Constructing a Successful China Strategy

Promote Balance and Democratic Ideals in Asia

Michael Green

Summary

How the next U.S. President handles relations with China may prove even more important in history than this nation's handling of relations with Muslim countries. The five key areas of China policy deal with economic relations, human rights, nuclear proliferation, Taiwan, and policy toward dangerous regimes. Taken as a whole, China policy can best be seen as a toolkit for the United States to use in shaping a positive role for Beijing, while hedging against the possibility that China's leaders will instead pursue a negative path.

China policy will come to the fore during the 2008 Summer Olympics in Beijing, as advocates of containment call attention to the U.S. trade deficit with China and to the Communist regime's human rights violations, military build-up, repression of Tibet, and expanding influence throughout Asia. The Presidential nominees will feel pressured to demand a tougher stance toward China, a position that the next President is almost certain to abandon after a period of confusion, repeating a pattern of four of the last five administrations.

The rise of China presents a maze of contradictions: participation in international organizations appears to have strengthened, not weakened, China's resistance to domestic reforms; the Chinese people are gaining economic freedoms but not political or religious liberties; and China invests in the United States while enhancing the capacity to confront us militarily, to list a few. The President should set a clear bilateral agenda, but, given Beijing's lack of clear direction, bilateral relations are

unlikely to prove highly fruitful, and the next President will make more progress through strategies that are regional and based on ideas.

The regional picture offers America impressive opportunities for strengthening relations with at least Japan, India, Singapore, Indonesia, Vietnam, South Korea, and Australia (and improving policy coordination with the European Union (EU) states)—if we recognize these countries' interest in building relations with China while hedging against Chinese actions that could harm them. None of them wish to choose between Beijing and Washington.

Human rights, democracy, rule of law, empowerment of women, and good governance are all ideas that are advancing across Asia. This spread of American ideals, at the expense of China's resistance to political change, benefits the United States, only if these principles are seen as Asian norms and not U.S. imports. The next administration can best foster democratic ideals in Asia by increasing U.S. aid for governance and promotion of democracy, which was sharply reduced last year, and by supporting Asian democratic leaders as standard-bearers. The administration also should support and participate in international institutions developing in Asia, such as the East Asia Summit.

Presidential candidates should be thinking now about a China policy based on hard-headed realism, tempered by idealism, rather than waiting until after taking office. We are poised for success in U.S.-China relations, if we understand all the dimensions of the task.

Context

The two most important variables in the future of the international system are the battle for the heart of Islam and the rise of Chinese power and influence. Although the Iraq War now focuses America's attention on the former, future historians may assess the latter as more consequential.

Regardless of its historical import, the China issue will not stay quiet for long. In August 2008—during the run-up to the national party conventions in the United States—world attention will be riveted on the Olympics host city of Beijing. At that point, if not before, the United States' enormous trade deficit with China, Beijing's backsliding on human rights, and still-simmering American reaction to China's January 2007 anti-satellite test will combine to reignite debate about the U.S. approach to Beijing. If the debate falls along the usual fault lines, we can expect hawks on the right to argue for containing China, the new wave of populists in Congress to demand protectionist barriers, and both the idealistic left and religious right to condemn Chinese human rights abuses and repression of Tibet. Conceivably, these three strands could unite in a grand political coalition against Beijing. In response, supporters of international institutions will argue for sharing power with China through multilateral structures, while business leaders and "neo-realists" will make the case for keeping a steady hand on the relationship and rejecting all these impulses for change.

If history is a guide, this debate will intensify friction with Beijing and presage a Presidency that—like the Carter, Reagan, Clinton, and current Bush administrations—begins with a hawkish China policy, then falls back into the even-handed mode of its predecessors.[1]

Accept the Conflicting Realities

Rather than wait until the summer of 2008, it would be far more sensible to begin the debate over China policy now—grounding it in a recognition that our policy is not a choice of alternative paths, but rather a toolkit that helps us to shape a positive role for Beijing while hedging against the possibility that China's leaders will instead pursue a negative path. The reality, after all, is that China's rise presents us with an array of seemingly irreconcilable contradictions:

- The United States has bet that China's entry into the World Trade Organization would change China at a faster rate than China would change the world—but

[1] Another paper in this series notes this same tendency of Presidents to argue for a tough stance toward China during their election campaigns, then adopt a policy of accommodation after taking office. Jeffrey A. Bader and Richard C. Bush III, "Contending with the Rise of China: Build on Three Decades of Progress," in Brookings Institution, *Opportunity 08: Independent Ideas for Our Next President* (Washington, D.C.: Brookings Institution, 2007).

