

Dr. Anthony Saich
**Herding Cats: Developing a Common
Purpose in Asia without Leadership
(Q&A)**
(Summary)

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Tatsuya Nishida, Associate Professor, Hiroshima City University: Leadership is not just about being a powerful country or a great country. Leadership also means providing public goods, and restraint in the use of force. These are the two major features that characterize a good leader.

One of the challenges facing the Asia-Pacific region is the lack of multilateral institutions. We still have not seen multilateral activity on the level of what we see in Europe. North Korea, Taiwan, and territorial issues are great challenges for this region.

China is the key player that can influence the behavior of North Korea. The Clinton administration tried a soft approach with North Korea. The Bush administration tried a hard approach. The Obama administration tried strategic patience, and very much relied on China. What will be the next approach for the United States? This is my first question.

My second question is, what is the real intention of the Trump administration on Taiwan? Is the new administration going to use Taiwan as leverage against China, or are we seeing more of a strategic shift?

My third question is on territorial issues. China used to listen more to ASEAN, particularly Singapore. It seems like ASEAN may not be as effective in the future in restraining China. I would like to hear some comments on this.

Kiyoyuki Seguchi, Research Director, CIGS: The relationship between China and ASEAN countries is very complicated. China will always have some resilience with these countries because of its soft power. The relationship between ASEAN and China is changing rapidly – first the Philippines softened on China, and then Malaysia and Vietnam did too. Japan should pay attention to these changes.

Although the United States cannot join the TPP at the present, it is very necessary. Japan should still push for it. We should establish it and then wait for the entry of the United States. Japan faces a complex situation moving forward, in which it will have to think about its relationships with ASEAN, the United States, and China. If Japan focuses too much on making everybody happy, it will be hard to move forward. Japan should instead establish basic policies and serve as an unwavering point in the Pacific. This will allow us to push for cooperation with the United States, push for better trade systems, and push for peace.

Although the United States will postpone its entry into the TPP, China will likely push for free trade in the future, as it has benefited from the WTO probably more than any other country. Without the WTO, China would have faced very serious trade frictions against the United States or European countries or Japan in the 1980s and 1990s. China thus understands the significance of free trade very well.

I would appreciate comments on all of that. I would also like to ask, what do you feel about the Japanese perception of China? Second, what do you think the Trump administration will expect of Japan?

Dr. Anthony Saich, Distinguished Visiting Scholar, CIGS; Professor, Harvard Kennedy School: Some of the strongest proponents of free trade are now Vietnam and China. Some of the deepest criticisms now come from the United Kingdom and the United States. In countries that are growing rapidly, governments are clearly in favor of trade because they recognize the value of its role. China has clearly benefited more than almost anyone else from the WTO.

Free trade has helped China with ‘catch-up growth’ – it has helped it become a key link in global production chains, a cheaper point of production, and brought in know-how, technology, exchange, and so on.

China and Vietnam are likely to continue to be strong advocates of trading arrangements. It remains to be seen whether they can continue to be as good at developing the kind of technological capabilities and accumulating capital and attracting FDI as they have been thus far.

Most studies show that the United States and the United Kingdom are better off because of the trading arrangements. The problem now is how the benefits of trade have been redistributed, and issues of inequality.

This has happened before, in Latin America. Free trade helped where Latin American elites became globally engaged, but it also created a strong, dissatisfied lower class. The challenge for China and Vietnam moving forward is the prevention of that same cycle.

The United States will likely eventually join the TPP, someday. It is worth moving forward with it. Perhaps China can be brought in to the TPP earlier because of the absence of the United States. Japan could take the lead on this. It could be a good kick start for the Japanese economy.

It remains to be seen what will happen if the Chinese economy doesn't do well in the future. That will be interesting to watch.

As for what the United States will expect of Japan – I suspect Mr. Trump will push Japan at least to appear to be contributing more to defense in the region. I think Japan might be willing to accept that, if Mr. Trump goes ahead with other policies, such as the strengthening of the Navy and a stronger maritime presence in the South and East China Seas. Randy Forbes, who has been tipped to be the Secretary of the Navy, has talked about wanting to build 350 new ships and asking for a budget of up to US\$20 billion.

Japan, at least for a couple of years, is going to have to carry American interests within the Asia-Pacific Region, in the sense that Japan will be forced to keep its course until everyone figures out what President Trump wants to do.

The other side of this issue is Mr. Trump's relationship with Russia. It looks as though he will try to improve that relationship. That will have consequences on the relationship with China, and consequence for the Asia-Pacific Region. It is clear that Japan is also hoping to improve relations with Russia as well. What happens with Russia will likely affect everything.

On Japanese opinions about China – on the one hand, Japanese businesses are still doing very well in China. I have sensed in Japan a much more negative view of China than a few years ago, but that's a very old generalization.

As for Taiwan, I think there are two different views among the advisors to Mr. Trump. I believe that right now the dominating view is that a deal can be made with China. That is dangerous. Deal-making with China over Taiwan is problematic. It's not good for Taiwan. It's not good for the United States. If China were to lash out in the future, it's more likely to lash out at Taiwan. Taiwan will be punished for Mr. Trump's actions.

If you look at articles by Navarro or the Republic National Committee Platform, you will find more sympathy for Taiwan, and a perspective that views Taiwan not just as a card to play strategically against China. On the other hand, John Bolton has written that he does view Taiwan a card to play against China. There are two different views within the Republican Party.

