



ADDRESSING U.S.-CHINA STRATEGIC DISTRUST

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EXECUTIVE SUMMARY

The issue of mutual distrust of long-term intentions—termed here “strategic distrust”—has become a central concern in US-China relations. Vice President Xi Jinping recognized this reality in giving this issue first place in his review of key problems in U.S.-China relations during his major policy address in Washington, DC on February 15, 2012.

Both Beijing and Washington seek to build a constructive partnership for the long run. U.S.-China relations are, moreover, mature. The two sides understand well each others’ position on all major issues and deal with each other extensively. The highest level leaders meet relatively frequently, and there are more than sixty regular government-to-government dialogues between agencies in the two governments each year.

This history and these extensive activities have not, however, produced trust regarding long-term intentions on either side, and arguably the problem of lack of such trust is becoming more serious. Distrust is itself corrosive, producing attitudes and actions that themselves contribute to greater distrust. Distrust itself makes it difficult for leaders on each side to be confident they understand the deep thinking among leaders on the other side regarding the future U.S.-China relationship.

The coauthors of this paper explicate both the underlying concerns each leadership harbors about the other side and the reasons for those concerns. Each coauthor has written the

narrative of his government's views without any changes made by the other coauthor. The coauthors have together written the follow-on analysis and recommendations. The focus is not on day-to-day willingness to cooperate on various issues but rather on the factors on each side that create underlying distrust of the long-term intentions of the other.

The purpose of these narratives of distrust is to enable each leadership to better fathom how the other thinks—and therefore to devise more effective ways to build strategic trust. The coauthors hope this paper will improve the potential for a long-term normal major power relationship between the United States and China, rather than an adversarial relationship that might otherwise develop.

UNDERSTANDING STRATEGIC DISTRUST: THE CHINESE SIDE

Since the end of the Cold War, the PRC leadership has consistently demonstrated the desire to “increase trust, reduce trouble, develop cooperation, and refrain from confrontation” in U.S.-China relations. Beijing realizes that China-U.S. cooperation must be based on mutual strategic trust. Meanwhile, in Beijing's view, it is U.S. policies, attitude, and misperceptions that cause the lack of mutual trust between the two countries.

Chinese strategic distrust of the United States is deeply rooted in history. Four sentiments reflecting recent structural changes in the international system contribute to this distrust: the feeling in China that since 2008 the PRC has ascended to be a first-class global power; the assessment that the United States, despite ongoing great strength, is heading for decline; the observation that emerging powers like India, Brazil, Russia and South Africa are increasingly challenging Western dominance and are working more with each other and with China in doing so; and the notion that China's development model of a strong political leadership that effectively manages social and economic af-

fairs provides an alternative to Western democracy and market economies for other developing countries to learn from.

In combination, these views make many Chinese political elites suspect that it is the United States that is “on the wrong side of history.” Because they believe that the ultimate goal of the U.S. in view of these factors is to maintain its global hegemony, they conclude that America will seek to constrain or even upset China's rise.

America's democracy promotion agenda is understood in China as designed to sabotage the Communist Party's leadership. The leadership therefore actively promotes efforts to guard against the influence of American ideology and U.S. thinking about democracy, human rights, and related issues. This perceived American effort to divide and weaken China has been met by building increasingly powerful and sophisticated political and technological devices to safeguard domestic stability.

U.S. arms sales to Taiwan despite vastly improved cross-Strait relations—and close-in surveillance activities off China's coasts—contribute to Beijing's deepening distrust of U.S. strategic intentions in the national security arena. Washington's recent rebalancing toward Asia further contributes to this sense of threat. American diplomatic positions spanning North Korea, Iran, and countries in Southeast Asia are discomfiting and increase Chinese suspicions of U.S. intentions.

China also views the U.S. as taking advantage of the dollar as a reserve currency and adopting various protectionist measures to disadvantage the PRC economically.

China's criticisms of, and resistance to, some of America's international policies and actions toward the Korean Peninsula, Iran, Syria, and elsewhere reflect the suspicion that they are based on injustice and narrow U.S. self-interest that will directly or indirectly affect China's interests.

UNDERSTANDING STRATEGIC DISTRUST: THE U.S. SIDE

Strategic distrust of China is not the current dominant view of national decision makers in the U.S. government, who believe it is feasible and desirable to develop a basically constructive long-term relationship with a rising China. But U.S. decision makers also see China's future as very undetermined, and there are related worries and debates about the most effective approach to promote desired Chinese behavior. Underlying concerns of American leaders are as follows:

Various sources indicate that the Chinese side thinks in terms of a long-term zero-sum game, and this requires that America prepare to defend its interests against potential Chinese efforts to undermine them as China grows stronger. PLA aspirations for dominance in the near seas (*jin hai*) potentially challenge American freedom of access and action in international waters where such freedom is deemed vital to meet American commitments to friends and allies. The context for this is that, as China's strength in Asia grows, it is more important for America to maintain the credibility of its commitments to friends and allies in the region.

Economically, the United States worries that China's mercantilist policies will harm the chances of American economic recovery. China-based cyber theft of American trade secrets and technology further sharpens these concerns.

China's one-party governing system also induces distrust in various ways. Americans believe democratic political systems naturally understand each other better and that authoritarian political systems are inherently less stable and more prone to blaming others for their domestic discontent. Authoritarian systems are also intrinsically less transparent, which makes it more difficult to judge their sincerity and intentions. What Americans view as human rights violations (especially violations of civil rights) make it more difficult for the U.S. to take actions targeted at building greater mutual trust.

While the U.S. welcomes a wealthier, more globally engaged China, it no longer regards China as a developing country that warrants special treatment concerning global rules. Washington also looks to Beijing to take on some of the responsibilities for international public goods that major powers should assume, and it worries when Beijing declines to do so.

Given the U.S. view that Asia is the most important region in the world for future American interests, American leaders are especially sensitive to Chinese actions that suggest the PRC may be assuming a more hegemonic approach to the region. Washington saw evidence of such actions in 2010-2012.

On the economic and trade side, America is especially sensitive to Chinese policies that impose direct costs on the U.S. economy. These include intellectual property theft, keeping the value of the RMB below market levels, serious constraints on market access in China, and China's 2010-2011 restrictions on exports of rare earth metals, which appeared to be strategically designed to acquire sensitive foreign technologies—especially in clean energy.

Recent developments have increased suspicions among relevant American agencies. The U.S. military sees the PLA apparently prioritizing development of weapons systems particularly targeted at American platforms, and it worries about lack of transparency in China's military plans and doctrines. The scope and persistence of China-based cyber attacks against U.S. government, military, and private sector targets has alarmed American officials in charge of cyber efforts and raised very serious concerns about Chinese norms and intentions. And U.S. intelligence officials see increased evidence of zero-sum thinking in Beijing regarding the U.S. and also increased Chinese espionage efforts in the United States.

ANALYSIS

Drawing from the above, there are three fundamental sources of growing strategic distrust between the United States and

China: different political traditions, value systems and cultures; insufficient comprehension and appreciation of each others' policymaking processes and relations between the government and other entities; and a perception of a narrowing gap in power between the United States and China. The first highlights structural and deep-rooted elements in the United States and China that are not likely subject to major change. It is more realistic for Washington and Beijing to address instead the second and third sources of strategic distrust by improving their understanding of each other's domestic situations and working together more effectively in international endeavors both bilaterally and with other players. In so doing, readers should be mindful that strategic distrust appears to be more the accepted wisdom in Beijing than in Washington, possibly reflecting China's memories of the "100 years of humiliation" and the recognition of its disadvantageous power position vis-à-vis the United States.

RECOMMENDATIONS FOR BUILDING STRATEGIC TRUST

The following recommendations are intended to be *illustrative of the types of new initiatives* that can address the issue of strategic distrust. They are not meant to be read as a specific action program, as even the coauthors do not agree on the details of every one. The purpose in presenting these ideas is to spark creative thinking on both sides.

In economics and trade: create the conditions to encourage Chinese investment in real assets in the United States; complete the current U.S. review of its technology export restrictions before the 2012 election; and on the Chinese side, make the detailed workings of the Chinese political system more transparent to key American officials and analysts so that the latter can develop more realistic expectations of China. The U.S. and China should also, as soon as is feasible, begin negotiations toward completing a bilateral investment treaty.

In military affairs: hold a sustained, deep dialogue to discuss what array of military deployments and normal operations will permit China to defend its core security interests and at the same time allow America to continue to meet fully its obligations to friends and allies in the Asia-Pacific region. Such talks, undertaken by top leaders with active military participation on both sides, may produce related outcomes such as: agreement on mutual restraint in deployment of especially destabilizing new capabilities; better understanding of long-term possibilities on the Korean peninsula; improved mutual understanding regarding the overall security situation surrounding the Taiwan Strait; some agreements on modalities to reduce tensions in the maritime space just beyond China's territorial waters; and potential steps to lessen the security dilemmas that currently bedevil Chinese and American nuclear modernization and space activities.

In the cyber realm: discuss potential norms, rules, and acceptable practices with a view to developing deeper understanding of how each government is organized to handle issues in this sphere, and adopting common vocabulary and principles.

In multilateral dialogues: hold two ongoing trilateral (“mini-lateral”) dialogues (China-Japan-U.S. and U.S.-China-India) to address issues of mutual concern in each triad. Such trilaterals may reduce the chances of developing a strategic cleavage that puts the U.S. on one side, China on the other, and other countries in the region in a position of having to choose sides.

KEY CONCLUSIONS

The above recommendations reflect a belief that strategic distrust is very difficult but not impossible to address meaningfully. They seek, therefore, to suggest a variety of specific initiatives that may erode the bases for deep distrust over long-term intentions and facilitate greater mutual understanding and cooperation.