China's growing mercantile clout has allowed Beijing to shape the system in ways that may forestall domestic reforms.

- China's growing integration with the world economy is improving the lives and choices of the average Chinese citizen—but the government is suppressing civil society and religious freedom whenever they might foster alternative power centers to the Chinese Communist Party (CCP).
- China is the largest holder of U.S. treasury bonds—yet it develops capacities for cyber-warfare and submarine and space warfare to defeat the United States in a possible contest over Taiwan.
- Through its campaign of "peaceful development," China is showing new deftness at soft power designed to win over its neighbors— yet it still demonstrates self-destructive nationalism and hubris in territorial and historical disputes.
- China is acutely sensitive to issues of rank and protocol with the United States and seeks to hedge U.S. power and influence—but it refrains from attempts to end the era of global American dominance.

The seeds of these contradictions were planted by Deng Xiaoping three decades ago. Deng's "Four Modernizations" departed markedly from the Maoist path, but Deng provided no vision of where his path would lead. Subsequently, Jiang Zemin's "Three Represents" and current President Hu Jintao's "Peaceful Development" and "Harmonious Society" are similarly opaque about China's ultimate role in the world. The leadership remains overwhelmingly preoccupied with *internal* challenges to continued economic development and sustained CCP rule.

For the United States, the best policy outcome would be a China that uses its soaring economic clout to bolster the international system while permitting increased political liberty at home—as both South Korea and Taiwan did. In short, the optimal result is a Chinese role as a "responsible stakeholder" (a term used in this context by then-Deputy Secretary of State Robert Zoellick). Chinese leaders, however, may have a different strategy in mind, or, perhaps, little more than a coping strategy. Consequently, the United States must avoid placing all bets on any single vision of a

future China. Instead, our policy must allow that, as China amasses greater power, it might become more liberal, or more repressive, or even a force for destabilization.

To accentuate the positive and hedge against the negative will require a disciplined foreign policy approach on three levels simultaneously: *bilateral, regional, and ideational.*

Set a Clear Bilateral Agenda

The first of these levels (and the one that has preoccupied most U.S. policymakers) is the bilateral agenda. Here it is critical to erect clearly visible guardrails and offer positive rewards, in order to influence Chinese behavior. Although it is a truism that China will do what is in China's interests, it is also clear that, ever since the Deng era began in the late 1970s, China's modernization strategy has included careful attention to relations with the United States. The U.S. message therefore does carry significant impact.

Often, new U.S. administrations have sent contradictory messages to Beijing and veered from priority to priority. Our next administration should lay out clearly U.S. objectives for relations with China. These objectives should include:

- reiterating a commitment to work steadily on improving U.S.-China relations
- welcoming an expanded partnership with China in international organizations and diplomatic endeavors while Beijing contributes to the maintenance of the current, neo-liberal international order
- paying due attention to issues of "face" in the practice and protocol of diplomacy with China, but being careful not to apply simple labels to the relationship, such as "strategic partnership," that would prematurely imply that China has become a full stakeholder in the system
- maintaining consistent attention to the five major areas of concern in U.S.-China relations: (1) economic relations, (2) human rights, (3) nuclear proliferation (mainly, Iran and North Korea), (4) Taiwan, and (5) policy toward dangerous and objectionable regimes. This means always refraining from trading progress

on one track for concessions on another, as all five are critical to sustaining domestic U.S. support for the relationship

Although encouraging broader U.S.-China cooperation and a larger role for China in the international system is essential, the bottom line still is that the United States cannot predict whether China will ultimately contribute to maintaining the system or, exploiting its new strength, will game the system to achieve narrow mercantilist or nationalist gains. Both behavior patterns are evident today. For that reason, U.S. strategy should not be simply to participate in an increasingly cacophonous two-voice concert of power with Beijing. Instead, our China strategy must be embedded in a regional strategy.

