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CHINA’S DEMOGRAPHIC ONUS AND ITS IMPLICATIONS FOR THE JAPAN-U.S. ALLIANCE: THE INCREASING NEED FOR DETERRING CHINA’S AGGRESSION AGAINST THE SENKAKU ISLANDS

This paper will focus on the “demographic onus effect” to challenge established cognitions of rising China. The country’s demographic dynamics, especially the trade-off between a military build-up and welfare spending, will most probably lead to what might be called a “geriatric peace” by around 2030. This is because, due to its long-time one child policy, China is set to confront an unprecedented ageing population before becoming an advanced industrial country. Until then, however, the Chinese will have the fiscal wherewithal to continue the country’s formidable military accrual. China is also likely to become far more belligerent by manipulating nationalist sentiments at home, alongside using foreign policy to divert growing popular discontent. This paper will analyze China’s demographic dynamics and explore the implications of the ageing population to Japan’s security, with the focus on a possible contingency over the Senkaku Islands as the most likely flash point. It will conclude with policy recommendations for Japan and the U.S. to weather possible China’s bellicosity during the next ten to fifteen years.

Keywords: demographic onus, geriatric peace, China, Japan-U.S. alliance, Senkaku Islands, regime survival, a small war.

Introduction

China’s two-decade long rise involving U.S. relative decline is now a focal point in the ongoing debate on a new world order after hegemony. A recent U.S. National Intelligence Council publication, Global World in 2030: Alternative Worlds, has added fuel to the debate, arguing that “by 2030, no country—whether the U.S., China, or any other large country—will be a hegemonic power.”1 The author of this article, who wrote a paper in 2007 as a visiting Japan fellow-in-residence at the Brookings Institution, also assumed the inexorable aggrandizement of China’s economic power involving considerable military buildup to be sustained in the foreseeable future.2 As of summer 2013, Matake Kamiya, professor at Japan’s National Defense Academy, remains certain of the continuing tenability of the assumption in his paper on the evolving East Asian order in a mainstream journal published by the Japan Institute of
International Affairs, a de facto research arm of the Ministry of Foreign Affairs. These publications are indicative of the considerable permeation of “China’s continuing rise” into the U.S. and the Japanese epistemic communities.

Looking closely, however, the cognized status of China as a regional hegemon in the making is based on the simple long-term extrapolation of the statistical trend of its double-digit economic growth rates for the last two decades. Yet, there is no major historical precedent to substantiate the validity of such far-reaching extrapolation. The extrapolation will most probably be untenable because, even by mobilizing additional resource inputs, a developing economy will inevitably confront a series of socio-economic structural bottlenecks that prevent it from growing further or will simply undergo diminishing marginal effect of the inputs on growth. (In fact, the Chinese economy may have already confronted such bottleneck, as demonstrated by its inability to sustain minimum 8% annual economic growth rate that is generally considered essential to maintain sufficient employment and social stability.) In addition, economic growth will not necessarily be translated into military capability due to technical and organizational impediments inherent in building advanced Command, Control, Communications, Computers, Intelligence, Surveillance and Reconnaissance (C4ISR) organizations and systems as well as hardware technologies and human resources. Arguably, there is no solid ground to predict the eventual emergence of a Chinese regional hegemon.

Now, a Japanese policy intellectual, Toshiya Tsugami, cogently argues, with ample statistical data, that the established cognition of China’s continuing rise is not only Chinese mirage but also our delusion: it is very difficult for China to achieve even 5% annual growth rates, given that it has already entered a moderate growth rate period. He then contends that the country now faces a bleak future, and that its GDP will never be the world’s No. 1. Some major Japanese economists have recently become increasingly aware of demographic pressure resulting from rapid greying concurrent with low fertility as a key long-term driver of Japan’s protracted socio-economic stagnation, known as “the lost two-decades”, and Tsugami has aptly applied this approach to China that carried out the stringent enforcement of one-child policy for several decades. Certainly, his analysis shares many similarities with the existing literature in English on China’s demographic change. To note, however, his major contribution lies in schematically highlighting the significant time lag between the reality and its cognition, which has led to the formulation of off-the-mark foreign and security policies of the U.S., Japan, other East Asian countries, and, most importantly, China itself, that hinge on the cognition of the status quo ante.