The stakes in this endeavor are exceptionally high. The United States and China will remain the two most consequential countries in the world over the coming decades. The nature of their relationship will have a profound impact on the citizens of both countries, on the Asia-Pacific region, and indeed on the world. Strategic distrust will inevitably impose very high costs on all concerned if it continues to grow at its current rapid pace.

Words matter, and therefore many of these recommendations focus on new dialogues. If such dialogues and related actions do not prove effective, then both leaderships should very carefully consider how to manage U.S.-China relations so as to maximize cooperation and minimize the tensions and conflict, despite each side's deep distrust of the long-term intentions of the other.

INTRODUCTION

The U.S. and China have a wide-ranging, deep and relatively mature relationship. The presidents of both countries have repeatedly indicated the value of developing a cooperative relationship for the future. Both sides have a pragmatic awareness of the issues on which they disagree, and both appreciate the importance of not permitting those specific disagreements to prevent cooperation on major issues where cooperation can be mutually beneficial. In addition, the leaders and top working-level officials on both sides have gained substantial experience in dealing with each other and, in many cases, have come to know each other fairly well.¹

The above are promising dimensions of U.S.-China relations and should bode well for the future. There is no more important bilateral relationship, and thus its future direction is of enormous importance to each country, the region, and the world. For regional and global issues such as nonproliferation and climate change, active U.S.-China cooperation or at least parallel actions makes issues more manageable; having the U.S. and China work at cross purposes makes those issues more difficult, or even impossible, to manage.

¹ As of January 2012, Presidents Hu Jintao and Barack Obama have met face-to-face ten times and have in addition spoken frequently on the phone. There are over sixty formal annual dialogues between Chinese and U.S. government officials.

Despite both sides' tacit agreement on the above, there are grounds for deep concern about the future. As of early 2012 the U.S. has withdrawn its forces from Iraq and is on schedule to draw down its involvement in the Afghan conflict, and Washington is rebalancing its policy in the direction of Asia and the Pacific. This shift reflects President Obama's basic perspective, as America's self-described "first Pacific president," that because Asia is the most important region of the world for the future of the United States, it is vitally important that America maintain and enhance its leadership role there. In November 2011 the Obama Administration publically committed to devote the necessary resources to sustain this leadership role in Asia, even as its domestic fiscal challenges threaten substantial cuts in the overall defense budget and make funding of major overseas commitments potentially more controversial at home.²

China is expanding its roles in the Asia-Pacific region. Since 2000, virtually every Asian country, as well as Australia, has shifted from having the U.S. as its largest trade partner to having China as its largest trade partner. Most of these countries have also invested directly in China's economy. In short, almost every Asian country now builds continued participation in China's economic growth into its own strategy for future prosperity. Although China's economic and political interests are increasingly reaching around the world, its geoeconomic and geopolitical center of gravity remains in Asia, or what the leaders of China refer to as its "periphery."

In addition, China's military capabilities are improving substantially as a result of double-digit annual growth in its defense expenditures nearly every year since the mid-1990s. A significant portion of that growth has been in force projection capabilities, especially in the navy and also in the air and missile forces. The People's Liberation Army (PLA) is still many

² Kenneth Lieberthal, "The American Pivot to Asia," [FP.com](http://www.foreignpolicy.com/articles/2011/12/21/the_american_pivot_to_asia) (December 21, 2011): http://www.foreignpolicy.com/articles/2011/12/21/the_american_pivot_to_asia.

years away from being a global military power, but its capabilities in the Asia-Pacific region have expanded markedly over the past fifteen years.

Not surprisingly, these various shifts are raising questions throughout Asia about respective U.S. and Chinese roles. Such questions inevitably increase the potential for suspicions about U.S. and Chinese motives and intentions.

Domestically, both the U.S. and China are confronting the need in the coming few years to change basic dimensions of the distinctive growth model each has pursued for decades. In the U.S. the major issue is how to deal with a fiscal deficit that threatens to spin out of control within a decade if serious measures are not taken on both the expenditure and revenue sides of the equation. In China, the 12th Five Year Plan articulates a new development model because the resource, environmental, social, and international costs of the model pursued in recent decades³ have become too great.

Prospects for the future thus must take into account expectations about how successful the U.S. and China respectively will be in effecting the economic transition that each now confronts. At present, many commentators and politicians on each side attribute their own country's economic deficiencies to actions by the other side and propose various penalties in response. Therefore, to the extent that reforms in the two development models fall short, the bilateral relationship is more likely to deteriorate. This introduces additional uncertainty surrounding each side's future posture and capabilities.

A further complication is the rapidly growing importance of cybersecurity issues in the U.S.-China security relationship. Recent years have witnessed the dramatic transformation of economic, military, and social activities in a way that makes

³ This former model places particular stress on high levels of exports, savings, and investment.

the digital world increasingly critical to all three. The digital world is inherently transnational and has characteristics that make many of the normal approaches to building mutual confidence on security issues useless. In a very short period of time, activities in cyber space have deepened suspicions in both Beijing and Washington about the intentions and capabilities of the other side. It will inevitably take years to develop the mutual understanding of concepts, approaches, substantive developments, and principles necessary to reduce uncertainty and suspicion in this new cyber realm.⁴

In a major policy address in Washington on February 15, 2012, Chinese Vice President Xi Jinping placed the need to enhance mutual trust at the top of the list of challenges that the two sides must address more successfully.⁵ He was right to give the issue such priority.

This paper's coauthors have spent many years deeply engaged in U.S.-China relations, and they feel that mutual understanding is critical to achieving the outcomes that are in the interests of each country. But they also worry that at a time of far reaching change, each side is increasingly uncertain about the other side's real perceptions and long-term intentions in this relationship. Does the other side seek and expect to develop a normal, pragmatic major power relationship, where the two countries cooperate where they can and seek to limit disagreements where their interests differ? Or does the other side see its success as necessitating concerted actions to constrict and reduce its opponent's long-term capabilities and influence? Will the top leadership of the other side be willing and able to spend enough political capital to overcome domestic obstacles to establishing a more cooperative relationship?

⁴ Kenneth Lieberthal and Peter W. Singer, "Cybersecurity and U.S.-China Relations," (网络安全与美中关系) (Brookings, February 2012).

⁵ Renmin wang, February 16, 2012: <http://politics.people.com.cn/GB/1024/17132096.html>.

This paper terms distrust of ultimate intentions in the bilateral relationship “strategic distrust.” Here, “strategic” means expectations about the nature of the bilateral relationship over the long run; it is not a synonym for “military.” “Strategic distrust” therefore means a perception that the other side will seek to achieve its key long term goals at concerted cost to your own side’s core prospects and interests. The major concern is that it appears as of 2012 that strategic distrust is growing on both sides and that this perception can, if it festers, create a self-fulfilling prophecy of overall mutual antagonism.

The coauthors of this paper believe that each side can better manage the issue of strategic distrust if its leaders have confidence that they have an accurate picture of the way the other leadership thinks on the issues that produce this distrust. That kind of picture is not easy for either side to obtain. First, various individual leaders do not fully agree on their long run expectations of U.S.-China relations. Second, the leaders are changing—China’s top leadership will witness large-scale turnover in the fall of 2012 and spring of 2013, and the United States is holding its presidential election in November 2012. Even if President Obama is reelected, it is likely that a number of individuals holding key relevant official positions in this administration will change. Third, it is always very difficult to be certain about what top level leaders really think, as versus what they must say and do to meet immediate needs.

Despite these serious difficulties, this paper seeks to explain candidly the perceptions each side has of the other’s motivations, the concerns each leadership consequently has as it looks to the long-term future, and the implications of this analysis for future efforts to reduce strategic distrust in U.S.-China relations. In so doing, it is not focused solely on the very top two or three officials in each country. Rather, it tries to portray underlying perspectives broadly (but not uniformly) shared in the upper reaches of each leadership. It then provides suggestions on the types of initiatives that might in the future help to reduce strategic distrust in U.S.-China relations.

The major purpose of this paper is thus to improve the ability of each side to appreciate the thinking of the other.⁶ Without this kind of awareness, it is more difficult for either side to devise policies that might reduce or at least effectively manage strategic distrust to mutual benefit. Indeed, without such understanding, it can be very difficult to anticipate how the other side will interpret decisions being made—even those intended to advance the relationship.

Neither coauthor currently holds an official government position. Each has contributed to this essay his best understanding of the situation in his own country with the intention of making this essay as useful as possible to pertinent leaders on both sides. Given the goals of this paper, neither author has sought to influence or edit the views expressed by the other in the two core sections of the paper, “Understanding Strategic Distrust: The Chinese Side” (by Wang Jisi) and “Understanding Strategic Distrust: The U.S. Side” (by Kenneth Lieberthal). All other sections of the paper are jointly authored.

This paper portrays mainly the underlying perspectives of a broad stratum of national decision makers—not of the general public—about the long run in U.S.-China relations. It purposely focuses especially on what doubts each has about the prospects and why those doubts exist. These fundamental doubts are perfectly compatible with sincere and meaningful efforts to make the current relationship constructive and to build bridges between the two countries. But over time such doubts can tilt the relationship toward mutual hostility if not addressed effectively. It is precisely to avoid this undesirable outcome that the authors have written this paper.

⁶ In the American idiom, this means for each side’s decision makers to be better able to “put themselves in the shoes of the other side” in order to understand real motivations and perceptions; in the Chinese language, this is referred to as *huanwei sikao* (换位思考).

UNDERSTANDING STRATEGIC DISTRUST: THE CHINESE SIDE

A stable, cooperative relationship with the United States is in the best interest of China in its road to modernization. Since the end of the Cold War, the PRC leadership has consistently demonstrated the desire to “increase trust, reduce trouble, develop cooperation, and refrain from confrontation” in U.S.-China relations. Beijing has assured Washington, especially in the last few years when it has seen more worries in America about China strategic intentions, that China does not seek to challenge or supplant the role of the U.S. in the world, and that China-U.S. cooperation must be based on mutual strategic trust. The Chinese leadership has also taken measures to manage domestic media and public opinion to reduce excessive nationalist sentiment directed at the U.S. Meanwhile, in Beijing’s view, it is U.S. policies, attitude, and misperceptions that cause the lack of mutual trust between the two countries.

