

# A China Policy for the Twenty-First Century

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IF TODAY were January 20, 2009, the 44th president of the United States would be in his first day on the job. Our new president will have inherited a dismaying list of foreign policy messes that clamor for urgent fixes, but, barring the unexpected, relations with China probably won't be on that list. During the Bush administration, the best relationships the United States has had have been with the nations of the Asia-Pacific region, among them—much to the surprise of many—China. If nothing goes badly wrong between now and the inauguration, Mr. Bush's successor will be able to savor memories of the cathartic China-bashing of the campaign but to succumb to the temptation to put the actual development of a strategy for handling China onto the back burner.

After all, the new president will have to deal with recession; inflation; mounting foreign debt amidst a credit crisis; public and private pension systems that are slouching toward insolvency; a massive budget deficit with a built-in fiscal time bomb of unsustainable tax cuts that are due to expire; a health insurance system that is driving individual Americans to distraction and businesses over the edge; an educational system that saps rather than fuels the competitiveness of the US economy; a workforce unnerved by broken immigration policies and the fact that industrial jobs are now less than 10 percent of our labor market and falling; an energy policy

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that celebrates self-indulgence and continually deepens import dependence; increasingly shabby infrastructure, complete with collapsing bridges, terminally gridlocked traffic, and man-eating potholes; almost universal disbelief in the capacity of Washington politicians to do anything about any of these things; and so forth.

And then there's foreign policy. Unless something fundamental changes, when the next president takes office, Osama bin Laden will still be at large, and al-Qaeda will be planning something to one-up 9/11; most of our land combat capacity will still be committed to reinforcing strategic failure in Iraq; no one will have yet come up with a plausible endgame for our intervention in Afghanistan; Pakistan will still be a catastrophe waiting to happen; the threat of terrorist reprisal for our intrusions into the realm of Islam will continue to escalate; an outmoded international monetary and reserve system will still menace our prosperity; withering alliances will ensure that we are without international cover or backup for our foreign policies and overseas operations; Israel will remain a pariah state in its own region, besieging others in anticipation of their besieging it and losing friends and alienating people throughout the world; Iran will be farther along in its efforts to develop a complete nuclear fuel cycle as the basis for an independent nuclear deterrent; Russia will continue regression toward its tsarist past; Turkey's estrangement from the United States will be a work in progress nearing completion; transatlantic relations will remain rancorously adrift, and Western values will still lack the long-term, unified backing they need to prevail over competing ideas; Venezuela and other Latin American nations will be working on new and ingenious ways to undermine US leadership of hemispheric affairs; Africans will stay on the road to alignment with a resurgent China and reinvigorated India; the Association of Southeast Asian Nations (ASEAN) will persist in preferring Chinese attentiveness and flattery to American scolding and neglect; Japan will remain strategically perplexed; no one will be doing much to stop the earth from warming; the United States will still be isolated, resented, or ignored in the United Nations and other multilateral fora; very few foreign nations will accept American leadership; and so forth.

Thus, we arrive at the question at hand. How should we deal with China, in all its dimensions—global, regional, bilateral, multilateral, and domestic? Given everything else on the plate, the new president could well decide that the condition of US-China relations is good enough for government work and defer the task of developing a comprehensive strategy

for dealing with it. But that would be a mistake. China and our relations with it will determine a good deal of what happens in this century and how we fare in it.

It would be nice if China were on our side or at least not against us on the formidable range of foreign and domestic challenges we have accumulated since the end of the Cold War. It would be reassuring to be confident that we are not headed into a new cold war, this one with China—a nation that manifestly lacks the ideological rigidity, military overextension, and economic dysfunctionality that enabled us to box in the Soviet Union until it collapsed of its own infirmities. We were able to encapsulate our strategy for dealing with the Soviet challenge to our values and interests in a single slogan, “containment.” Both China and the international context in which it is rising are vastly more complex. No bumper sticker suffices to describe a relationship that is simultaneously cooperative and competitive, distant and close, wary and warm.

In economic terms, China is already a world power. It is beginning to extend its diplomatic influence well beyond its immediate region, to recover its ancient cultural eminence, and to resume its historic contributions to the advance of science and technology. It is a significant regional military power with an increasingly formidable capacity to defend its borders and the approaches to them. China is a growing contributor to peacekeeping operations under the United Nations flag. It may, in time, extend its military reach more widely, though, at this moment there is no clear evidence that this is its intention. The global expectation that China is destined to assume a world leadership role, however, gives it political influence that its unappealing political system would otherwise deny it.