Pursue a Regional Strategy, as Asian States Balance Their Interests

The prevailing view of America's media pundits is that China's expanding economic and soft power is eclipsing the United States throughout Asia. Granted, the growth of Chinese influence is evident in the Association of Southeast Asian Nations' (ASEAN) new free-trade negotiations with Beijing and the expansion of China's trade with Japan and Korea above the levels of these nations' trade with the United States. In addition, China has moved toward resolving territorial disputes with India, reinvigorated its strategic relationship with Pakistan, and established dominant influence over Cambodia, Laos, and Burma. Meanwhile, close U.S. allies such as Australia and South Korea have publicly resisted Pentagon pressure to take on a more significant role in defense of Taiwan. At first glance, it does appear that much of the region has boarded the Chinese bandwagon as Beijing gains power.

Upon closer examination, however, it is apparent that most of the region is engaging in pronounced external balancing behavior toward China. The most obvious example is Japan, which agreed in the February 2005 "Common Strategic Objectives" agreement with the United States that contributing to peace and stability in the Taiwan Strait is a core mission for the U.S.-Japan alliance. Analysts have focused on China's negative response to this agreement and warned of a defense dilemma. Nevertheless, after the

U.S.-Japan announcement, Beijing's approach to Taiwan shifted from an emphasis on sticks (threats of military coercion, such as the Anti-Secession Law[2]) to an emphasis on carrots (promises of specific economic opportunities if Taipei becomes more compliant).

China's growing clout also has coincided with closer alignment between Washington and New Delhi. Certainly, the Indian political establishment sees enormous economic benefit in maintaining stable relations with Beijing and is not prepared to actively "contain" Chinese power. In addition, the Indian government has none of the Japanese political establishment's neuralgia about China and is more careful to disguise its balancing behavior. Nevertheless, India is not only increasing its defense and foreign policy coordination with the United States, but also is expanding strategic relations with Japan, including undertaking trilateral U.S.-Japan-India naval maneuvers in March 2007 (India's first multilateral naval exercise).

Singapore, Indonesia, and Vietnam are also implementing balancing strategies. All of Southeast Asia wants to expand political relations and, particularly, trade with China. In 2005 alone, Singapore signed a new Strategic Framework Agreement with the United States expanding U.S. military access, Vietnam announced expanded intelligence cooperation and defense exchanges with the United States, and Indonesia took steps to reopen bilateral military ties. All three nations then worked with Japan to invite India, Australia, and New Zealand to join the 2006 East Asia Summit as a counter-weight to China's influence (Beijing has subsequently shifted its attention to the ASEAN Plus Three summit, where it enjoys a larger comparative advantage). In March 2007, Japan and Australia entered into a new security cooperation agreement, which both nations quickly said was aimed at no third party, but clearly registered in Beijing.

[2] China's Anti-Secession Law was adopted by the National People's Congress in March 2005, although the law had been announced earlier, in order to affirm China's opposition to Taiwan independence and, among other things, preserve China's sovereignty and territorial integrity, and safeguard "the fundamental interests of the Chinese nation." Available at: http://www.china.org.cn/english/2005lh/122724.htm.

Seize Opportunity to Strengthen Partnerships

What is striking about this balancing behavior is that most of it was initiated within the region. The next administration will have an enormous opportunity to strengthen diplomatic and security partnerships in Asia. However, one lesson of the past five years should not be forgotten: when the United States pushes for explicit defense commitments, as the Pentagon did with South Korea for "strategic flexibility" on Taiwan, the result will be an embarrassing and strategically damaging "no" from even our closest allies. As the world's sole superpower and China's largest trading partner, the United States can afford to deepen economic engagement with Beijing while openly discussing the Chinese military threat. For smaller Asian nations, there is no such luxury. We must learn to build our security partnerships in the region on terms that allow our partners to continue their own positive economic and political engagement with Beijing while strengthening cooperation with us as a reassuring hedge.