Chinese distrust of the United States has persisted ever since the founding of the People’s Republic of China (PRC) in 1949. In the 1950s and the 1960s, the PRC viewed the U.S. as the most ferocious imperial power and the gravest political and military threat. When the Soviet Union became China’s arch-enemy in the late 1960’s, the U.S. threat diminished but did not disappear, particularly in political and ideological terms. Throughout the years since China embarked upon reform and opening in 1978, Chinese distrust of the U.S. has manifested itself in many and varying dimensions, ranging from fears of American interference in China’s internal politics to suspicions

of American attempts to prevent China from becoming a great global power.

In short, China's strategic distrust of the United States is deeply rooted, and in recent years it seems to have deepened. The distrust is reflected not only in some official pronouncements, but also, and most strikingly, in the news media, the internet and blogosphere, and the educational system. The official thinking and the popular sentiments reinforce and interact with each other.

STRUCTURAL CHANGES IN THE INTERNATIONAL SYSTEM

Since 1949, China's changing assessments of the international strategic structure have caused many readjustments of Beijing's foreign policy thinking, especially its perceptions of the United States. After the Tiananmen political storm and sea changes in the Soviet bloc in 1989, Deng Xiaoping called for a cautious, non-confrontational approach toward the United States, which is widely known in China as the posture of *tao-guangyanghui*, or "keeping a low profile." To a large measure, this approach was premised on the fact—and the assessment—that China's power and international status were far weaker than those of America, and that the global balance at that moment tilted toward Western political systems, values, and capitalism. Deng's ideas and policies regarding the United States were followed for two decades by the two successive leaderships headed by Jiang Zemin and Hu Jintao.

Since 2008, several developments have reshaped China's views of the international structure and global trends, and therefore of its attitude toward the United States. First, many Chinese officials believe that their nation has ascended to be a first-class power in the world and should be treated as such. China has successfully weathered not only the 1997-98 Asian financial crisis but also the 2008-09 global financial crisis; the latter, in Chinese eyes, was caused by deep deficiencies in the

U.S. economy and politics. China has surpassed Japan as the world's second largest economy and seems to be the number two in world politics, as well. Chinese leaders took great pride in hosting the Beijing Olympics in 2008 and the Shanghai Expo in 2010, along with some other major events that were also unprecedentedly grandiose. China's outer space projects and advanced weaponry have also contributed to Beijing's self confidence. Chinese leaders do not credit these successes to the United States or to the U.S.-led world order.

Second, the United States is seen in China generally as a declining power over the long run. America's financial disorder, alarming deficit and unemployment rate, slow economic recovery, and domestic political polarization are viewed as but a few indications that the United States is headed for decline. To be sure, China's top leadership has been sober-minded enough to observe the resilience of U.S. power and not to have reached the conclusion that America's superpower status is seriously challenged as of now.

In fact, China's leaders realize that a downturn in the U.S. economy would definitely jeopardize China's economic development, including its exports and the value of its savings in U.S. treasury bonds. Yet, Beijing still sees the lack of confidence and competence of the United States on the global stage and a quite chaotic picture in U.S. national politics. The power gap between China and the U.S. has narrowed considerably. In 2003 when America launched the Iraq War, its GDP was 8 times as large as China's, but today it is less than 3 times larger. It is now a question of how many years, rather than how many decades, before China replaces the United States as the largest economy in the world.

Third, from the perspective of China's leaders, the shifting power balance between China and the United States is part of an emerging new structure in today's world. While the Western world at large is faced with economic setbacks, emerging powers like India, Brazil, Russia, and South Africa join China in challenging Western dominance. These countries are

referred to collectively as the BRICS and BASIC, with their leaders meeting regularly.⁷ Their coordination of economic and foreign policies serves as a counterweight to Western predominance. The G20 is replacing the G8 as a more effective and probably more viable international mechanism. The IMF, the World Bank, and other international organizations and regimes now have to take the aspirations and interests of the emerging powers more seriously.

Fourth, it is a popular notion among Chinese political elites, including some national leaders, that China's development model provides an alternative to Western democracy and experiences for other developing countries to learn from, while many developing countries that have introduced Western values and political systems are experiencing disorder and chaos. The China Model, or Beijing Consensus, features an all-powerful political leadership that effectively manages social and economic affairs, in sharp contrast to some countries where "color revolutions" typically have led to national disunity and Western infringement on their sovereign rights.

Obviously, the above Chinese observations are not readily shared in America. Many of China's political elites, therefore, suspect that it is the United States, rather than China, that is "on the wrong side of history." In the past when they respected America for its affluence and prowess, it was somewhat credible; now this nation is no longer that awesome, nor is it trustworthy, and its example to the world and admonitions to China should therefore be much discounted.

It is strongly believed in China that the ultimate goal of the United States in world affairs is to maintain its hegemony and

⁷ BRICS arises out of the inclusion of South Africa into the BRIC group in 2010. As of 2012, its five members are Brazil, Russia, India, China and South Africa. At the Copenhagen climate summit in November 2009, the grouping of four large developing countries – Brazil, South Africa, India and China, known as BASIC, worked together to define a common position on emission reductions. This group substantially overlaps with BRICS.

dominance and, as a result, Washington will attempt to prevent the emerging powers, in particular China, from achieving their goals and enhancing their stature. According to typical Chinese understanding of world history, American politicians are true believers of “the law of the jungle,” and their promotion of democracy and human rights are in reality policy tools to achieve goals of power politics. This cynicism is so widespread that no one would openly affirm that the Americans truly believe in what they say about human rights concerns. The rise of China, with its sheer size and very different political system, value system, culture, and race, must be regarded in the United States as the major challenge to its superpower status. America’s international behavior is increasingly understood against this broad backdrop.

POLITICAL AND VALUE SYSTEMS

Since the very early days of the PRC, it has been a constant and strong belief that the U.S. has sinister designs to sabotage the Communist leadership and turn China into its vassal state. Such alleged designs are referred to as America’s “strategy of peaceful evolution” against socialism. U.S. sympathies toward, and support for, anti-Communist demonstrations in Eastern Europe before the collapse of the Soviet bloc, the “color revolutions” in the former Soviet states, and the “Arab Spring” in 2011, and support for democratic reforms in Myanmar are all manifestations of U.S. schemes to this effect.

The Communist Party of China (CPC) has long guarded against the influence of American ideology, as its advocacy of such ideas as civil rights, political and religious freedom, and Western democracy is unacceptable to the governing ideology of China. Chinese officials and mainstream commentators categorically reject the idea that China should conduct political reform that might lead to Western-type democracy. Wu Bangguo, chairman of the Standing Committee of the National People’s Congress, stated in May 2011 that, “...on the basis of China’s conditions, we have made a solemn declaration that

we will not employ a system of multiple parties holding office in rotation; diversify our guiding thought; separate executive, legislative and judicial powers; use a bicameral or federal system; or carry out privatization.”

Leading Chinese observers continue to view U.S. policy toward China as aimed to “Westernize” and “divide” the country. They vehemently denounce American sympathy and support for the Dalai Lama, whom they regard as a political figure trying to separate Tibet from the rest of China. Their distrust of American intentions deepened after the violent riot in Lhasa in March 2008, which was seen as resulting from the long-standing American encouragement of the Tibetan “separatists” living abroad. The horrible violence in Urumqi in July 2009 exacerbated Chinese indignation against American efforts, as it was reported by the Chinese media that the Uighur political activist Rebiya Kadeer had staged the killings, and that she and her separatist organization were funded and backed by the U.S. government. It is widely believed in the Chinese leadership that the Americans orchestrated awarding the Nobel Peace Prize to Liu Xiaobo in October 2010. Liu had been sentenced to 11 years for “inciting subversion” against the Chinese government. It is a notable fact that all the existing political forces arrayed against the Communist Party of China, including the Falun Gong, have established their bases in, and are seen as being backed by, the United States.

China has built increasingly powerful and sophisticated institutions, especially counterintelligence and cybersecurity forces, to safeguard domestic political stability. There is a strong conviction that the CIA and a lot of seemingly-aboveboard American NGOs and companies are in fact gathering sensitive data from China with hostile intent. In early 2010, Google’s open criticism of China’s alleged official interference in its work in China triggered a fierce response from Beijing. It was deeply suspected in China’s political circles that the U.S. government was backing Google in inflaming anti-government sentiment among China’s netizens.

American involvement in the “color revolutions” in Central Asian states and some other former Soviet states, as well as the American attitude toward the Arab Spring in 2011, have further solidified the notion that the United States would sabotage the rule of the CPC if it saw similar developments and opportunities in China. Given the increased emphasis in China today on internal political stability, the resulting strategic distrust of U.S. intentions is deepening.

NATIONAL SECURITY ISSUES

Some high-ranking Chinese officials have openly stated that the United States is China’s greatest national security threat. This perception is especially widely shared in China’s defense and security establishments and in the Communist Party’s ideological organizations.

Several recent developments have contributed to China’s deepening distrust of U.S. strategic intentions in the national security arena. First, despite the remarkable improvement of relations between Beijing and Taipei since the KMT returned to power in May 2008, the United States has continued to provide Taiwan with advanced weapons aimed at deterring the Mainland. This is viewed as pernicious in Chinese eyes and has added to the suspicion that Washington will disregard Chinese interests and sentiment as long as China’s power position is secondary to America’s.