There is no American consensus about how we should deal with growing Chinese power. Nor is there a unified US government strategy for doing so. Members of Congress, as usual, are too busy seeking favors or passing condemnatory resolutions on behalf of special interests and single-issue activists to think about how their actions could affect the broader national interest in a cooperative relationship with China. A small group of members seeks to equate hostility toward China with patriotism. These members have sought to raise public alarm about China through special commissions and annual reports and the passage of legislation to bar contacts and dialogue with the People’s Liberation Army (PLA). The lowest common denominator of these disparate views is very low indeed—a

tapestry woven of a little bit of pandering and a whole lot of slandering that is the opposite of strategy.

Amidst the cacophony, the executive branch has often seemed to consist of disconnected departments and agencies, each doing its own thing—or not doing it—with Beijing. In a speech in 2005, former deputy secretary of state Robert Zoellick made a noteworthy attempt to synthesize a strategy from all this bureaucratic Brownian motion, quirky indiscipline, and ideological knuckle dragging. He coined the phrase “responsible stakeholder” to describe the kind of China we would like to work with, but the incoherence didn’t really go away. The phrase lingers on but not the ideas behind it. More recently, Treasury secretary Henry Paulson has tried to pull together a comprehensive approach to economic aspects of our interaction with China.

It is a long time since there has been an effort at the presidential level to articulate a comprehensive statement of objectives vis-à-vis China, and there is no overall plan. Nor has there been any effort by the executive branch to educate the public on the challenges we face or do not face in our relations with China and the Asia-Pacific region. Perhaps this reflects the fact that China has become the subject of such a wide range of celebrity and interest-group politics that our leaders fear that saying what they want to do with China might get in the way of actually doing it.

Whatever the reason, the absence of a unifying concept has left us and everybody else to figure out for ourselves what the United States is actually trying to do *with* or *to* China. The Chinese, it must be said, are particularly bad at this kind of analysis. The majority of Chinese appear to believe, for example, that public reaction here to the recent race riots by Tibetans and to unrest among other Chinese minorities proves the existence of a plan by the United States and its Western allies to divide, dismember, weaken, and humiliate China. The admirably stiff upper lip and unwillingness to politicize the Olympics that President Bush has shown in the face of these events will, I hope, help to convince them that they are wrong. But I wouldn’t count on it. The level of patriotic indignation in China against posturing by American and European politicians over Tibet is already so high that a long-term clamp-down in Tibet seems inevitable, while public support in China for continued cooperation with the West can no longer be taken for granted.

Even if we make it through the Olympics without more riots and re-criminations, there will still be a good deal to be said for taking the guesswork out of our China strategy and its supporting policies. Doing so could

help establish a better coordinated, more disciplined approach in executive branch departments and agencies while dispelling counterproductive misimpressions abroad and rebutting conspiracy theories in China itself.

It is not enough simply to have relations with China. Those relations should be grounded in reality and calculated, directed, and managed to advance our interests or to at least save them from harm. The next president needs to find an early occasion to restate our objectives with respect to China and the reasoning behind them. I hope he will do so both realistically and with a selfish regard for American interests.

Before I outline some of the elements of such a statement of objectives, I'd like to put forward a few sobering observations about the post-Cold War era and the limits of American coercive power in relation to the rise of China. There is, after all, no point in responding to China's return to wealth and power with daydreams about options that do not in fact exist.

Even if we wanted to do so (and it is not immediately obvious why we should), we could not hold China down. In the globalized economy of today, no effort—even by a country as great as our own—to organize the isolation of China could succeed. Opposing China's rise will not stop it. It will simply earn us the enmity of China's once-again proud people. The observation of the founding father of modern conservatism, Edmund Burke, applies. "The heart of diplomacy," he said, "is to grant graciously what you no longer have the power to withhold." Only by co-opting what one cannot stop can one hope to direct its trajectory and thereby shape the future to one's advantage.

Some of the same Americans who promised marvelous strategic results from the invasion of Iraq continue to argue for the containment of China. The fact is that an attempt to implement such a policy would isolate the United States from our allies and friends to an even greater extent than our policies in the Middle East have. It would raise almost as much distrust of our intentions in Delhi, Hanoi, Islamabad, and Tokyo as in Beijing. From Japan and Korea, through Southeast Asia, to India and Pakistan, and onward through Central Asia and Russia, every nation on China's periphery is well along in a wary accommodation of it. None of China's neighbors see an effort to isolate, weaken, or divide it as feasible, and none are prepared to incur the high costs of attempting to do so.