This paper will first explain Tsugami’s rationale why he challenges the mainstream discourse on China’s rise and, where deemed necessary, supplement other sources. Second, the analysis will distinguish between its long-term and mid-term implications to China’s external behavior, centered on the latter’s high policy relevancy for Japan’s national security concern as
related to the territorial question of the Senkaku islands. Tsugami himself does not mention the mid-term implications and would most likely disagree with them. Third, the paper will critically examine a major shortcoming of the Japan-U.S. alliance, as found in the text of the Japan-U.S. Mutual Security Treaty. The study then will conclude with some policy recommendations so that Japan would be able to survive the mid-term challenge.

China’s Demographic Onus and its Socio-Economic Impact

Prediction is a difficult enterprise in social science, but demographic change is highly predictable given that the distribution of those already born in a national society is known while the size of those to be born in a foreseeable future can be easily estimated with the relatively stable fertility rate unique to the society. Demographic change, then, can serve as an extremely effective vantage point from which to comprehend its positive or negative impact on a nation’s economic power involving the long-term implications to military power.

“Demographic bonus” and its antonym, “demographic onus” are two notable but quite often overlooked concepts whose implications have not been fully explored in international security studies. “Democratic bonus” is in common use, and termed alternatively as “demographic dividend”: the more working population of a nation vis-à-vis its total population, the fewer non-working dependents who need pension and other financial supports, and the more positive economic effect on the overall performance of its national economy. It is made possible by a relative increase of the working population which supports the retired senior citizens, consequently giving it more disposable income at the individual level and generating more effective demand and higher economic growth rates.

Contrarily, “demographic onus” involves negative economic impact due to the significant size of the non-working population vis-à-vis the working one which shoulders high financial burden per capita to support the former. As the income level increases, incentive to have many children will be significantly weakened, and the fertility rate will drop. This will effectively morph the pyramidal age structure of a society into an inverted-pyramidal one. But depopulation will advance slowly because the life expectancy lengthens and the mortality rate declines. The shrunken working population will be burdened to pay a significant part of the social security and welfare costs of the large non-working people who were born before such transformation, until they cease to exist. These costs lessen the working population’s purchasing power, effective demand, and the nation’s economic vitality, which will thwart significant military buildups. This means that the age structure of the total population, not its size, affects the level of living standard and welfare service.

A developing nation, therefore, has to put itself on a path to affluence both at the individual and aggregate levels during a finite transition period in
which a window of opportunity is open. Otherwise, it would suffer from strong “demographic onus” effect. Komine understands that Japan’s “demographic bonus” started in 1950 and ended in 1990,\(^1\) and the country took advantage of it during the 1970s and the 1980s when it continuously recorded very high growth rates. This helps explain why it has failed to grow over the last two decades. Similarly, he also identifies that China “demographic bonus” began in 1965 and will soon finish in 2015.\(^2\) Certainly, China made a take-off in 1978 under Deng’s reform and open policy, followed by a successful catch-up for the last two decades, especially uninterrupted double-digit growth rates for ten years until recently. Yet, Tsugami shows why China will surely face serious “demographic onus” before securing the ticket to affluence, suffering the so-called “middle income trap”.

Tsugami sees that China’s unlimited labor supply from the backward non-capitalist subsistence sector to the modern capitalist manufacturing one has already peaked out, known as “Lewis Turning Point”.\(^3\) Since beginning of the reform and open policy in 1978, China’s labor intensive industries have taken advantage of unlimited labor supply without the need to raise wages, and maintained its strong international competitiveness of manufactured products in export markets. This has generated a virtuous cycle of its rapid industrialization, growth, and capital accumulation. Chinese manufacturers, however, have recently experienced a sharp rise of wages, and are quickly losing international competitiveness vis-à-vis Southeast and South Asian countries where cheap labor is still abundant. These manufacturers hardly match those competitors in the capital- and knowledge-intensive sectors of the advanced economies, either. Obviously, China will no longer be able to play the role of a prime world factory. Without low-cost labor, the country now needs to achieve high productivity or added value through innovation, by making a transition from the current labor-intensive to a capital- or knowledge-intensive industrial structure, or from resource-driven to capital- or knowledge-driven growth.\(^4\) Will China be able to have sufficient financial resources to make investments in infrastructure, education and R&D that are essential to achieve such transformation?