Second, while the Obama administration has reassured the Chinese leadership that it has no intention of containing China, the U.S. Navy and Air Force have intensified their close-in surveillance activities against China. At times, U.S. spy planes and ships are so close to Chinese borders that the PLA is seriously alarmed at operational levels. The Chinese military leadership views these activities as deliberately provocative, as no other countries in today’s world, not even Russia, are under such daily American military pressure.

Third, Washington has strengthened security ties with a number of China's neighbors, including most recently India and Vietnam, two states that once fought border wars and still have territorial disputes with China. Intensified U.S. military exercises joined by its allies have caused more Chinese apprehensions. Chinese officials have paid special attention to the Obama administration's statements of a new pivot of America's strategic focus to Asia, made during the APEC meetings in Hawaii and the East Asia Summit in Indonesia in November 2011. In Beijing's interpretation, many of Washington's latest actions in Asia, including the decisions to deploy on rotation U.S. marines in Darwin, Australia, encourage Myanmar (Burma) to loosen domestic political control, and strengthen military ties with the Philippines, are largely directed at constraining China. America's "meddling" in the South China Sea territorial disputes by asserting freedom of navigation concerns there is particularly disturbing to Beijing.

ECONOMIC ISSUES

In recent years, there have been accumulated Chinese misgivings that the U.S. is using China-U.S. economic frictions as a scapegoat for American economic failures. U.S. trade protectionism is widely viewed in China as a sign of American losses in international competition. In Chinese eyes, America's trade deficit with China is largely caused by its export controls resulting from political prejudices against China. Meanwhile, the United States is seen as setting up numerous political obstacles for Chinese companies to invest in America and merge with or acquire American companies. American pressures on China to revalue its currency are generally viewed as a high-handed, unreasonable way to serve the interests of the United States at the expense of China's economy and of Chinese laborers.

Since the beginning of the global financial crisis, China's huge holdings of U.S. treasury bonds have become a more controversial domestic political issue. Due to the devaluation of U.S.

dollar, the fluctuations of the U.S. financial markets, and the August 2011 debt ceiling battle, there are increased doubts about the necessity and wisdom of keeping so large a portion of Chinese savings in the United States. “Kidnapping,” “cheating,” “stealing,” “plundering,” and “irresponsible” are but a few of the words the Chinese are using to express their mistrust of U.S. debt instruments. To be sure, China’s economic and political leaders continue to see few alternatives to purchasing American debt instruments. But Beijing’s domestic political circumstances make this a very difficult issue for any who want to defend the decisions to hold or increase those financial assets.

With a weakened U.S. dollar in the global financial markets, Beijing has had more doubts about the sustainability of the U.S. dollar as the global reserve currency and feels some urgency to internationalize the Renminbi. At the same time, China also suspects that the United States will create obstacles to the RMB’s becoming an international currency. Many believe that U.S. global hegemony is sustained essentially by the dominance of the U.S. dollar, and see the United States as having in the past sought to constrain the rise of the Euro. The Obama administration’s recent plans to finalize and eventually expand the Trans-Pacific Partnership (TPP) is viewed in Beijing as an effort to compete with China’s growing economic ties with other Asian economies and limit the circulation of the RMB.

ENERGY AND CLIMATE CHANGE

The George W. Bush administration was regarded by many Chinese officials as representing the interests of oil oligarchies, and the Iraq War and U.S. policy toward the Middle East were seen as driven by the desire to control global oil supplies. While these Chinese suspicions continue today, the Obama administration’s designated projects to develop clean energy are seen as similarly self-interested. To a great number of Chinese economists and opinion leaders, the whole discourse of climate

change is a Western conspiracy, which is designed first of all to prevent China and other developing countries from catching up. They believe that by creating the impression that climate change is caused by human activities and that reducing carbon emission provides the solution, the Westerners seek to be able to make profits by selling their low-carbon technologies and constraining the rise of economies like China's that still must vastly expand production and infrastructure development to meet the needs of a society that is still transitioning out of poverty and towards a predominantly middle class society.

Chinese leaders, many of whom have technical and scientific backgrounds, may be more impressed with the mainstream scientific findings about climate change and may not believe in such conspiracy theories. China is truly interested in strengthening cooperation with America and Europe in developing clean energy. However, there is a political risk to echoing Western calls for a green economy with too much enthusiasm, as China's high speed economic growth has to depend on fossil fuels for many decades to come.

DIPLOMACY

The perceived changing power balance between China and the United States has prompted many Chinese to expect, and aspire to, a more “can-do” PRC foreign policy, and the Chinese leadership clearly recognizes these sentiments. If Beijing in the past was somewhat tolerant toward U.S. arms sales to Taiwan and military surveillance around China's borders, it should now have enough courage and resolve to “punish” the Americans for such deeds. So far Beijing has been prudent in response to the Obama administration's “pivot to Asia” rhetoric and related diplomatic and military moves, but how much longer it should remain so is debated in China.

China's criticisms of, and resistance to, some of America's international policies and actions toward the Korean Peninsula,

Iran, Syria, and elsewhere reflect the suspicion that they are based on injustice and narrow U.S. self-interest that will directly or indirectly affect China's interests.

Beijing remains officially committed to the denuclearization of the Korean Peninsula and would be deeply disturbed by any new move North Korea might take toward nuclear weaponry or proliferation. However, some Chinese leaders hold the view that it is the United States, rather than North Korea, that should be held more responsible for tensions on the Korean Peninsula. After all, over 60 years ago China fought the Korean War, siding with North Korea against the United States and South Korea to keep American troops away from an area bordering China's northeast provinces. Today, it is still in China's best interest to help North Korea maintain its domestic stability. Given the present security threat posed to China by the United States in East Asia, a friendly relationship with Pyongyang is of vital importance. It is a widely held view in Beijing that the United States would like to see "regime change" in Pyongyang and that American pressures on the North Korean government are aimed at undermining or overthrowing it at China's expense.

Beijing's policy toward Iran is also facing a dilemma. On the one hand, China supports the principle of nonproliferation together with the United States and its European allies. On the other hand, the Chinese are concerned that Washington's high-handed position toward Teheran is driven more by an American desire to change the political structure of Iran and the geopolitical picture in the Middle East than by its declared goal of keeping the Iranians from obtaining nuclear weapons. China is not ready to support more U.S. sanctions against Iran by cutting off its own trade relations with Teheran.

Although the turbulence in the Arab world since early 2011 is not viewed in Beijing as necessarily stirred up by, and beneficial to, the U.S., the Chinese government was perturbed by the forceful intervention of the Western world in Libya in 2011.

Further advance of U.S. schemes in the region, now being unfolded in Syria, would be seen as detrimental to regional stability at the expense of China. Therefore, China joined Russia and some other countries in opposing international efforts to delegitimize the current Syrian government and support the opposition forces in that country.

America's counter-terrorism efforts around the world are viewed in Beijing as a means to expand U.S. spheres of interest in the Middle East, Central Asia, and elsewhere. At the beginning of the 21st century, especially after September 11, 2001, when Washington became preoccupied with counter-terrorism and the wars in Iraq and Afghanistan, China foresaw a 20-year long strategic opportunity in foreign affairs, during which it could focus on domestic tasks centered on economic growth. However, since the Obama administration's decision to pull American troops out of Iraq and Afghanistan, there has arisen a stronger Chinese suspicion that the United States will move its strategic spearhead away from the Greater Middle East and redirect it at China as its greatest security threat. The recent pronouncements about America's "pivot to Asia" tend to reinforce this suspicion.

The Chinese have taken note of a series of American diplomatic moves seemingly directed at China. These include Washington's involving itself in China's territorial disputes with a few Southeast Asian countries, notably Vietnam and the Philippines, over the South China Sea. Although the U.S. official position on this issue remains "neutral," it looks obvious to the Chinese that the Americans would like to drive a wedge between China and ASEAN and keep the issue alive. U.S. calls for freedom of navigation in the South China Sea are clearly working against China's territorial claims. Other unfriendly U.S. diplomatic moves include the strengthening of U.S.-India ties. When India is referred to by Americans as "the largest democratic country in the world," the connotation for China is obvious.

China sees many American activities in the world as violation of the principle of noninterference in other countries' domestic affairs. China's policies toward a number of developing countries, such as Myanmar, Sudan, and Zimbabwe, are in sharp contrast with American positions. American criticisms of Chinese diplomatic practices in these countries are perceived as depriving China of gaining access to the natural resources there and therefore as part of the global American effort to complicate and constrain China's rise.

UNDERSTANDING STRATEGIC DISTRUST: THE U.S. SIDE

Strategic distrust of China is not the current dominant view of national decision makers in the U.S. government. Their consensus view rather sees the prospect for both Beijing and Washington to adopt policies that lead to the type of long-term relationship that one expects to characterize ties between two basically cooperative major powers. The desired U.S.-China relationship as of the 2020s would include efforts to reduce conflicts where possible, to cooperate or at least work in broadly parallel fashion to provide regional and global public goods such as maritime security and lower greenhouse gas emissions, and to maximize mutual bilateral benefits. This does not portend a lack of frictions—each country will have interests that will clash with the other, and their very different cultures, systems, and modern histories will mean that differing viewpoints on many issues are inevitable. But under these conditions both sides will seek win-win outcomes where possible and try to minimize the damage where this is not possible.

The current U.S. attitude is thus one that believes it is feasible and desirable to develop a basically constructive relationship over the long-term with a rising China. In this view, China's rise can bring many positive developments. But it is critical that a strong and prosperous China itself becomes a responsible major power that respects agreements and international rules, sees room for both countries to play major roles in the vital Asian region, and encourages U.S.-China cooperation on major global issues. The type of China envisaged by current

predominant American official thinking is one that will have a significant impact regionally and globally but will not target its increasing capabilities specifically to diminish and disadvantage the United States.

