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# China Faces the Future

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## Session II: U.S.-China Relations under President Obama

Michael J. Green
Center for Strategic and International Studies
Georgetown University

***Introduction***

Last year, many expected that U.S.-China relations would become a major point of contention in the U.S. President election. If this had happened, the result might have been a heavily politicized and divisive U.S. policymaking process towards Beijing in the new administration. That certainly was the pattern when Ronald Reagan came into office having criticized Jimmy Carter for abandoning Taiwan; or after Bill Clinton accused George H. W. Bush of "coddling the butchers of Beijing;" or when Condoleezza Rice argued in *Foreign Affairs* in 2000 that China was a "strategic competitor" and not the potential "strategic partner" portrayed by the Clinton administration. In each of these cases China became a debating point in the Presidential election, and the incoming administration stumbled for a while before it built the internal consensus necessary to sustain an overall strategic approach to China.

It looked like China might figure prominently in the last presidential election cycle when Senator Hillary Clinton gave a speech at a factory in Indiana in April 2008 linking China's trade practices with U.S. security interests. However, that assault fizzled when it failed to generate support among the Democratic base in the primary. Once the general election began, John McCain and Barack Obama crossed swords on many issues from Iraq to health care, but China rarely became an issue.

As a result the Obama administration has come in with a relatively free political hand on China policy and the early signs are that there will be far more continuity than change from the administration of George W. Bush. This continuity has been well received – not only in China, but in the region at large. Like his predecessor, President Obama has made an effort to build a personal relationship with President Hu Jintao and to expand areas of constructive bilateral dialogue and cooperation (including in new areas such as climate change), while simultaneously reassuring key allies like Japan that they remain – in the words of Secretary of State Clinton – the "cornerstone" of our Asia strategy.

Of course, the lack of debate about China does not mean that there is necessarily a consensus on China strategy. Since Reagan, Clinton and Carter had rough political starts for their China policies and then eventually moved back to the center, is it possible that the Obama administration may move from a deceptively smooth China policy to greater ranker in the years ahead? Given the strong Asia team the administration has assembled, I would not necessarily predict this. On the other hand, the Obama administration's China policy has not yet been tested politically, nor is it clear how it fits in a larger "Obama doctrine" on foreign policy. For the most part, the President has used his political capital on the financial crisis, health care reform, climate change and other domestic policy issues. On the foreign policy front, potentially contentious campaign promises have largely given way to pragmatic centrist strategies on Iraq, Afghanistan and North Korea. This trend has reveals a readiness to listen and learn, but has said less about the larger geostrategic world view of the new administration.

For that reason, it is worth considering the difficult decisions on China policy that have not yet been taken. Specifically, there are four questions that will have to be answered over the coming months and years: 1) what is the larger strategic framework for U.S.-China relations; 2) what is the strategy for responding to the PLA military build-up; 3) what is the goal of economic policy; 4) what is the strategy for promoting human rights and democracy.

***What is the Strategic Framework for U.S.-China Policy?*** A prominent Chinese scholar recently argued that the Obama administration appears to be combining two traditional coordinates for U.S. Asia strategy in the post-Cold War era: a bipolar concert of power with China and a balance of power strategy based on alliances. This is probably not a good description of U.S. Asia strategy, since a bipolar concert of power would suggest that the United States is prepared to settle regional issues directly with Beijing and bypass U.S. allies, putting Washington at a disadvantage vis-à-vis Beijing. On the other hand, it would be accurate to characterize U.S. policy towards China (as opposed to Asia more broadly) as combining an "engagement" element and a "balancing" element -- at least since the Nye Initiative of the mid-1990s (others have described this as a "bilateral" strategy and a "rim" strategy towards shaping Chinese behavior).[1]

Thus far, the Obama administration has signaled continuity on both aspects of U.S. China strategy, and in many respects some improvements. Secretary Clinton's first overseas visit was to Japan and President Obama's first official summit in the Oval Office was with Japanese Prime Minister Aso. These were reassuring moves to Tokyo in the wake of bilateral U.S.-Japan tensions over North Korea policy at the end of the Bush administration and uncertainty whether Democrats would revert to a stereotype of "Japan passing" once in office. Meanwhile, President Obama, Secretary Clinton and other cabinet members have repeatedly stated their desire to strengthen cooperation with China through high-level mechanisms such as the Strategic and Economic Dialogue. The administration was also careful after the North Korean nuclear test to seek greater cooperation with Beijing, while also demonstrating an intention to work trilaterally with Japan and the Republic of Korea to take coordinated defensive steps in response to increasing North Korean provocations.

For a realist, these are impressive opening moves. But the question remains whether the strategy will go beyond these important, but still symbolic, early gestures. A number of prominent outside experts have urged the Obama administration to create a "G-2" with China to deal with the financial crisis and problems on the Korean peninsula.[2] Other senior figures in the Democratic establishment have argued that transnational challenges in the 21st Century now render traditional balance-of-power logic irrelevant. Whether or not these views have resonance inside the administration is still somewhat

[1] These two elements are captured in the October 2000 Armitage-Nye Report on the one hand, and the July 2005 speech on China by then Deputy Secretary of State Robert Zoellick. The two are nicely compared by Phil Saunders and Jim Przystup in "Visions of Order: Japan and China in U.S. Strategy," INSS Strategic Forum Number 220, June 2006.