Tsugami contends that China will be unable to make necessary structural change and then suffer the middle-income trap, on the grounds that the government and the state-owned enterprises control and possess the greater part of national wealth. The government has extraordinarily centralized economic power to control resource allocation through its broad and strong authority to grant permits and licenses, large budgets of the central and the provincial governments, and land grant authority. This means, therefore, that the government is both a market player and the referee at the same time, given its control over many state-owned enterprises in key industries, such as in finance, telecommunication, and heavy industry. This structure of China’s state capitalism has even been reinforced by massive post-Lehman Shock...
government spending in public works, resulting in a significant relative decline of the private sector that is supposed to be a prime agent of innovation. The structure, compounded by the longtime residence registration system which virtually discriminate rural peasants against urban dwellers, blocks wealth redistribution and mass consumption of value-added goods and services that are essential to increase effective demand, especially at a stage in which basic needs are satisfied. Most probably, China won’t be able to achieve the necessary structural transformation without significant political and economic liberalization, which involves the termination of the communist dictatorship. This is because such transformation is very unlikely, given the regime’s firm rejection of any significant political and economic reform ever since the Tiananmen Square Incident in 1989.

Thus, the advent of Chinese regional hegemon as a long-term prospect is not only Chinese mirage but also American and Japanese delusion. Today, we are simply reacting to the pre-Lehman image of China at its zenith, while the Chinese are acting with the sense of ungrounded over-confidence and euphoria. Rather, China will be the first country to face rapid ageing before becoming an advanced industrial country.

The Long-term Path to a Geriatric Peace

Based on the understanding that China is increasingly falling in the middle income trap, Tsugami sees little possibility of the country’s full-scale military aggression to the outside world over the long run, after the period 2025-2030, because the country will simply be unable to finance large military spending for that purpose. Certain, those peasants migrating into urban centers may disregard their parents left behind in their agrarian home villages, but the traditional social norm on family, centered on a child’s moral responsibility to take care of his ageing parents, will be expected reasonably high among those who live with their parents in both urban and rural areas. Also, should the communist regime disregard the elderly and, with the discontent of their communities, face strong socio-political instability, it would be compelled to divert fiscal resources from external security to internal security. This possibility would be conspicuous in the latently explosive minority areas, especially in Tibet and Xinjiang. This reasoning is consistent with the existing literature in English on a geriatric peace that focuses on the trade-off between spending on the elderly and for defense. In addition to the trade-off, Libicki et al also point out that countries of low fertility rates are less interested in putting their children at risk than those with large families and thus surplus sons. This applies well to China having enforced the longtime one child policy. Isler also sees demographic changes will “increase Beijing’s risk aversion and constrain regional belligerence”.

Jebat Volume 41 (2) (December 2014) Page | 5
Certainly, as Libicki et al discuss, a surplus of Chinese men versus women—a result of the one child policy under which parents prefer boys to girls in choosing conception and abortion—means that many of them cannot marry. This may in turn constitute a potential source of the country’s socio-political instability, because the government would be forced to put them into an army so that it can prevent them from forming large gangs. Yet, such a possibility is unlikely on the grounds that, to compete high-tech U.S. forces, China no longer pursues the possession of an over-sized army consisting of large conscripted soldiers, given the evolving emphasis on modernization and professionalization involving heavy investment in high-tech weaponry and platforms, especially for its navy and air force. Should China choose to build a large low-tech army with these cohorts, it will not exert any significant threat in the predominantly maritime theater of the Asia-Pacific region, except for those countries bordering China.

Thus, the U.S. and Japan will most probably be able to have a geriatric peace with China by default, but only over the long run. Then Tsugami presents the sense of cautious optimism in that the peace will be reasonably achievable by managing to weather the continued tension with China for the next ten years or so, without analyzing the extraordinary difficulty to do so over the critically important period. In the following analysis, the paper will stress on a good possibility of China’s mid-term bellicosity, despite the long-term prospect for a peace with China.

The Mid-term Bellicosity for Regime Survival

For the next ten years or so until it confronts serious “demographic onus” effect, China will have some significant room left to finance military buildups and operations. It begs the question if, with beefed-up military capability, China may become motivated to wage, among others, a war against the U.S. over the Taiwan Strait in which the U.S. forces may or may not enjoy strong rear-area and logistical support of Japan’s Self-Defense Forces (SDF) or a war against SDF over the Senkaku islands in which SDF may or may not have combined operation with the U.S. forces.