Though all nations desire continued participation by the United States in the Asian-Pacific balance of power, none want the United States to act as the sole balancer of Chinese power. None favor American confronta-

tion with China or the division of Asia into spheres of influence like those of the Cold War. All wish to see a regional and global balance that incorporates rather than excludes China, India, and other emerging great powers, as well as Japan, which cannot forever hide behind Uncle Sam. This is as true outside the Asia-Pacific region as within it. Although the European Union bans weapons sales to China, it does so on human rights—not geopolitical—grounds, and in deference to American concerns, not out of strategic conviction.

The strategically inclusive approach to China favored by our allies is not contradicted by the Taiwan problem, the only issue that anyone has been able to identify that could ignite a war between China and the United States. There is broad regional and international appreciation of the United States' role in blocking unilateral moves to alter the status quo by either Beijing or Taipei. Still, no US ally has committed itself to participating in a defense of Taiwan's continued separation from the rest of China. Our most stalwart allies in the Pacific—the Australians and South Koreans—who have fought alongside us in every other conflict over the past half century have made it clear that they would sit out such a fight. Despite its oft-expressed apprehensions about China's return to Asian primacy, even Japan is undecided about whether and to what extent it would facilitate military operations from US bases on its territory in a war to define Taiwan's relationship to China.

In the only war with China that anyone can imagine, then, for all practical purposes, we would be on our own. Given how much more capable our Navy and Air Force are than those of the People's Liberation Army, and despite the disagreeable experiences of the Korean War, I have little doubt that we would prevail in any battle with the PLA. What no one can tell me is how we would limit the conflict or win the war. Unlike Korea and the proxy war we fought in Indochina, a US-China war over Taiwan would not be fought in a third country. It would take place on territory that all Chinese agree is theirs and in the Chinese homeland. Strikes on the Chinese homeland would elicit counterstrikes by the PLA on ours, by fair means or foul. After we took out Chinese forces in the Taiwan area and beyond, much of Taiwan would be a smoking ruin, and China and its nationalism would still be there to rebuild the capabilities to have another go at it. We would have made a permanent enemy of China. This is not an appealing scenario, and it's hard to see much in it for us or anyone else.



These are some of the reasons that the aim of US policy with respect to Taiwan has wisely been to ensure that no war over it ever occurs. This policy now seems once again to be bearing fruit, as Taipei and Beijing prepare for negotiations on a wide range of initiatives to further the already extensive integration of their economies and societies and to establish a long-term framework for peace and stability in the Taiwan Strait. Americans need to make clear that there is a corollary to our opposition to coercion and unilateral efforts to change the status quo and that is our willingness to embrace and act to support changes that are mutually agreed between the two sides of the Strait. We should do nothing to disrupt their crafting of such changes. We must ensure that as Taiwan negotiates, it does not do so from a position of weakness, but we should encourage it to negotiate. Asia, and the world, would be a better place, and US interests would be well served if the Taiwan issue were peacefully resolved.

The Taiwan problem has been a persistent constraint on the development of US-China relations and an intermittent source of bilateral crises that destabilize the region and alarm our allies and friends. Ironically, the principal beneficiaries of Sino-American tensions over Taiwan have been Russia and other countries with territorial disputes with China. They have been able to exploit Beijing's obsession with the great rent in China's territorial integrity that Taiwan represents. One result has been border demarcation agreements and military confidence-building measures along their borders with China that were considerably more generous than they might otherwise have been. Another has been the emergence of China as Russia's biggest arms market, alongside India. Of course Taiwan has also become a major destination for US arms sales, a market we monopolize because no other arms-exporting country is prepared to sell there. It is a fact that our military-industrial complex has acquired a vested interest in demonizing China while talking up Taiwan's defense needs.

To the dismay of some, Taiwan has recently become much more selective about what it buys from us. This reflects its recognition that an island of 23 million people cannot hope to sustain a long-term military balance with a society of 1.3 billion plus. This would be true even if China were not driven by other factors unrelated to Taiwan to reequip and modernize its military; but it is. Even as the PLA builds preparedness for Taiwan contingencies, it must mount a credible defense along 14 land borders and against other powerful nations that, like Japan, have a history of invading China. Ironically, any US military planner charged with planning China's

defense would demand a vastly greater level of defense spending than the PLA has been able to wangle.