But U.S. decision makers also see China's future as very undetermined. The above attitude is based on a relatively optimistic set of assumptions that they recognize could prove incorrect in practice. One object of U.S. policy is thus to make this relatively optimistic set of outcomes more likely, but there is also clear recognition that it is necessary to be able to cope with the possibility that things may move in a different direction.

Thus, despite the current fundamentally positive U.S. objective, there are worries about a variety of developments on the Chinese side and also debates about the most effective approach the United States can take to promote desired Chinese behavior. The worries are not at this point great enough to cause national policy makers to decide that U.S.-China relations are inevitably going to be zero sum in nature (where every gain for one side is a loss for the other). The underlying concerns—and the reasons for them—are as follows.

STRUCTURAL CHANGES IN THE INTERNATIONAL SYSTEM

American leaders—as distinct from various American scholars and pundits—tend not to think in terms of grand theories of hegemonic power transition, the clash of civilizations, or other overarching structural explanations of global politics. They focus on more concrete issues, even as they think in terms of global principles and approaches to dealing with major issues. This approach tends to downplay notions of the inevitability of outcomes and to allow a greater role for astute diplomacy and for chance. But within this context, the fact that China's global impact and ranking has been increasing rapidly in recent years and that the U.S. is experiencing serious difficulties domestically is itself producing particular sensitivities

uncertainty. This has four basic components with regard to American leaders' level of strategic trust of Beijing:

- American leaders see ample evidence that China sees itself as Number Two and assumes that the U.S., as Number One, will perforce try to hold back China's rise. This attitude pervades the Chinese media and is also clearly evident in many other sources of information from China. This view causes top Americans to worry both that China seeks to displace the U.S. as Number 1 and views U.S.-China relations in fundamentally zero-sum terms. To the extent that China has and will continue to hold these views, some officials argue that it is only prudent for the U.S. to assume that China sees its interests in terms of weakening the U.S., and that the U.S. should interpret and react to China's actions in this light.
- China's military is investing heavily in developing force projection capabilities in the Western Pacific, with a likely view toward enhancing its global reach in coming decades. Recent PLA acquisitions (such as an anti-carrier missile, stealth fighter, and aircraft carrier) inevitably threaten to constrict U.S. military flexibility in the Western Pacific, which the United States views as a vital region for its future. There is currently too little interaction between the U.S. military and the PLA to provide credible assurance that these developments are not potentially adverse to U.S. interests in maintaining its alliances and protecting its broader diplomatic and commercial interests in the region. Some PLA writings that assert broad aspirations to limit what other militaries can do in the "near seas" (*jin hai*) enhance these concerns. American military planners interpret these Chinese aspirations and acquisition of specific capabilities as designed ultimately to deny U.S. forces access to and an ability to operate freely in the maritime area beyond China's territorial waters. But such access

and operational freedom is deemed vital for the security of the United States and of its friends and allies. The result is contingency planning and acquisitions programs on the U.S. side to assure that China cannot successfully enforce a strategy of anti-access and area denial that would keep American forces far from Chinese borders in a time of conflict.

- Americans, including U.S. leaders, have been shocked by the international financial crisis and are deeply concerned about the dysfunctions in their own political system as they seek to put the country back on track. In this context, there is greater sensitivity to other countries' potentially trying to take advantage of these U.S. difficulties to reduce America's chances of bouncing back. Many Chinese actions, especially in the economic and trade realms, are being seen at least partly as having this objective. As explained in more detail below, this is especially true in cyber theft of U.S. intellectual property, mercantilist policies seen as directed at undermining U.S. manufacturing competitiveness in key industries, and currency policy that constrains U.S. exports to the growing Chinese domestic market.
- As China's economic and military capabilities grow, countries throughout Asia are inevitably making adjustments in their foreign policies. Chinese words and actions that encourage others in Asia to have less confidence in the future of the U.S. in the region are cause for serious concern.

In short, the very fact that China has been rising rapidly at a time that the U.S. has experienced major difficulties has created a set of sensitivities to Chinese views, actions, and stated aspirations that in various ways contributes to American strategic distrust of China.

POLITICAL AND VALUE SYSTEMS

U.S. leaders believe that democracies are inherently more trustworthy than are authoritarian systems. This stems in part from an analytical conclusion that authoritarian systems naturally worry more about their own domestic stability and are therefore more willing to bolster nationalism and create international crises in order to secure stability at home. This in turn makes expressions of strong nationalism and indications of national level concern about domestic stability in China worrisome indicators of potential anti-American efforts keyed to (or stemming from) domestic pressures. This is particularly the case when China, as is often the case in domestic propaganda, blames the United States for its own domestic discontents and social instability.

Authoritarian political systems are also viewed as inherently less trustworthy because they are less transparent. The Chinese system takes particular care to conceal its core political processes—such as selection of top leaders and civil-military interactions—from outside view. American leaders do not, therefore, understand how well coordinated with the civilian/diplomatic side are such things as PLAN actions in the South China Sea or the first test flight of a stealth fighter. The latter, for example, occurred just as Secretary Gates arrived in Beijing in January 2011 to reestablish high level U.S.-China military dialogue and was regarded by many on the U.S. side as a direct insult to the U.S. Secretary of Defense. More broadly, in succession politics, it is very difficult for outsiders to understand what pronouncements and actions are shaped more by internal political considerations than by external intentions. This lack of transparency enhances uncertainties about China's strategic intentions toward the U.S.

Too little understanding of how the Chinese political system actually functions also leads easily to Americans' viewing Chinese decision making as strategic, coordinated, and

disciplined. Disparate conflicting outcomes produced by the relatively uncoordinated initiatives of different ministries, enterprises, and localities are therefore often seen as part of a seamless web of Politburo Standing Committee policy designed to confuse and deceive American policy makers. Failure to implement commitments to the American side (e.g., on protection of intellectual property rights or on rules concerning government procurement) tend to be seen as indications of insincerity, when in many cases they may in fact result from the inherent limitations on the central authorities' capacity to rigorously implement a policy throughout the country. In short, American leaders often do not understand the Chinese domestic political system well enough to determine with confidence which outcomes reflect strategic decisions by China's national leaders and which instead reflect inherent dynamics of the political system that are beyond the control (and sometimes against the wishes) of those leaders. They also tend to question the explanations of their Chinese counterparts when they assert domestic incapacity as a reason for failing to meet commitments, viewing these explanations as self-serving and disingenuous.

The U.S. also has long believed that democratic political systems are inherently more legitimate domestically and therefore inherently more stable and that officials in democratic systems have a much better understanding of the nature of politics in the U.S. itself. It is felt that officials in democracies are, therefore, less likely to misjudge what is marginal and what is central in U.S. politics – and therefore are less likely to impute hostile intent to the U.S. when marginal players say outrageous things. This, in turn, makes it less likely that hostilities will arise between the U.S. and other democracies.

Given fundamental American values, what are seen as human rights violations (especially, violations of civil rights) in China and other countries make it politically very difficult for the U.S. government to undertake actions with such countries that aim first of all to build mutual trust. Americans tend to be deeply

suspicious of countries that trample on the civil rights of their own citizens. For historical reasons, the fact that China is governed by a communist party in a one-party system inherently creates misgivings among many Americans, including high level officials, and makes it still harder to establish full mutual trust. This factor is more subtle than in the past but still is an element in the trust equation.

DIPLOMACY

As noted above, the fundamental U.S. attitude toward China's rise is that a wealthier China that plays a larger role in the world is welcome on the condition that China seeks to be a relatively constructive player in regional and global issues. In somewhat more detail, U.S. leaders recognize that China is such a significant player in the regional and global economies that America cannot significantly constrain China's growth and should not regard doing so as desirable, in any case. Indeed, they feel on balance that there are considerable advantages to America in having a wealthier, more globally engaged China.

At the same time, the U.S. on balance no longer regards China as a developing country, especially given the PRC's overall GDP and extraordinary foreign exchange reserves. American leaders therefore look to have China both reinforce global norms and regimes regarding such issues as nuclear proliferation and increasingly assume the burdens that major powers must bear to provide various types of public goods in the global and regional systems. They worry about China's likely future behavior as they see Beijing do too little to take up these broader responsibilities at present.

For a variety of reasons, despite China's repeated assurances that it does not seek to push America out of Asia, American leaders remain deeply concerned that China seeks to dominate the region at significant cost to U.S. influence and interests there. Many aspects of China's regional diplomacy during 2010

reinforced these underlying concerns. For example, China objected vociferously to proposed U.S.-ROK naval exercises in the Yellow Sea in response to a North Korean provocation on the basis that a U.S. aircraft carrier in international waters in the Yellow Sea implicitly threatened China's security. And Foreign Minister Yang Jiechi berated Secretary of State Clinton for interfering in affairs that should not concern the U.S. at the ASEAN Regional Forum meeting in Hanoi where the Secretary made comments about South China Sea issues. Because the United States regards Asia as the most important region in the world for long-term U.S. interests, there is special sensitivity to the potential long-term significance of Chinese actions in Asia that suggest that the PRC is either assuming a more hegemonic posture toward the region or specifically seeking to constrain the American presence and activities there.

ECONOMICS AND TRADE

The combination of China's rapid annual economic growth throughout the global economic and financial crises and the perception that Chinese policy is becoming increasingly mercantilist has created concerns that China seeks to sustain its rapid growth at direct cost to the United States. Within this narrative, some concrete issues especially engender suspicion about the motives of China's leaders:

- *Intellectual property theft.* Despite relatively high quality laws and regulations and China's joining the major pertinent international conventions, the ongoing massive theft of U.S. intellectual property creates the impression that this theft is an integral part of the PRC's national development and defense strategies. This suspicion has grown as cyber attacks from China in recent years have resulted in the loss of extraordinary amounts of private sector proprietary data, in addition to sensitive military information such as the engineering data for the new F-35 fighter aircraft. It

is further increased by China's policies that effectively require transfer of technology to gain access to the Chinese market, especially in new green technologies. In many cases, American leaders have seen that technology sharing agreements required as a condition of entering the Chinese market have led to technology theft and the use of that technology (combined with various Chinese subsidies and other support for their firms) to drive the American firms out of business.