The following discussion will focus on the possibility of a small and limited war against the Senkaku. This is because, given U.S. military dominance in the theater, a war over the Taiwan Strait demands a strong determination or a major miscalculation on the side of China, making it an unlikely but conceivable possibility. China at least faces great uncertainty to win, and at worst has to prepare for a miserable defeat. The result of the war also depends not only on the effectiveness of China’s military buildup focusing on anti-access and anti-denial capabilities vis-à-vis the U.S. forces but also on the level of U.S. commitment in defending Taiwan, which would be greatly influence by the health of the U.S. economy and the trend of the public opinion.
From a Japanese perspective, the Senkaku case makes sense because Japan does not have an official diplomatic relationship with the Republic of China nor an equivalent of the U.S. Taiwan Relation Act. Also, the Japanese Self-Defense Forces remains incapacitated under the existing defense-related laws to exercise the right of collective self-defense in general and executing combined combat roles and missions with the U.S. forces outside Japanese territory in particular. Certainly, in July 2014, the Abe Administration slightly loosened the longtime interpretation of Article 9 of the pacifist Constitution to authorize some limited exercise of the right of collective self-defense with the U.S. military in the case of a contingency directly jeopardizing Japan’s security. Yet, the administration has not yet revised the existing laws, particularly the positive lists of the authorized use of armed force. The Japanese government may extend rear-area and logistical support to the U.S. forces as policy choice, but it cannot directly defend Taiwan with the U.S. forces under the restrictions of the existing domestic and international laws, although doing so could be strategically desirable.

Here, it is important to note the power transition theory and the democratic transition theory. The former sees the strong causation that a rapidly rising power tends to challenge a dominant power in international power transitions, while the latter finds the causal link that a democratizing authoritarian state is prone to taking a revisionist external policy by manipulating nationalist sentiments at home, thereby diverting growing popular discontent with its authoritarian rule to such an external policy. With these theories’ reasonably good explanatory power, they may apply well to the case of rising China under the communist regime. For the last two decades, China has achieved a significant economic and military rise, involving U.S. relative decline and a power transition in which China would possibly challenge the declining U.S. hegemon. Concurrently, the Chinese communist regime confronts ever-widening income gap between the rich and the poor and rampant corruption of party and government officials across the board. As a result, the regime now faces snowballing popular discontent against it and hundreds of thousands of riots. The state of affairs is demonstrated by the fact that the regime has had slightly larger official internal security spending than defense spending for the last three years. Thus there is a good chance that, while manipulating popular nationalist sentiments at home, the regime would wage a war of aggression against the Senkaku Islands and thereby diverting growing popular discontent with its authoritarian rule. To be sure, this will constitute a major challenge to the Japanese-U.S. alliance.

Despite Tsugami’s optimism, therefore, China will most likely be more bellicose in the foreseeable future. This is because the communist regime will be increasingly cornered to struggle for survival due to a mountain of deepening political, economic, social, and even environmental predicaments. This also means that it will be compelled to divert snowballing popular discontent from
internal to external affairs, especially by a small and limited war against an existing or an imaginary enemy that it can win. Contrarily, the defeat in such a war might lead to igniting a series of massive anti-regime disturbances across the country, eventually terminating the life of the regime. At worst, despite the high level of interdependence with the U.S., Japan and the rest of the world, China will possibly attempt a last minute military-diplomatic offensive before it is completely in thrall to serious “demographic onus” effect.31

A Small War as China’s Diplomatic Instrument

Tomohide Murai, a professor at Japan’s National Defense Academy and Japan’s established leading academic expert on China’s military policy, emphasizes that China has proven record of employing a small war as its military-diplomatic instrument in peacetime, most typically in the context of its territorial disputes. Murai refer to Francis Watson,32 citing China’s core interests as those territories that were once under the name of the Chinese civilization. Those territories that were seceded to another country according to legitimate procedures of international law simply mean a temporary acknowledgement of the nation’s powerlessness.33 Then, this understanding on China’s irredentism is also reinforced by a detailed study of William A. Callahan on Chinese antique, modern and contemporary maps.34 The understanding is well shared by the Japanese informed pubic, particularly by the mainstream realist international relations specialists and practitioners specializing in East Asian security and China.