What will China's relationship be with ASEAN? It is hard to say. China could establish a win-win relationship with ASEAN, but right now, considering the situation with Mr.

Trump, any sort of criticism from ASEAN may be seen as the United States trying to put pressure on China. That aspect of this issue could hinder progress.

On North Korea, everyone has suggestions, but the bottom line is that everything so far has failed and all it has done is it has allowed North Korea greater opportunities to develop their nuclear capabilities. There are three things that can be done, none of which are likely to resolve the problem.

First, the United States could go ahead with a Missile Defense System, despite what Beijing says.

Second, sanctions could be tightened.

Third, they could sit down and talk to North Korea. This will be difficult, but it's not impossible.

Questioner 1: China is the most important actor when we think about the future possibility of denuclearization of the Korean Peninsula. Clearly, North Korea is a buffer state for the national security of China.

It's very difficult to get a China-ROK commitment to support economic sanctions. How will President-elect Trump tackle this difficult problem?

Dr. Anthony Saich: I don't know. This is the crux of the problem – the view of North Korea as a buffer state. Even though we would like action, China doesn't want action at the cost of collapse. The issue is, in Beijing's mind, how should we deal with North Korea?

I know China has tried to push North Korea in many ways to follow their reform model, be it through agricultural reform or limited market reforms. Some of that is working. Some of it is improving the quality of life in North Korea, and that shows up in the regime. I think that China felt it was making headway prior to the recent turnover of power in North Korea. I also think they feel that they really have lost any capacity to influence the country with the new president.

What that means is that, in many ways, China's influence is less than the United States would hope. China can punish North Korea, as they have done once or twice by holding up energy deliveries. What I believe will happen is that the Trump administration will

ignore China in terms of the sanctions, and work with as many sanctions as it can with other countries, and just accept that China is always going to be ambivalent precisely for the reasons that have been brought up.

There has been little written about North Korea by Mr. Trump's advisors. We will have to wait and see what happens.

Questioner 2: What do you mean when you say that China must 'adapt its outdated notion of sovereignty'? Could you be more specific about that?

Dr. Anthony Saich: Yes. What I mean by that is, as China matures and as its economy becomes more complex, it will be very difficult for it to continue to take the stance that it does not interfere in the affairs of other countries. That has always been its claim and that has always been its defense against things it doesn't like that other countries are asking it to do.

We can already see China interfering to some extent. Economically, for instance, many in Northern Thailand are upset about cheap Chinese rice imports, and this has fueled political strife there in terms of the conflict between the rural northerners and southern elites. There was also a case where a Chinese official came out in support of a certain candidate in an election in Africa. There are certain compromises that are necessary for China to succeed in a global environment. They will need to step back from an insistence on policies that are 100% optimal just for them.

All countries find that difficult. The United States certainly doesn't like doing it. That is what I meant by that comment.

Kiyoyuki Seguchi: I believe that Japan should join AIIB, and that Japan and South Korea should push the One Belt One Road policy. Some believe that this would shift Chinese focus from the East China Sea to Japan. What do you think?

Dr. Anthony Saich: I don't know how that would affect China. That said, I have said before that I think it was a huge mistake for the United States not to join the AIIB. I also think it is a huge mistake that Japan is not in the AIIB. It would be in Japan's interest to join.

One Belt One Road is a more complicated issue. I don't see any harm in Japan joining, but I don't see Japan as being very active in it. I think the whole thing is going to turn

into a mess. It involves unstable countries, and China has not always shown itself to be very well-educated in terms of internal politics of some of these countries.

Kiyoyuki Seguchi: To clarify my question, the GDP growth rate in Northeast China is 1% or 2%, which is around 5% less than the national average. If China could solve this issue, its national growth rate would increase to 7.1%. Japan and South Korea can help with that. China should use hybrid vehicles produced in Japan. This would increase the production of hybrid vehicles. China should also push harder for food safety projects. Many Japanese companies are interested in helping with that. I also think China should set up environmental regulations in Northeast China to be at the same level as the regulations used in Japan. Many Japanese companies could help them to adapt through technology transfers.

Dr. Anthony Saich: That seems reasonable, but those projects don't need to be a part of One Belt One Road. All of that could be done as a commitment to a more constructive engagement with the northeast. There is already a lot of approval of Japanese investment over the last 20 to 30 years in northeast China, so there is residual goodwill there that can be built upon.

Questioner 4: It is quite natural to expect that the Trump administration will put a lot of emphasis on bilateral talks with China because of their inclination to engage bilaterally rather than multilaterally.

What are your expectations about future US-China Economic and Strategic Dialogues?

Dr. Anthony Saich: Personal relations have been extremely important in putting dialogues together. The creation of good personal relationships with China was something that John Kerry was very keen on. The personal relationships created by the last administration are obviously gone with the new administration.

I think that we won't see the formation of close personal relations until it becomes more clear what the Trump administration is going to do. It is hard to imagine that dialogues will function in any meaningful way other than being forums for statements of positions with no one really wanting to shift from those positions to broker difficult issues.

I think that while China and the United States feel each other out, multi-track dialogues are going to take on an increasing importance. There may be more progress after two or three years of dialogue.