- *Currency policy.* China's control over the value of the RMB, keeping it below market-determined levels, is viewed as a wide-ranging subsidy for Chinese exports to the U.S. and a tax on U.S. exports to China. Especially in the wake of the global financial crisis when the U.S. is highly focused on creating jobs in its manufacturing and export sectors, this currency policy at a minimum is seen as demonstrating indifference to U.S. vital interests.
- *Constraints on FDI.* Although China complains about American restrictions on the export of certain technologies to China, Beijing periodically publishes a highly consequential list of sectors where foreign investment is either prohibited or limited. This goes far beyond issues of national security and amounts to protectionism that directly harms American economic interests. The fact that many of these restrictions affect sectors where U.S. firms are highly competitive—such as financial services—increases the concern that China is prepared to grow its economy at direct, unfair cost to the American side.
- *Rare earth metals.* China's imposition of significant restrictions on the export of rare earth metals once China had become the source for over 90% of the global supply of these substances created particular concerns about the PRC's strategic approach to trade. The rare

earth metals are crucial for many military and civilian products, especially in the electronics and clean energy areas. Although China explained its restrictions primarily on environmental grounds, it created a situation whereby in 2011 firms could gain access to sufficient quantities of these metals only if they moved their production facilities to China itself, in the process putting their technologies at increased risk of theft. Regardless of China's real intentions, this issue was handled in a way that greatly increased concerns over how Beijing will act as it becomes able to dictate outcomes in a broader array of sectors and issues.

All of the above increase the concern among American leaders that, despite many pronouncements to the contrary, China may view the future with the U.S. in zero-sum terms. Negative conclusions about China's intentions based on these economic and trade concerns may be felt somewhat more strongly among the top American political leaders than among those officials solely engaged in the economic side of the U.S.-China relationship.

INSTITUTIONALIZED DISTRUST

Strategic distrust has been partially institutionalized in the U.S. system (as it has in the Chinese system). Each individual agency is in fact very large and diverse, and it is inaccurate to attribute a single view to any particular major agency. Nevertheless, there are perspectives that are held by important officials concerning issues that are particularly germane to their own agencies. The following highlights some of these.

MILITARY

The U.S. military, like any military, is assigned to assume the worst case and then on that basis to build the capability and plans to protect the country and its vital interests. China now

has one of the most powerful militaries in the world, and it is increasing the capabilities of its military more rapidly than is any other country. The U.S. perception is that the PLA is apparently giving top priority to developing capabilities designed specifically to target American military platforms—such as aircraft carriers and satellites—and the PLA is, by international standards, not transparent as to its capabilities and as to what new capabilities and doctrines it will adopt to cope with the key strategic threats it faces in the coming years.

Trust is engendered when a nation's long-term plans are understood and its actions roughly correspond to those plans. In China's case its military plans in key areas have not been made clear. The military's White Papers, for example, have no regional sections that outline what China's interests are in the various areas of the world. Meanwhile, the PLA is building worldwide space-based intelligence, communications, and navigation systems, as well as aircraft carriers and amphibious landing craft.

Given the specific targeting of major American platforms and the lack of transparency about its weapons programs, the American military is periodically unpleasantly surprised at new PLA acquisitions. This enhances distrust of PLA's ultimate intentions and plans. Within the U.S. military, this distrust is especially strong in the navy, air force, cyberspace, and intelligence arms.

Some specific developments have particularly sharpened U.S. military suspicions about China. For example, in the 2001 EP-3 and in other military incidents, the Chinese side has refused to engage seriously on the real facts of the case, instead insisting rigidly on a fictitious rendering of what actually occurred and then at some point engaging in serious discussions to reach a solution. In the words of one American official, "This practice causes distrust—if China is not going to be influenced by the facts of the case, then it is hard to establish a basis for mutual understanding, cooperation and compromise."

CYBERSECURITY

The U.S. has recently developed an overall cyber command within the military (with sub commands in the various branches), along with dedicated cybersecurity organs in various other parts of the government bureaucracy. These various cyber defense organs have quickly become extremely sensitive to cyber operations that originate in China and are directed against U.S. military and civilian (both government and non-government) targets. These Chinese operations have mushroomed in scale and scope and are in many cases extremely persistent and sophisticated. They have produced in some instances startling success in accessing and copying highly sensitive data of direct military, diplomatic, and economic importance.

While the various cyber related units have mandates that are not China-focused, therefore, they have in fact become sources of constant alarm about China-based activities directed against sensitive American capabilities. Even given the problems of attribution that are inherent to the cyber arena, so many of these activities are launched from servers in China and focus on targets that are of particular interest to the Chinese government, military, and corporations, that many have concluded that these are in large measure state-directed and indicative of attitudes and intentions in China that warrant strategic distrust on the U.S. side.

INTELLIGENCE AGENCIES

Many in America's intelligence community find that information they gather indicates that in internal communications key Chinese officials assume very much a zero-sum approach when discussing issues directly and indirectly related to U.S.-China relations. Since these tend to be privileged communications not intended for public consumption, their underlying assumptions are in some cases taken to be particularly revealing of China's "real" objectives.

The FBI, which plays a significant role in both counterespionage and domestic cybersecurity, has become very alarmed at China-based operations directed at U.S. domestic targets. The number of espionage cases aimed at stealing American technology in the U.S. corporate sector has increased substantially in recent years. While this may reflect in part a more effective effort at finding cases of espionage, there is a consensus that the level of effort directed from China has gone up considerably. On the cybersecurity side, the FBI is swamped with cases of cyber intrusions from China-based servers that aim at sensitive American targets and that use very sophisticated and persistent methods of penetration and extraction of information. Very frequently, the information targeted is deemed to be of unique interest to Chinese authorities (rather than to hackers, criminal organizations, or other governments).

In sum, critical agencies in the U.S. government have mandates and experience that provide them with a basis for concluding that the United States should not be confident that China seeks constructive cooperation with the U.S. as its long-term strategic objective. In the post-9/11 world, these agencies are playing a somewhat more prominent role in U.S. policy making, and this builds strategic distrust more centrally into the policy mix on the U.S. side.

CONGRESS

The United States Congress is not included among the “top American leaders” discussed to this point, but congress plays a significant role in various aspects of U.S. foreign policy. That is especially true on trade issues. Congress also has control over government budget appropriations and as such is able to make its concerns felt in the Executive branch in various ways.

There are 535 members of the U.S. Congress, and they represent a very diverse set of constituencies. Many have formed their views about China based on some personal experience

or the interests of some segment of their own constituents, including those who benefit from economic and trade relations with China. Only a relative few have ever studied China with care or are knowledgeable about the detailed history and content of U.S.-China relations.

On balance, many members of congress are very skeptical about China's intentions toward the United States. For some this skepticism stems from complaints by businessmen in their districts. For others, it is based on ideological assumptions or concerns over human rights. Some key members with particular influence on Asian affairs in the current Congress formed their very negative views of China from their personal experiences in fighting the Vietnam War or in dealing with other authoritarian states.

Congressional strategic distrust of China creates real pressures on the decision makers in the Executive Branch. The Congress has, for example, mandated that the Department of Defense produce an annual report on China's military development. This report, by the nature of its mandated focus, typically contributes to strategic distrust of China. Congress has also mandated a prohibition on expenditure of funds by the Executive Branch on U.S.-China cooperation in space and in science more broadly, which denies the U.S. government a potential tool for reducing strategic distrust with China. And members of congress have used their power to confirm top Executive Branch officials to try to make sure that such officials are sufficiently vigilant concerning China's ultimate intentions.

There are a wide variety of views in congress, and members disagree with each other over most issues. But on balance, views on Capitol Hill and the leverage exerted by members of congress push the U.S. administration to pay serious attention to views that are less trustful of China's long-term intentions.

ANALYSIS

The purpose of the above overviews is not to provide a detailed snapshot of current views of individual top leaders on each side. Rather, the above aims to capture key relevant views of the top political elite in each capital in the hope that this candid explication will prove to be of value for the decision makers of each country insofar as they seek to build a constructive relationship with the other.

As the above narratives highlight, despite extensive experience with each other across a wide range of issues, there is substantial and growing underlying strategic distrust in U.S.-China relations. The reasons for that distrust differ. On the Chinese side these doubts stem more from Beijing's application of lessons from past history, while on the U.S. side the doubts tend more to derive from Washington's uncertainties as to how a more powerful China will use its growing capabilities. In each case, differences in political systems and values significantly exacerbate both the inherent distrust of the other side's motives and the inability to understand fully what shapes the other side's attitudes and actions.

Given China's modern history and its still-evolving domestic system, Beijing has deep concerns not only about America's strategic posture toward the PRC but also about Washington's ultimate intentions toward China's domestic political stability and economic growth. By contrast Washington, despite its current domestic difficulties, harbors no concerns about the continued viability of the American political system, and it

tends to view its future prospects primarily as a function of how effectively America deals with its own domestic problems. It is more concerned about China's impact on the international system and how that might affect America's ability to promote its longstanding principles and interests.

There are, in sum, three fundamental sources of the growing strategic distrust between the United States and China.

The first is the different political traditions, value systems, and cultures of the two bodies politic since the founding of the PRC in 1949. On the U.S. side, China's undemocratic politics with human rights violations and opaqueness makes its government less trustworthy, despite the improvement in China's economic and social life in the post-1978 reform years. The Chinese leadership regards this U.S. attitude as consistently hostile in that it is designed to undermine Beijing's own authority and legitimacy. It is therefore hard for Beijing to believe that the Americans are sincere in stating that they want to see a strong and prosperous China.