The regime’s ideological position on war— including class struggle, national liberation struggle, and inter-state war against an invader to protect state sovereignty — is, as Murai construes, the highest form of armed struggle to advance the popular interests. He understands that, according to today’s Chinese outlook on war, only a localized war is possible for the foreseeable future, given that only the U.S. and the Soviet Union used to be able to carry out a third world war and that U.S. power has been weakened, while, after the Soviets collapsed, Russia is not capable to compete with the U.S. Also, he suggests that the regime understands the limited scope and objective of localized war that continues for a very short period of time, most probably briefer than several days: China has to take the initiative of offensive operation to achieve the war objective by terminating the war before the enemy becomes able to exert its full military potential and before other major great powers interfere. In other words, today’s Chinese idea on war is characterized by an intensive all-out surprise attack under military high-tech conditions, not a war of attrition.35

Murai points out that the communist regime, immediately after the establishment of the People’s Republic in 1949, made armed intervention in the Korean War, followed by its major attack on Taiwan and the armed
occupation of Tibet. In the 1960s, China initiated military clashes with the Soviet Union and India separately over its territorial disputes with them. In the 1970s, China took Vietnam’s Paracel islands by force, followed by its invasion to the Vietnamese mainland with the pretext to impose “punishment” on the country. In the 1980s, China sunk a Vietnam munitions transport ship in the South China Sea. Furthermore, in the late 1990s, China seized a reef and a shoal under Filipino effective control. These cases demonstrate that, after the 1970s, the Chinese communist regime has increasingly become less hesitant to wage a small war.

Then, Murai focuses on the need to exert specific deterrence effect to China, given that general deterrence to a large-scale war, including extended nuclear deterrence, is hardly effective to prevent China from waging a small localized war. He refers to the case of China’s takeover of the Mischief Reef that used to be under Filipino effective control. China did not challenge it as long as the Philippines had the base lease agreement with the U.S. Having seen solid U.S. commitment to defending the Reef on the side of the Philippines, China was fully recognizant of unfavorable military power balance and preferred top-level Sino-Filipino diplomatic negotiation in 1974 and 1988 to shelve the territorial dispute. After the U.S. dislocated the base and withdrew its forces there in November 1992, the Filipino navy was left with a Second-World-War-vintage destroyer as its only major surface vessel. Since its initial takeover in 1995, China has continued the military occupation of the Reef as fait accompli with the backing of military power.

Now that Chinese maritime law enforcement vessels have continually intruded into Japanese territorial waters centered on the Senkaku Islands without observing the requirements of innocent passage according to the U.N. Convention on the Law of the Sea, sometimes coordinating the presence of China’s naval vessels in the area close to the waters, Japan cannot but be on alert to the conceivable possibility of a small war with China, especially in the context of China’s mid-term bellicosity. It is critically important to note that, given the longtime exclusive defensive policy since the Cold War period, Japan remains in the process of developing limited amphibious assault capability that is essential to recapture the Senkaku by itself should it be seized by China. Until the process is completed, therefore, only the alliance with the U.S. provides Japan with fully credible specific deterrence to possible China’s adventurism. Will the alliance work very well for this purpose?

A Pitfall of the Japan-U.S. Mutual Security Treaty

The U.S. appears to have made solid commitment to defending Japan under the bilateral mutual security treaty. Certainly, the treaty obligation is asymmetrical in that the U.S. is to defend Japan under attack while Japan agrees to provide
the U.S. with military bases and facilities on its soil without being required to
defend U.S. forces if situated outside of Japanese territory. This is consistent
with the restriction of Japan’s pacifist constitution that the U.S. imposed on
it during the postwar military occupation: Japan cannot exercise the right of
collective self-defense with U.S. forces that involves combined combat roles
and missions. Yet, when defending its own territory, Japan’s SDF can fight
together with U.S. forces by invoking the right of individual self-defense, on
the grounds that an attack against U.S. forces in Japan constitutes one against
Japan. (As discussed earlier, in July 2014, the Abe Administration loosened the
longtime interpretation of Article 9 in a way to authorize some limited exercise
of the right of collective self-defense. Yet, it is very difficult for Japan to fully
exercise the right of collective self-defense due to restrictions built in the
existing defense-related laws that are still based on the previous interpretation
of the Article)

But there exists a serious pitfall in the text of the mutual security
treaty, which becomes evident when contrasted with the NATO Treaty. Article
5 of the mutual security treaty stipulates:

Each Party recognizes that an armed attack against either Party in the
territories under the administration of Japan would be dangerous to its
own peace and safety and declares that it would act to meet the common
danger in accordance with its constitutional provisions and processes.