Both Beijing and Taipei want to end their military confrontation. Both now seek to negotiate a formula that would permit the long-term peaceful coexistence of Taiwan's political economy with the quite different systems now flourishing on the mainland, in Hong Kong, and in Macau. Working out such a formula, consistent with the principle of "one China," is the stated objective of the administration that took office in Taipei on 20 May. Doing so will not constitute "reunification." Discussion of arrangements for that could be deferred, perhaps indefinitely. In the meantime both sides are committed to exploring—I quote—"a formal ending to the cross-strait state of hostilities" and "the establishment of a military mutual trust mechanism, to avoid cross-strait military conflict." The United States should express willingness to help secure any new status quo that may be agreed between Taipei and Beijing and to act accordingly.

If Taipei and Beijing can achieve what they now hope they can, Taiwan's democracy will, for the first time, be unthreatened, and a major burden on our relationships in the area—not just with China but with other countries as well—will be lifted. Concern on the part of the Republic of Korea about our embroiling Koreans in a war with China over Taiwan has been the principal obstacle to the transformation of our alliance into a partnership for power projection. A somewhat similar concern has kept our alliance with Japan from achieving its full potential. Obviously, new possibilities for a strategic relationship with China, leveraging its capabilities to serve our purposes, would also arise.

The downside is, of course, that the credibility of China as a putative "peer competitor" of the United States would be greatly diminished. Our defense industries would be thrust back into another season of "enemy deprivation syndrome"—the queasy feeling they get when their enemy goes away and they have to find a new one to justify defense acquisition programs. I am sure they would prove up to that challenge! A moment of disorientation in the military-industrial complex would, in any event, be a small price to pay for greater security in the western Pacific and the end of any serious prospect of armed conflict with China.

With this prospect in mind, let me return to the broader issue of US objectives vis-à-vis China. I think these should be to ensure, to the extent possible that,



- Americans benefit rather than suffer from China's emergence as an economic great power;
- China becomes a committed guardian and follower of good practices of global governance within a rule-bound international order favorable to American as well as Chinese interests;
- China pulls with us rather than against us as we tackle global, regional, and transnational problems;
- The Taiwan issue is resolved peacefully on terms acceptable to both sides of the Taiwan Strait; and
- Disputes, including those few remaining territorial issues that China has with its neighbors, are also resolved by peaceful means.

Serious pursuit of these objectives would demand of us a degree of far-sightedness and diplomatic creativity like that we evidenced six decades ago, when the now-vanished world for which we built our present international institutions and practices was still new. It would require us to recognize that the alliances and multilateral structures we set up to deal with the threats of fascism and Soviet communism need reform, supplementation, or replacement to be able to deal with the very different challenges and opportunities of the post-Cold War era. These challenges cannot be met with coalitions or through gatherings that do not include those with the capacity to wreck the solutions we craft as well as those essential to craft them. We need new diplomatic and security architectures to manage new global and regional problems. Creating them will require us to combine vision with pragmatism and to set aside our rigid insistence that nations demonstrate democratic credentials before we will work with them.

China is very relevant in this regard. There is a growing range of problems that cannot be addressed and opportunities that cannot be seized without China's cooperation or acquiescence. Such issues now embrace every element of our national interest and every facet of national power. They may sound abstract, but they can help ordinary Americans—or hit us where it hurts. Fortunately, the prospect for Chinese cooperation on many of them is good, especially if Taipei and Beijing succeed in taking the Taiwan issue progressively off the Sino-American agenda. Whether that happens or not, let me mention just a few things the next president could usefully take up with the Chinese to serve the objectives I've outlined.

One of these is the trade imbalance and the dollar-yuan exchange rate. These problems are linked politically. They now also connect to a broader issue of global concern. With about one-fourth of the global economy and a much higher proportion of its debt, our currency can no longer bear the burden of providing three-fifths of the world's reserves. Americans need to return to funding our economic advance with our own savings rather than through foreign borrowing. China and other high-dollar-surplus countries need to know that their long, free ride on the dollar is coming to an end. They will have to pick up their fair share of sustaining the health of the global economy and the international monetary and reserve system on which it depends. We need urgently to sit down with the Chinese and others to begin to work out a new system that would include full convertibility for the yuan but preserve as much as possible of the value of China's, Japan's, and other countries' hard-earned dollar reserves. The aim should be to begin to craft a joint proposal for international monetary reform that we could put before the world's great financial powers.