This source of strategic distrust has been further deepened by certain institutions and groupings in each country. For understandable reasons, a large portion of the two countries' national security and defense establishments, as well as their intelligence communities, work on the premise that the U.S.-China relationship is unfriendly, and their work in turn may nurture mutual suspicions. To many individuals in these organizations, strategic distrust of the other country is obviously justified. In addition, American media often report unflattering narratives about China and U.S.-China relations. Their counterparts in China in recent years have found sensational negative stories and commentaries about the United States very appealing to their domestic audiences. Put together, these institutions and groupings help to create a political correctness in each country that makes taking effective measures to develop mutual trust more difficult.

A second broad source of mutual strategic distrust is insufficient comprehension and appreciation of each other's policy-making processes and relations between the government and other entities. Each side tends to perceive the other side's actions as more strategically motivated, more carefully designed, and more internally coordinated than is actually the case. For example, the economic activities of China's state-owned enterprises around the world, and in particular their investments in the United States, are often viewed suspiciously as part of the Chinese leadership's grand strategy. In reality, however, these enterprise decisions are mostly driven by commercial interests, made individually, and largely unrelated to each other. And the functions and operations of the Communist Party of China remain largely a black box to U.S. politicians. On the part of China, American NGOs, private foundations, media, and churches with any interest or operation in China are typically viewed not only as politically motivated but also as sponsored by the U.S. government, especially by the CIA. Denial of such a linkage has little impact on China's political elites. Therefore, the U.S. government is constantly seen as responsible for the behavior of American private citizens and unofficial groups that is regarded as detrimental to China.

The third overall source of mutual strategic distrust is the perceived narrowing power gap between the United States and China. As recently as several years ago, there was little discussion of China's surpassing the United States as the world's largest economy and a potential global hegemon. Today, this anticipation is real and widespread in both countries, albeit with very different attitudes toward this in Beijing and Washington.

The concern in America—and the optimism in China—that China will in the foreseeable future replace the United States as Number One in global politics and economics has enormous policy implications. While the American concern may lead to increased suspicions that China already has an ambition to “beat” the United States, the Chinese optimism has also engendered apprehension that the U.S. will do whatever it can

to obstruct China's march toward becoming an economic, political, and military giant.

To be sure, leaders in Washington and Beijing are much better informed and much more sophisticated than most citizens and commentators in the two countries in assessing their power and position in the world and vis-à-vis each other. However, the alarmist, nationalistic tendencies in both societies often take the form of a zero-sum mindset and circumscribe to an extent the policy options of top leaders in Washington and Beijing.

In summary, the first source of strategic distrust noted above highlights structural and deep-rooted elements in the United States and China that are not likely subject to major change. It is more realistic for Washington and Beijing to address instead the second and third sources of strategic distrust by improving their understanding of each other's domestic situations and working together more effectively in international endeavors both bilaterally and with other players.

In so doing, it is important to bear in mind that strategic distrust appears to be more the accepted wisdom in Beijing than in Washington, possibly reflecting China's memories of the "100 years of humiliation" presumably caused by Western domination and the recognition of its disadvantageous power position vis-à-vis the United States. As the above narrative explains, while Washington regards a normal great power relationship as both desirable and quite possible (albeit by no means certain), Beijing regards such a relationship as desirable but much less likely to come to pass. China's deeper doubts about the feasibility of developing a long-term normal great power relationship with the U.S. in turn make Washington officials more concerned about China's own intentions.

There are differences of style and practice, moreover, that—beyond the substantive issues discussed to this point—will add to the difficulty of building strategic trust. For example,

Americans generally believe that trust should be built on, and defined by, working together on practical issues. In the case of the bilateral relationship, U.S. decision makers think China should show more willingness – and take more initiative – to cooperate on practical issues such as the nuclear programs in North Korea and Iran, intellectual property rights, and climate change before they characterize the U.S.-China relationship as the “constructive strategic partnership” that China advocates. In contrast, Chinese tend to believe that the relationship between individuals, institutions, or countries should be clearly defined, or at least be formally committed to by both sides, before they can better engage and cooperate with each other. As a result, Chinese officials and diplomats take pains to convince their American counterparts to accept up front their chosen rhetorical definition of the kind of relationship both sides are striving for.

In another manifestation of cultural differences, Americans appreciate candor and honesty in discussing difficult problems and may perceive a lack of sincerity on the Chinese side in “shelving” them, while Chinese may view the American “candor” as not only inappropriate but also at times deliberately arrogant and insulting.

BUILDING STRATEGIC TRUST

The above analysis is both candid and sobering. It does not bode well for the long-term ability of the U.S. and China to maximize cooperation for mutual benefit. Looking to the future, it is possible that growth in strategic distrust cannot be avoided and that the two countries can, at best, strive to develop means to limit the resulting damage to their respective interests. Both sides should prepare to do this if efforts to reduce strategic distrust prove ineffective.

But such efforts are vitally necessary. In the context of growing strategic distrust, an accident could trigger a devastating political or military crisis between China and the United States. The “enemy image” about each other could be easily invoked in the populations, as was exemplified in China after the NATO bombing of China’s embassy in Belgrade in 1999 and the collision between an American spy plane and a Chinese air fighter in 2001. Even more important, strategic distrust can produce, over time, a self-fulfilling prophecy of antagonistic relations that are basically zero sum on both sides, to the severe detriment of all concerned. It is, therefore, worth considering the very difficult issue of how to address strategic distrust with the goal of reducing it over time.

During 2012, leaders in China and the United States are rightly concentrating on their domestic priorities. They have good reason to believe that they have so far managed the complicated and sometimes difficult U.S.-China relationship rather successfully. Indeed, the top leaders have met frequently in bilateral

and multilateral settings, and have been working through official channels like the Strategic and Economic Dialogue to improve broad mutual understanding and cooperation. This is a presidential election year in the U.S. and a year of leadership transition in China. It is unlikely to be a time for significant new initiatives by either side barring some unanticipated major event that requires fresh efforts.

For the longer term, though, both sides need to think in terms of initiatives that can significantly alter the current narratives that enhance strategic distrust. Building strategic trust will be difficult because the sources of distrust are deep, multifaceted, and not well understood by either side. The above narratives seek to make these sources and the related mindsets clearer.

We make the following recommendations to *illustrate the types of new initiatives* that might encourage more constructive thinking about the long-term U.S.-China relationship. To be successful, such initiatives should focus on increasing mutual understanding on key issues and on taking steps that challenge conventional assumptions that are integral to the narratives of strategic distrust on each side.

The coauthors recognize that many of the following suggestions will be controversial in either or both countries, and even we do not necessarily agree with each other on the details of each of them. *We therefore do not put them forward as a specific action program.* Rather, we are providing these ideas in the spirit of illustrating the types of actions in various spheres that may be necessary to move thinking in both countries beyond the narratives of strategic distrust laid out above.

ECONOMICS AND TRADE

The United States and China already have very extensive dialogues and other interactions over economic and trade issues. Yet, mutual distrust even in this arena, as noted above,

remains high. Most of the concrete issues are well understood by both sides. We note here three that may have a particularly important future impact on mutual trust.

First, U.S. companies have long invested substantial sums in China in both greenfield projects and joint ventures. These investments have created a strong set of interests in good U.S.-China relations among corporations that are influential in the American political system. There has been relatively little direct (as versus portfolio) investment by Chinese firms in the United States. As of 2012, however, the conditions for large scale Chinese direct investment in the U.S. have ripened. Many American local governments have identified infrastructure projects that are economically viable but require financing that is not currently available in the U.S. Because of the sluggish economy, prices in the U.S. are now relatively attractive, and the value of the RMB vis-à-vis the USD has grown. And at a national level the leadership is encouraging Chinese firms increasingly to invest abroad beyond the natural resources sector.

There is work to be done on both sides to make such investments more attractive. The U.S. side must make concerted efforts to provide better information and guidance on how to navigate the American regulatory system and how to evaluate whether any proposed investment might trigger a national security review. Additional information is necessary to help Chinese firms identify appropriate projects and the specific American parties to be contacted about those opportunities, as well as to assist in understanding how to become welcome participants in American localities. On the Chinese side, there is much work to be done to educate firms on the American market and business practices in order to be successful in the U.S. Chinese firms also require a great deal of help to learn how to meet standards of corporate governance and transparency that are necessary to operate in the U.S.

Both sides should promote such investment. Over time, successful investments will create powerful interests in the Chinese

system in favor of good U.S.-China relations that are comparable to the American corporations in the U.S. system. These Chinese investors in the United States will also gain a better understanding of internal developments and aspirations in America, which may help reduce misunderstanding and distrust in China. Likewise, Americans will have a growing opportunity to become familiar with Chinese corporations – including state-owned enterprises. If these firms act according to commercial principles, create jobs and opportunities, and become good corporate citizens, this may alleviate Americans' concerns about Chinese business practices and goals. With these objectives in mind, both governments should also work toward adopting a bilateral investment treaty.

Second, the United States government is reviewing its regulations on exports of technology with a view toward updating those regulations. The Obama Administration has been engaged in this effort since its first year in office. The task is complex both substantively and procedurally, but it will contribute substantially to building mutual trust if it can be brought to a meaningful conclusion during President Obama's current term. It is widely expected that the changes will significantly reduce restrictions on technology transfers, limiting this to technologies that more clearly have an impact on national security and are not readily available elsewhere. Beijing has long seen Washington's wide-ranging restrictions on technology transfer as an indication of its fundamental distrust of the PRC. Updating the regulations may reduce this suspicion among Chinese. As the Obama Administration has already indicated its intention to take steps in this direction, failure to produce results before the 2012 election, especially if a new-elected Republican president then drops the effort, might damage America's credibility and further deepen Chinese distrust.