Article 5 of the NATO Treaty provides:

The Parties agree that an armed attack against one or more of
them in Europe or North America shall be considered an attack
against them all and consequently they agree that, if such an armed
attack occurs, each of them, in exercise of the right of individual or
collective self-defence recognised by Article 51 of the Charter of the
United Nations, will assist the Party or Parties so attacked by taking
forthwith, individually and in concert with the other Parties, such
action as it deems necessary, including the use of armed force, to
restore and maintain the security of the North Atlantic area.

There is a remarkable difference between the two: the U.S. shall fulfill
its obligation to defend Japan “in accordance with its constitutional provisions
and procedures”, while the NATO Treaty has no such conditional phrase
attached. Certainly, the phrase equally applies to Japan that is straightjacketed
by the restriction of the pacifist constitution in general and the existing defense-
related laws in particular that are still based on the previous interpretation of
the constitution; notably, Japanese forces cannot defend U.S. counterparts in
the areas surrounding Japan as long as they are situated outside the country’s
territorial waters and airspace. Under the evolving security challenge centered on possible China’s bellicosity, however, the certainty of U.S. commitment matters, at least from a Japanese perspective and, perhaps, for the durability of regional strategic stability.

This effectively means that, in the case of a Senkaku contingency, the U.S. president first has to satisfy the requirement of the constitutional provisions and procedures before carrying out armed intervention to defend Japan. This is in sharp contrast to automatic intervention under the NATO Treaty in which, if armed attack against a NATO member state occurs, the U.S. is automatically obligated to defend the country, although NATO’s collective fact-finding of armed attack may or may not take considerable time. No wonder, at the meeting held in New York on September 23, 2010, then-Secretary of State Hillary Clinton made a revealing remark to her Japanese counterpart, Seiji Maehara, that Article 5 of the mutual security treaty applies to the Senkaku Islands. She did not say that the U.S. was obligated to fulfill its security commitment to defending the islands, though she simply reiterated the longtime U.S. position on the issue.

More specifically, the U.S. constitution empowers the Congress to declare war and the President to be Commander in Chief of the armed forces. This purports that, to wage war, the President first has to secure the consent of the Congress controlling war chest, though he can use the U.S. forces for intervention for a limited period of time within the existing budgetary funds. In fact, the War Powers Resolution of 1973 confines Presidential latitude for maximum 60 days. The successive Presidents have respected the Resolution in substance, without regarding it legally binding in that it infringes their constitutional authority as Commander in Chief. For instance, President George Bush obtained Congressional resolutions to support armed attack against Taliban-controlled Afghanistan and Saddam’s Iraq, and, in 2013, President Barack Obama once expressed his intent to seek one prior to attacking Syria. Then, it is clear that a future President will most likely seek the consent of the Congress to defend the Senkaku islands under China’s attack. Without such consent, U.S. commitment to defending Japan will never materialize.

It is well known that the U.S. government will not take the side of any party over the sovereignty question of a territorial dispute, including the Senkaku case. Article 5 applies to the islands only because they are under Japan’s effective control. This virtually implies that it does not apply should Japan lose the control. In fact, Richard Armitage, former Deputy Secretary of State (2001-2005) under the George W. Bush Administration, wrote an article in a major centrist opinion journal with the largest monthly distribution in Japan, Bungei Shunju, in February 2011 that the U.S. will not be able to defend the Senkaku, if Japan does not defend it by itself and retains the control. From a Japanese perspective, therefore, it is annoying to see that the U.S. government has recently emphasized the importance of the freedom
of navigation, not the defense of islands under an ally’s effective control, as typically demonstrated by then-Secretary of State Clinton’s official press statement of January 22, 2011 in the context of the South China Sea. There is a growing sense of skepticism even within the foreign and security policy establishment, as demonstrated by the recent discussion of Ukeru Magozaki, former Director-General of the Foreign Ministry’s International Intelligence Bureau and Ambassadors to Iran and Uzbekistan. Left equivocal, Japan’s confidence in U.S. commitment to defending the Senkaku will be eroded, adversely affecting the bilateral alliance.