In this regard, the United States must pay particular attention to South Korea's strategic importance. When Korea becomes an issue in overall East Asian security—as it did in 1894, 1905, and 1950—the result is a much less stable regional order and the prospect of war. Polls indicate that the South Korean people are wary of China's growing influence and consider it a more significant long-term military threat than Japan or even North Korea. Recent polls also suggest that South Korean politics are shifting back to a more conservative, potentially pro-American tilt after a ten-year trend in the reverse direction. However, the country's politics are in flux, and it is critical that the United States restate its commitment to the U.S.-Korea alliance in terms that resonate with Korea's new identity, emphasizing the nation's role as a proactive "balancer" and "hub" in Asia rather than the object of larger powers' competition.

Although not an Asian power, the EU also has important influence on strategic trends in the region—driven by its enormous regional trade and investment and by Chinese fascination with the relationships between European and American power (for example, French President Jacques Chirac's "multipolarity" thesis—presented as an alternative to U.S. "unipolarity"—was particularly unhelpful to U.S. policy toward China). Like most

Asian countries, the EU is becoming more careful about engaging China, especially after its tentative 2005 decision to lift the arms embargo on China damaged relations with the United States and Japan. The Anti-Secession Law also awakened many European leaders to doubts about China's role. Continuing dialog with Brussels and EU members on China and Asia strategy will be an important part of our regional strategy for managing China's rise.

Fortunately, Asian balancing behavior has not sparked an arms race. Because the balancing is external, through alignments, rather than internal, through increased military spending, it poses less danger of spiraling military obligations than many experts have predicted. For the past decade, China's defense budget appears to have increased at well over 10 percent per year (China admitted to a 17 percent increase in 2006), while its neighbors' defense spending has been generally flat. The external balancing alone has succeeded in demonstrating to Beijing the consequences of aggressive steps that are dissonant with President Hu's "peaceful development" theory.

Asian nations' prudent balancing behavior will ensure that the United States has ample opportunity to build stronger partnerships in the region, as long as U.S. policy recognizes that the entire region also wants engagement and economic integration with China.

Encourage Democratic Growth: The Ideational Strategy

The U.S. edge in Asia does not lie in the region's balancing behavior alone, but also in the contest of ideas. While too much can be made of the clash between the "Beijing consensus" (protecting diversity of political systems and non-interference in internal affairs) and the "Washington consensus" (defending human rights, democracy, rule of law, women's empowerment, and good governance), there clearly is an ideational dimension to the balance of power in Asia. Too often scholars have identified soft power in terms of the popularity of America itself, missing the significant influence of American ideals in Asia. The norms that underpin the American neo-liberal order are

spreading across Asia, even if some governments are understandably hesitant to identify them as American.

Japanese Prime Minister Shinzo Abe and Foreign Minister Taro Aso have declared their intention to champion democratic values as a centerpiece of Japanese foreign policy. This posture contrasts with years of value-neutral Japanese diplomacy (and near mercantilism), but it makes sense for a nation seeking new tools to shape its regional environment and ensure a leadership role in regulating economic developments. Some may argue that Tokyo's failure to address issues dating back to World War II and earlier will de-legitimize Japan as a standard-bearer for universal values, and indeed that may be true for China or the Koreas. However, BBC polling has found that Japan was the most respected nation in the world in both 2005 and 2006, while Gallup polling found that Japan is viewed as "positively contributing to Asia's development" by approximately 90 percent of Vietnamese, Indonesians, Malaysians, and Indians.

Under Prime Minister Manmohan Singh, India also has returned to its liberal roots, with a pronounced shift away from non-alignment and toward universal democratic principles as the centerpiece of Indian international identity. Taiwan, too, despite its scandals and literal food-fights in the Legislative Yuan, continues to demonstrate the resilience of its governance and rule of law. Even ASEAN, which was built around the principle of non-interference in internal affairs, has produced a new draft Charter that highlights "the active strengthening of democratic values, good governance, rejection of unconstitutional and undemocratic changes of government, the rule of law, including international humanitarian law, and respect for human rights and fundamental freedoms."

