际海洋安全的保护者, zhongguo yao zuo guojia haiyang anquan de baohu zhe). By its actions, it should present itself as a protector, and using its ideological positions, it should take on a leadership role.

Using economic leverage against Japan

Zha Quansheng and Wu Di propose an economic solution to the standoff. Zhao says China should use its economic dominance to put pressure on Japan and to reward regional

15 Aside from the standoff over the Diaoyu/Senkaku Islands, Japan is also dealing with other disputes, in particular with South Korea over the Dokdo/Takeshima Islands, and with Russia over four islands in the Kurile Archipelago.

16 Quoted in the Caijing editorial of 9 September 2012. Wang Yizhou is vice-dean of the School of International Studies at Peking University.

17 Quoted in the Caijing editorial of 9 September 2012. Zhao Quansheng is director of the Centre for Asian Studies at the School of International Service, American University.
security. Wu says that there is no point in getting ready ships and artillery – he thinks China’s most useful weapon against Japan is time. Japan’s economy is suffering from a “terminal illness of the economy” (经济绝症, jingji juezheng). This will eventually weaken the country so much that it will not be able to make any demands on the international stage.

Wu says that Japan’s economic situation is not viable in the long term. In 2011, debt-to-GDP ratio was greater than 200 percent, while GDP was at the same level as it was in 2007. The country’s fiscal deficit is largely underpinned by the savings of national companies, which have become less and less internationally competitive. Soon, they will no longer be able to underwrite Japan’s growing debt. When the country’s debt reaches the level of Greece, it will most likely have to call on China for financial help. Wu expects this to happen around 2016. He quotes a macroeconomic report saying that by then, Japan will have completely exhausted its national savings, so its national debt will represent 100 percent of domestic savings. At the same time, China’s GDP will have overtaken that of the US. When that happens, Tokyo will be forced to ask for Beijing’s financial assistance. China will be able to use its strong economic position to impose conditions, including a settlement on the Diaoyu Islands. Wu points out that the European economic crisis has shown that for a country on the verge of bankruptcy, “sovereignty is a luxury” (主权是奢侈品, zhuquan shi shechipin).

That said, the Diaoyu Islands will only be returned to China if a clear strategy is defined and implemented, gradually and deliberately, starting from now. Deng Xiaoping’s approach of “hiding your talents and biding your time” is a “game that only China has the luxury to play” (一个奢侈的游戏只有中国玩得起, yi ge shechi de youxi zhi you Zhongguo wandeqi). China must therefore first ensure a soft landing for its economy in the coming years – which will not be easy. Wu recommends a structural readjustment of the Chinese economy to address the challenge posed by its ageing population, a phenomenon that he describes as “a time bomb” (定时炸弹, dingshi zhadan). He proposes a shift from a model based on cheap labour to a knowledge-based, high-tech, high value-added model. He says that for economic growth to continue, China will have to encourage domestic consumption rather than depending on investment.

Wu says these economic issues are much more important than the issue of the Diaoyu Islands or war with Japan. China will have to take steps to address them, or risk becoming just another ailing economy of East Asia, like its neighbour. But Wu is concerned about the prospects for success: he says that “China’s greatest strategic enemy, in the past, present, and future, is itself.” (中国最大的战略敌人过去是，现在是，将来也是中国自己, Zhongguo zui da de zhanlüe diren guoqu shi, xianzai shi, jianglai ye shi Zhongguo ziji).

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