Consider also the questions of international good governance and the rule of law. One of the lessons Americans may well take away from Iraq is that we should get out of the business of trying to propagate democracy in foreign lands and instead focus on making it work here, counting on the good example we set to inspire others to emulate us. But we have a big stake in the extent to which China internalizes the idea of the rule of law. This is not just because China is becoming an increasingly important element in the forces shaping world order, but also because no nation that is scofflaw at home can be trusted to follow the rules abroad. (The reverse of this, that scofflaw behavior abroad fosters unconstitutional corner cutting at home, is also true, as our own government has recently reminded us.) We need to set a good example at home to have credibility abroad. But we must do more than that.

We need to work with the Chinese to improve the performance of their courts, enhance their legal education, upgrade their forensics standards, and modernize their law enforcement practices. This, not public condemnation and verbal abuse, is how we helped South Korea and Taiwan become democratic societies characterized by a high degree of respect for human rights. Twenty years after the student uprising in Tiananmen, it is time to do away with the sanctions—self-imposed restrictions—that prevent us from working with the Chinese government to help the vastly larger society of the mainland attain comparable standards of civilized behavior.

Yet another challenge that tests our willingness to explore partnership with China is environmental degradation and climate change. Nothing the United States can do will have much effect on the deteriorating global environment without parallel or complementary action from China. It has been all too easy to use this fact as an excuse for doing nothing. The next president should use it as a reason to challenge China to join us in tackling the problem.

If the Bush administration succeeds, as it yet may, in removing the nuclear issue as an obstacle to a permanent peace on the Korean peninsula and normal relations with North Korea, its successor will have something to build on in terms of creating a Northeast Asian security system that can help with crisis management and dispute resolution in that region. China would be an essential partner in any such arrangement, as it has been in the Six-Party Talks. China would also be an indispensable participant in any broader concert of Asia-Pacific powers, including not just our allies in Japan and Korea, but also India, ASEAN, Australia, and others. Such a gathering could advance our objective of assuring that territorial and other disputes are worked out by measures short of war.

Finally, to return very briefly to military matters, it is shocking that we had more contact and were more familiar with the reasoning processes of our Soviet enemies than we are today with the Chinese, who are not and need not become our enemy, and with whom we share many common concerns. At present, if there were an abrupt transition in Korea or Pakistan or an incident in Central Asia, we would not have the mutual confidence and familiarity necessary to work with the Chinese to address the resulting problems, despite the almost certain desire of both of us to do so. Military dialogue and exchanges need a lot of work on both sides.

The United States faces a daunting array of foreign and domestic problems, many of which we cannot hope to solve on our own. We cannot take China's cooperation with us on these problems for granted, even though in some cases it is indispensable. Equally, however, we have no basis for presupposing China's opposition or indifference on these issues. How the United States conceives of our relations with China and how we approach these relations will determine whether it is helpful or hostile on matters of concern to us. We will do better, I think, with a less stridently critical and militaristic approach than we have recently followed.

Diplomacy is not just about preventing problems or deterring others from creating them, though both are part of it. Diplomacy is equally, as

the Truman and Nixon administrations showed in the past century, about responding to broad strategic challenges, about redefining the world and regional orders, about creating opportunities to advance the national interest, and about crafting strategic architecture that embraces the capacities needed to pursue these opportunities. In 2009, Sino-American relations are likely to be ripe for redefinition, renewal, and mutually beneficial enlargement.

It will fall to the president who takes office next January 20th to compose a comprehensive strategy to accomplish this and to devise realistic policies to implement that strategy. But, as former secretary of state Henry Kissinger once wisely remarked, “No foreign policy—no matter how ingenious—has any chance of success if it is born in the minds of a few and carried in the hearts of none.” The next president must also lead the American people toward a better informed consensus on how we can best compete and cooperate with an increasingly influential and powerful China.

The potential for partnership between the United States and China is great; the costs of antagonism are greater. China’s leaders have said on many occasions that they want a strategic partnership with America. To test whether that is possible, Americans must decide what we want from such a partnership and be constant in our pursuit of it. **SSQ**