Present Principles as Asian Norms

The key for the United States is to not claim credit for these evolving norms and standards, but rather to acknowledge and encourage their growing adoption by diverse cultures and political systems across Asia. They ultimately must be seen as Asian norms, and not ideas imported from the United States. To that end, the next President should spend more resources on assisting Asian nations in governance and the

development of democratic institutions—reversing a slashing of aid for governance and democracy promotion in Asia in FY07—and let Asian leaders, like Indonesia's President Yudhoyono, be the face of democratic progress in the region.

So, too, should the architecture of multilateral institutions be treated as an Asian structure, buttressed by American support. The explosion of organizations from the ASEAN Regional Forum to the Asia-Pacific Economic Cooperation (APEC) summit to the new East Asian Summit will not be rationalized into one simple design. Asian governments themselves seek a variety of institutional options, given their own diversity. It is clear that the United States will not be accepted into all these forums. The next President could attend the East Asia Summit, though, if the administration is willing to sign the largely symbolic Treaty of Amity and Cooperation with ASEAN and send the President out for a second summit after APEC, perhaps suggesting back-to-back summit meetings. The important thing is to ensure that like-minded democracies in the region are coordinating the agenda for all of these institutions and forums so that our common values are being advanced.

While coordinating plans with fellow democracies in the region, the United States should avoid forming an exclusive democratic bloc in Asia that appears aimed at containing China. Many Chinese leaders and citizens recognize the need for better governance and rule of law and more liberal political participation. The regional dialog on building democratic institutions and rule of law should emanate from the democracies, promoting debate within China about these issues and about the wrenching social and political changes and institutional development that will come with continued economic growth.

Organize for Success

China escaped careful scrutiny in the last Presidential election cycle. That is unlikely to be the case in 2008. China-bashing or protectionist pandering during the campaign will lead some in the bureaucracy to think, in January 2009, that they have a mandate for containing China or imposing protectionist policies. Others, inspired by misguided

idealism about value-neutral multilateral institutions or hyper-realist notions of off-shoring and balancing, could seek to recalibrate U.S. alliances and security partnerships in the region by deemphasizing democratic principles. Judging from history, these extreme views of China strategy will not survive the first year of the new administration but will cause considerable damage in the interim.

The next President ought to avoid the pitfalls of this learning curve by thinking now about a China policy based on hard-headed realism, tempered by idealism. That policy advance will require a comprehensive bilateral agenda with Beijing that encourages expanded cooperation but pulls no punches, a strategy for the whole region that shapes China's choices in positive ways, and an awareness that ideas in the region matter to China. And, it will require a careful and disciplined message about Asia policy—a goal that has eluded most candidates in the past.

The next administration will need to consolidate our newly strengthened partnerships with Japan, India, and Australia and pay renewed attention to other critical relationships, especially the U.S.-Korea alliance, that have entered a period of drift. The approach in each case must be carefully tailored to avoid forcing nations to choose between China and the United States.

In framing a comprehensive American approach to the region, the new administration should recognize the need for balancing and hedging, but should stand confident of the steady pan-Asian spread of universal ideals that reinforce the American edge, shape the regional environment, and encourage positive change in China's attitude toward the rule of law, governance, human rights, and political participation. The next President will need to devote resources to this mission, resources that include both high-level, consistent participation in emerging regional institutions and more support for institution-building within fragile and transitional states. We are poised for success, if we understand all the dimensions of the task.

About the Author and the Project

Michael Green

Michael Green is a senior adviser at the Center for Strategic and International Studies, and an associate professor of international relations at Georgetown University. At the National Security Council, he was special assistant to the President for national security affairs and senior director for Asian affairs from January 2004 to December 2005. He also served in the U.S. Department of Defense as senior adviser to the Office of Asia Pacific Affairs. He is a member of the Council on Foreign Relations and the Institute for International Security Studies.

Opportunity 08 aims to help 2008 presidential candidates and the public focus on critical issues facing the nation, presenting policy ideas on a wide array of domestic and foreign policy questions. The project is committed to providing both independent policy solutions and background material on issues of concern to voters.