In this context, the Senate amendment to the 2013 Defense Authorization Act appears to have reduced some significant equivocality of the U.S. security commitment, exerting some additional deterrence effect on China. Looking closely, however, the amendment simply restates the current position, while reiterating Article 5 of the mutual security treaty. That is, the Act says that “while the United States takes no position on the ultimate sovereignty of the Senkaku islands, the United States acknowledges the administration of Japan over the Senkaku Islands” and that “the unilateral actions of a third party will not affect United States acknowledgement of the administration of Japan over the Senkaku Islands”. Obviously, the Act assumes Japan’s continued effective control over the islands.

Despite the abovementioned marginal improvements in the politico-legal aspects of bilateral security relationship, U.S. and Japanese militaries have significantly played up their high operational preparedness, centered on the defense and recapture of a solitary island that implicitly supposes a Senkaku contingency. In summer 2012, the Japanese Ground Self-Defense Force and the U.S. Marine troops first conducted a month-long combined amphibious assault exercise on the U.S. islands of Guam and Tinian. In June 2013, SDF joint task force participated in the U.S.-led naval exercise and, as a part of it, carried out amphibious assault exercise offshore of San Diego with a Senkaku contingency in their mind. This was the first full-scale exercise of that sort on the continental U.S, which China strongly requested to cancel.

Now, it is necessary to present policy recommendations how to control the negative effect of the pitfall as analyzed above.

**Policy Recommendations**

Hitherto, this paper has explored China’s demographic onus effect and its implications to Japan’s security, with a major focus on the Senkaku islands as the most likely flash point. The analysis has made it clear that Japan and the U.S. will face a geriatric peace with China by default over a long run, probably after 2025-2030, but that China will most likely present the mid-term bellicosity for regime survival. More specifically, China is anticipated to employ a small war as peacetime military-diplomatic instrument to divert
snowballing popular discontent by satisfying the popular sense of ungrounded overconfidence and euphoria.

As a focal point to cope with such bellicosity, the paper has examined the certainty of U.S. commitment to defending the Senkaku Islands, under the mutual security treaty. It has discovered that U.S. armed intervention is not automatic but contingent upon Congressional consent, the condition that is not required under the NATO Treaty. Left equivocal, Japan’s confidence in U.S. commitment to defending the Senkaku will be eroded, adversely affecting the bilateral alliance.

Certainly, the Senate recently extended moral support to Japan in direct confrontation with China by amending the 2013 National Defense Authorization Act, and the U.S. and the Japanese militaries played up the high preparedness of their amphibious assault capabilities to exert more deterrence effect on China. Yet, these measures seem insufficient to stop China’s excessively provocative paramilitary and military activities in the East China Sea in general and in the area surrounding the Senkaku Islands in particular.

To safeguard Japan’s security under the Japan-U.S. alliance, the following are specific policy recommendations.

First, the Defense Authorization Act has to annually include a statement similar to that of 2013 referring to U.S. security commitment to Japan, including the Senkaku, under the bilateral mutual security treaty. This practice must continue at least for ten to fifteen years. Should China display stronger bellicosity, the statement has to be more than the current wording that Article 5 shall apply to the Senkaku. Instead, to enhance effective specific deterrence effect on the country, the Congress had better state that the U.S. shall defend the Senkaku in accordance with the mutual security treaty.

Second, Japan and the U.S. have to increase the level of operational preparedness, especially in amphibious assault capability, by having regular combined exercise, both in frequency and scale. Again, this practice must continue at least for ten to fifteen years. Should China be more hostile and bellicose, such exercise has to be carried out in the vicinity of Okinawa in order to play up the operational preparedness and exert higher deterrence effect.

Now the above prescription stands increasingly better, given China’s abrupt establishment in November 2013 of an Air Defense Identification Zone (ADIZ) in the East China Sea that claims its jurisdictional control in contravention of international law and the country’s confirmed training for short and sharp war in the Sea against Japan.