Third, the Chinese government may somewhat enhance U.S. confidence if it does a better job of making the detailed workings of the Chinese political system more transparent to key

American officials and analysts. Currently, when the Chinese side makes commitments to, for example, protect intellectual property or to expand government procurement of foreign products but then does not fundamentally solve the problem, the U.S. side not surprisingly assumes bad faith on the part of Chinese counterparts. In reality, a deeper knowledge of the inner workings of the Chinese political system would enable Americans to understand far better the constraints on disciplined implementation of some types of national level decisions. This increased insight would enable the American side to have both more realistic expectations as it makes decisions on such things as technology transfer regulations and also a better feel for when and whether the Chinese side is acting in good faith to meet its commitments.

MILITARY STRATEGY

When it comes to mutual strategic distrust, the military/security sphere is both important and pernicious. We therefore focus especially on ideas to reduce distrust in this realm.

Strategic postures

The United States and China are now making significant decisions regarding both doctrine and investments in military capability. Broadly, the U.S. is reducing anticipated military expenditures and at the same time reconfiguring forces to assure that American goals in the Asia-Pacific can be met. China is in the midst of a significant buildup of its military capabilities to be commensurate with its increasing regional and global activities and interests.

Their respective efforts are likely to contribute to increased strategic mistrust unless the two sides address a central question: what array of military deployments and normal operations will permit China to defend its core security interests and at the same time allow America to continue to meet fully its

obligations to its allies and friends in the region? The answer will not be completely comfortable for either side—China’s military is already developing capabilities to force changes in American platforms and plans, and Beijing cannot realistically hope to achieve the capacity to dominate the surrounding seas out to the first island chain against determined American efforts to prevent that domination.

As of now, each side is developing doctrines that are ill-understood by the other—China talks about securing the near seas and the U.S. talks in terms of an Air-Sea Battle doctrine that is now evolving into a Joint Operational Access Concept (JOAC). These doctrines both reflect and shape threat perceptions. Almost unique to the military sphere, moreover, is that decisions are made in anticipation of requirements 10-20 years from now, as it generally takes that long to move from initial agreement to develop a major new weapons system to integration of the actual system into combat capability and doctrine. Each side, in addition, as best it can monitors the decisions the other side is making about this long-term future and reacts accordingly.

While the specific concerns and operational assumptions behind each doctrine are opaque, each is increasingly being couched in terms that can easily justify escalating military expenditures as both militaries attempt to achieve basically unattainable levels of certainty. U.S. analysis regards China as having adopted an anti-access and area denial strategy, but many details about Chinese aspirations are very unclear. The Chinese side is anxious over its lack of understanding of either the Air Sea Battle Concept or the new JOAC. There is, therefore, now a pressing need for a serious discussion of the respective doctrines and their relationship to various decisions about deployment of military capabilities as pertains to Asia.

This cries out for top political leaders to step in and, along with their militaries, discuss principles and accommodations that give each side reasonable certainty about its core security

interests through a set of understandings and agreements that include steps embodying mutual restraint on development and deployment of particularly destabilizing weapons systems and platforms. Such discussions also need to probe each side's goals and expectations on such sensitive issues as the Korean peninsula and Taiwan in order to improve mutual understanding and build greater trust. Specifically, such discussions might fruitfully address:

Mutual restraint on new capabilities: This is a particularly important topic because many capabilities are being developed in direct response to what the other side is doing. Demonstration of the viability of commitments to mutual restraint may in turn increase mutual trust. The history of international arms control agreements highlights that this is an area worth pursuing.

Anticipating future possibilities in Korea: Mutual discussion of potential long-term futures for the Korean peninsula can elucidate each others' goals and possibly engender new ideas about how to achieve mutually agreed upon outcomes. Even the process of holding such discussions may create better mutual understanding and reduce the bases for strategic distrust. This is not a suggestion to try to develop a U.S.-China agreement that can be used to dictate to the governments in North and South Korea or to impinge upon their sovereign rights, which is not a feasible or desirable objective.

Reducing distrust over Taiwan: Both sides want to work toward a peaceful resolution of existing differences between the two sides of the Taiwan Strait. U.S. weapons sales to Taiwan are viewed in Washington and Taipei as a necessary ingredient for sustaining the confidence of U.S. support in Taipei necessary for Taipei to continue to develop wide ranging cross-Strait relations. Those same sales in Beijing are viewed as confirming American arrogance and determination to interfere in China's domestic affairs and to prevent peaceful unification from occurring, thereby harming a clearly-articulated Chinese core

interest. Washington and Beijing should engage in serious discussion of the overall security situation surrounding the Taiwan Strait. Lack of such discussion has contributed to having each side make worst case assumptions in their acquisition and deployment of military resources, enhancing mutual distrust and ultimately potentially reducing the chances of maintaining the peace in the Taiwan Strait that both sides desire.

Maritime security: Maritime security discussions already take place and have produced a U.S.-China Military Maritime Consultative Agreement, but there remains significant room for expansion and enhancement of those discussions.⁸ It is worth considering whether there are steps that might address U.S. security concerns in a way that reduces Washington's perceived need to conduct reconnaissance and intelligence activities just beyond China's territorial waters and air space.

Nuclear modernization and militarization of outer space: Each of these spheres exhibits all of the characteristics of a classic security dilemma, where measures taken to enhance defensive capabilities by one side are seen as threatening and requiring commensurate measures by the other. These are spheres in which greater mutual transparency, potential agreements on specific areas of mutual restraint, and deeper understanding of respective concerns and doctrines can potentially reduce the chances of destabilizing changes occurring in these technologically dynamic realms.

CYBERSECURITY

Cyber is a realm in which U.S.-China distrust and recriminations are growing rapidly. As a relatively new sphere of human activity, the cyber arena is one in which norms and rules are not well developed. There is, for example, still no commonly

⁸ David Griffiths, *U.S.-China Maritime Confidence Building: Paradigms, Precedents and Prospects*, Naval War College Maritime Studies Institute, No. 6 (Newport, Rhode Island: 2010).

understood definition of what constitutes a cyber attack. Neither the U.S. nor China clearly understands each other's red lines in this arena. Both governments are still in the relatively early stages of organizing themselves to control their own cyber activities. And the cyber arena also has especially nettlesome characteristics, such as the difficulty of identifying the true source of any particular malicious activity.

These and other factors make U.S.-China discussions of potential norms, rules, and acceptable practices in the cyber realm very difficult to conceptualize and execute. But they also make them extremely important, as this is a realm in which the most hostile images each side has of the other are being reinforced. Deeper mutual understanding, better appreciation of how each government is organized to handle issues in this sphere, and progressive development of common vocabulary and principles can begin to lay the groundwork for avoiding worst case outcomes and reducing the strategic distrust that this sphere is currently engendering.

MINILATERAL DIALOGUES (I.E., DIALOGUES AMONG 3-4 COUNTRIES):

Since one central issue in the U.S.-China distrust is about the perceived “power struggle” and “power competition” between the two states in the world, particularly in the Asia-Pacific region, the two governments should try to create more comprehensive and effective mechanisms for them to discuss sensitive geostrategic issues in multilateral settings.

There are many existing dialogue mechanisms among various combinations of Asian and Pacific governments. Some are meetings of formal multilateral institutions (such as the APEC Leaders Meeting, ARF, ASEAN, ASEAN+3, East Asia Summit, and the SCO). Others are “minilateral” meetings of more *ad hoc* combinations of countries, such as the U.S.-Japan-India trilateral. Notably, the latter category does not include

dialogues among key powers where both the U.S. and China participate in the same forum.

We recommend two minilateral dialogues: one with the U.S., China, and Japan; the other with the U.S., China, and India. In each case, there are sensitive third party relationships that each side will have to manage, but these two sets of dialogues would bridge what otherwise might become major divides in Asia.

POPULAR SENTIMENT

Popular views can play a powerful role in influencing the sentiments of each government. Both Washington and Beijing should better explain to their domestic constituencies the importance of U.S.-China relations and the positive side of their policies toward each other.

For example, Vice President Biden's article entitled "China's Rise Isn't Our Demise," published in the *New York Times* on September 7, 2011, following his visit to China, was not widely publicized in China's official media. In the same month, the Chinese government published a white paper, *China's Peaceful Development*, which represented a serious effort to promote and explain the idea of China's commitment to peace and international cooperation. But this document has not caught significant attention from political elites of either the United States or China.

CONCLUSION

This monograph is written in the conviction that U.S.-China strategic distrust is growing, is potentially very corrosive, is little understood on either side, and therefore should be addressed directly as a major issue. The co-authors hope that our candid explication of the substance and internal narratives of distrust in each government may help policy makers on each side to understand the underlying context in which their own policies are seen and thus to become more effective in achieving the goals they have set.

Our recommendations reflect our belief that strategic distrust is very difficult but not impossible to address meaningfully. We have sought, therefore, to suggest a variety of specific initiatives that may erode the bases for deep distrust over long-term intentions and facilitate greater mutual understanding and cooperation.

The stakes in this endeavor are exceptionally high. The United States and China are the two most consequential countries in the world over the coming decades. The nature of their relationship will have a profound impact on the citizens of both countries, on the Asia-Pacific region, and indeed on the world. Strategic distrust will inevitably impose very high costs on all concerned if it continues to grow at a rapid pace, as we believe it has been doing.

As explicated above, there are both objective and subjective reasons for strategic distrust on both sides. With major efforts,

it may be possible to bring this destabilizing element in U.S.-China relations under control and reduce its impact. Words matter, and therefore many of our recommendations focus on new dialogues that should be undertaken. If such dialogues and related actions do not prove effective, then both leaderships should consider very carefully how to manage U.S.-China relations so as to maximize cooperation and minimize the tensions and conflict, despite each side's deep distrust the long-term intentions of the other.

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