[2] Among others, Zbigniew Brezinski, Jeffrey Sachs and Robert Zoellick.

unclear. President Obama's inaugural trip to Asia in November for the Asia Pacific Economic Cooperation (APEC) forum will be an opportunity for the administration to lay out its comprehensive strategic view on Asia. There is also talk of strategic reports on Asia from the State Department, Defense Department, or both. This would help as well.

***What is the Strategy for Responding to the PLA Military Build-up?*** U.S.-China relations are not static, particularly on the military front. The resumption of military-to-military talks by the Obama administration is a positive development, but fundamental disagreements of principle continue to exist between Washington and Beijing on questions of transparency and how to avoid future military maritime incidents. Beyond defense diplomacy, there is a more fundamental question of how to respond to the PLA's pursuit of area denial and anti-access strategies, including growing threats to U.S. carrier battle groups, satellites and cyberspace. Transparency and confidence-building efforts are necessary, but not sufficient to meet these new challenges. The administration will also need to consider next steps with allies, including Japan (where defense spending has been flat or declining for the past six years, but operations around the disputed Senkaku/Diaoyutai islands are increasing) and Australia (where a new Defence White Paper suggests significant increases in maritime and air power implicitly because of growing Chinese capabilities). Decisions will also have to be made with respect to arms sales to Taiwan, and particularly the F-16s, which are critical to maintaining necessary defensive capabilities in the face of expanded PLAAF deployments of 4$^{th}$ generation fighter aircraft.

***What is the Goal of Economic Policy?*** The administration's decision to establish a Strategic and Economic Dialogue with Beijing signifies the importance of the world's largest developed and developing economies building a cooperative framework for managing bilateral relations. That said, most of the energy thus far has been spent on form rather than substance. It is clear that the "Strategic" part of the dialogue will focus heavily on energy and climate change. The Obama administration's priorities on the "Economic" part of the dialogue will likely be a discussion of issues such as global imbalances and financial liberalization. However, it is not clear whether these will match up with Beijing's priorities or how progress will be measured beyond broad discussions of each side's interests and perspectives. The Joint Committee on Commerce and Trade (JCCT) established under the Bush administration has now come back into focus as a vehicle to address shorter term bilateral economic problems, but the JCCT agenda is also a work in progress.

To be fair to the administration, the Treasury Department is still woefully understaffed at senior levels and the Department's senior management have had to weather complex financial crises at the same time they are trying to design a program with China. For now, the Congress and the press appear ready to give the administration more time…some say a year. But it is possible that pressure will build before that as the Congress attaches protectionist amendments to various bills, the way that the House attached punitive tariffs aimed at China to recent climate change legislation (the debate about whether the tariffs are real or symbolic is only partially relevant here). The Strategic and Economic Dialogue may ultimately prove indispensible to managing these

problems -- and the current focus on form over substance well worth the effort. But the framework for managing bilateral economic ties has not yet been fully field tested.

***What is the Strategy for Promoting Democracy and Human Rights?*** The Obama administration has been sending mixed signals on democracy and human rights to China. Secretary Clinton suggested on the way to Beijing that the United States would soften its stance on human rights issues. Then the State Department issued a statement on the anniversary of the Tienamen Incident urging Beijing to come to terms with that chapter in its history. More recently, the State Department's response to the crack-down in Xinjiang has been an ecumenical call for restraint on all sides, when the burden arguably lies with the Chinese state.

It is true that gratuitous criticism of China rarely produces results, but it has not been proven that self-restraint yields results either. The management of human rights issues with China requires a calibrated but consistent application of pressure both privately and publicly, reinforced by a message that the United States sees steady progress in these areas as indispensible for China's own successful development. This cannot be done entirely in secret. Important stakeholders in the U.S.-China relationship (like the Congress and the American people) need to know that the U.S. government is committed to seeing progress on issues of human rights, governance, women's empowerment and accountability in China. If the administration does not establish its credibility in these areas, then it risks losing control of the management of U.S.-China relations at the first major human rights crisis. The U.S. stance also sets the tone for the international community as a whole and signals to those seeking change within China that their efforts matter.

The administration has demonstrated a pragmatism and readiness to learn that reflect the character of the President. However, it is difficult not to draw the conclusion from the response to developments in Iran, Xinjiang and Latin America that on human rights and democracy issues, the administration is still finding its bearings. The administration still has time to set a clear and consistent private and public message to Beijing before the President travels to China in November. If they do not, the White House will find that relatively low grade pressure on human rights issues will suddenly escalate into major pressure on the eve of Presidential visits, as the White House and national press corps begin searching for their "China" stories. It will be worth watching how the administration responds to the crackdown in Xinjiang as details inevitably leak out about the authorities' heavy hand. Another indicator will be the expected visit of the Dalai Lama to Washington before the President travels to Beijing (one would expect a Presidential meeting, since that is the precedent).

## *Conclusion*

Similar questions might have been asked of earlier administrations and it is nothing new for an incoming foreign policy team to send early signals and begin establishing bilateral and regional cooperative mechanisms without knowing whether any

of these will weather the first signs of political turbulence. The more common pattern is for incoming administrations to spend a great deal of time dismantling unworkable ideas on China policy from the campaign. The Obama administration is saddled with few of these, fortunately. Still, the pragmatism and flexibility that have been the hallmark of Obama's first five months in office also raise questions about the underlying strategic concept that will guide China policy into the future. The test may be in how the administration articulates its view of Asia for the President's trip to the region in November, and how military, economic and human rights challenges are managed in the months ahead.