End Notes


5 Martin C. Libicki, Howard J. Shatz, and Julie E. Taylor, Global Demographic Change and Its Implications for Military Power (Santa Monica: RAND: Santa Monica, 2011), pp.89-99.


8 Japan has successfully made a transition to a higher level of an advanced economy with the more efficient capital- and knowledge-intensive sectors, having significantly increased productivity. Yet, Japan is still struggling to offset large demographic onus effect that would be far smaller than anticipated China’s similar effect. (see: Komine, op.cit., Chapters 6 and 9). Japan’s comeback as a dynamic regional leader, if ever possible, depends on if it can significantly reduce its accumulated public debts amounting to more than twice as much as its gross domestic product. In this context, it is critically important to see if the so-called “Abenomics” achieves this by generating a government-initiated asset bubble, involving sharp appreciation of the state assets and holdings that are far largest across the countries, and by taking advantage of that for fiscal consolidation. Thus, the essential feature of “Abenomics” is not a growth strategy as generally understood. See, Masahiro Matsumura, “Resurgirá Japón?”, Anuario internacional CIDOB 2013. The English version, “Will Japan Rise Again”, is available at: http://www.cidob.org/en/ publications/articulos/anuario_internacional_cidob/2013/will_japan_rise_again, pp. 4-6, accessed on November 28, 2014.

To enable statistical analysis, the size of the working population of a national society is usually equated, for convenience, to the working-age population who are from 15 to 60 years old.

Komine defines that “demographic bonus” starts when a society’s total fertility rate (the number of children to which a female gives birth in lifetime) reaches 2.1 and ends when the population older than 65 years old occupies more than 14% of the total population. See, Komine, op.cit, p.177 and p.179.

This observation is very similar to the understanding of Robert England: “Barring economic, financial, and social policy missteps by the central government, China potentially has the resources to transition to a moderately developed country by the 2020s. Rapid aging, although it begins in 2010, is unlikely to be a significant damper on the economy and probably will not prevent China from emerging as world economic superpower with a significant middle class. After 2020, however, China will have more difficulty attaining its goal of moving toward the standards of living of the most developed nations, which its leaders optimistically expect to occur by 2050”. See, England, op.cit, pp.117-118.


Libicki et. al, op.cit, p. 84.

Isler, op.cit.

Libicki, et. al, op.cit. p. 84.

Tsugami, op.cit, p. 258.

Tsugami emphasizes the fact that China’s military buildups have been made possible by economic growth, while the percentile
distribution vis-à-vis the country’s GDP has been kept consistently below 1.5%. Tsugami, op.cit, pp. 256-257.

24 “A limited war” and “a small war” are conceptually differentiated in the Japanese discourse of defense policy, as demonstrated in the Defense White Paper of 1978. The former is defined by the limitedness of war objectives, employed means (or weapons), and duration, while the latter is characterized by the small scale of a war. See, Japan Defense Agency, Boei Hakusho (Defense White Paper), 1978, http://www.clearing.mod.go.jp/hakusho_data/1978/w1978_02.html, accessed on November 28, 2014. Section 2-3-(1).

25 For example, see, Richard Bush and Michael O’Hanlon, A War Like No Other: The Truth About China’s Challenge to America (New Jersey: Wiley & Sons, 2007).

26 In July 2014, the Abe Administration changed the longtime interpretation of Article 9 in a way to authorize some limited exercise of the right of collective self-defense, which it believes it essential to formulate new Guidelines for Bilateral Defense Cooperation. Also, the administration is putting constitutional amendment on national agenda. Yet, should he be successful in this effort, combined offensive operation with the U.S., particularly in a Taiwan contingency, will be extremely difficult. See, Abe’s official statement at a press conference in the Office of the Prime Minister, http://www.kantei.go.jp/jp/96_abe/statement/2014/0701kaiken.html, accessed on November 28, 2014.


30 The official defense spending does not include those expenditures

For example, the Soviet Union made such an effort. See, Gerhard Wetting, “(Origins of the Second Cold War) The last Soviet offensive in the Cold War: emergence and development of the campaign against NATO euromissiles, 1973-1983”, Cold War History, Vol. 9, No.1, February 2009.


Ibid. As for general deterrence vs. specific deterrence, also, see, Matsumura, “The Limits and Implications of the Air-sea Battle.
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