



Finding Space, Building Ties:
Young Leaders Look at U.S.-China Relations



edited by
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Based in Honolulu, the Pacific Forum CSIS (www.pacforum.org) operates as the autonomous Asia-Pacific arm of the Center for Strategic and International Studies in Washington, DC. The Forum's programs encompass current and emerging political, security, economic, business, and oceans policy issues through analysis and dialogue undertaken with the region's leaders in the academic, government, and corporate arenas. Founded in 1975, it collaborates with a broad network of research institutes from around the Pacific Rim, drawing on Asian perspectives and disseminating project findings and recommendations to opinion leaders, governments, and members of the public throughout the region.

The Young Leaders Program invites young professionals and graduate students to join Pacific Forum policy dialogues and conferences. The program fosters education in the practical aspects of policy-making, generates an exchange of views between young and seasoned professionals, promotes interaction among younger professionals and enriches dialogues with generational perspectives for all attendees. Fellows must have a strong background in the area covered by the conference they are attending and an endorsement from respected experts in their field. Supplemental programs in conference host cities and mentoring sessions with senior officials and specialists add to the Young Leader experience. The Young Leaders Program is currently supported by the Freeman Foundation, the Luce Foundation, and the Yuchengco Group, with a growing number of universities, institutes, and organizations also helping to sponsor individual participants. For more details, see the Pacific Forum CSIS website, www.pacforum.org, or contact Brad Glosserman, director of the Young Leaders Program at bradgpf@hawaii.rr.com.

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Introduction

Officially, U.S.-China relations are today characterized as “complex.” Members of the Pacific Forum CSIS Young Leaders program got a firsthand glimpse of that complexity at the U.S.-China Security Workshop that convened in Shanghai, China May 25-26, 2006. This meeting, the seventh in a series of bilateral conferences cohosted by the Pacific Forum CSIS, the Center for American Studies at Fudan University, and the CNA Corp., brought together experts from both countries to explore the U.S.-China relationship across a range of issues. In their discussions and encounters, the Young Leaders provided ample reasons to be optimistic about the future of the U.S.-China relationship.

The Young Leaders program began with a visit to the American Chamber of Commerce in Shanghai, where participants met members of the Chamber’s Future Executives Forum at a working lunch. The AmCham representatives provided insights into the problems and concerns their companies face as they do business in China. We rarely (if ever) hear this ground-level perspective at our meetings, although we get a policymaker’s view of these issues. For example, a key concern for business is protection of intellectual property rights (IPR). The Young Leaders spent considerable time on this issue: AmCham members explained their perspective and the impact it has on their operations, illustrating their points with numerous anecdotes from the daily operations of their companies. Chinese Young Leaders offered another viewpoint – that of the average Chinese consumer – and the result was a discussion of IPR that was markedly different from that heard at most conferences on the strategic dimensions of the bilateral relationship.

A participant from a Japanese company exposed another dimension of the Japan-China relationship when he explained how Shanghai government officials visited his office after demonstrations against Japan (following Tokyo’s campaign to win a permanent seat on the United Nations Security Council) to apologize for the violence. They explained that Japanese companies were welcome and valued members of the business community; the city government did not share the public’s anger at Japan. This perspective on “hot economics, cold politics” reinforced a lesson: those watching China-Japan relations have to be alert to the various levels of interaction and parse each level individually.

After lunch, Fan Li from Global Links Initiative, a nongovernmental organization that is working to build capacity among nonprofits in China and network like-minded groups around the world, made a presentation on civil society in China. There are over 2 million NGOs in China, the vast majority of them (1.8 million) “illegal,” in that they are not legally registered. They work in a variety of fields, but experience similar problems and encounter the same obstacles. The most critical of these is an underdeveloped infrastructure – a rickety legal framework, little social understanding of how such organizations work, and concomitant difficulties in raising funds.

Wan Ruyi then introduced his NGO, Gananan Forum, which hosts speakers to stimulate discussion of important issues. Gananan was founded in Seoul, and now has branches in Shanghai and Washington D.C. The group was celebrating its 100th meeting in Shanghai and Wan provided a quick review of its history.

Those two presentations launched the Young Leaders on a roundtable discussion of problems China faces. The conversation focused on social issues such as health care, the impact of an aging society, demographic change, and their implications for governance and opportunities for U.S.-China cooperation. The Young Leaders concluded that China's size and diverse circumstances obliged local administrations to adopt solutions that fit their particular needs and requirements. There will be no "one size fits all" solution to these problems. This has profound implications for the political order in China: decentralization becomes a necessity since local authorities are best situated to deal with the particularities of local problems. This creates opportunities for international cooperation: different situations necessitate different approaches to problem solving, and open the door to different types of partnerships. The U.S. (and other countries) should be alert to this need for differentiation and exploit it to build a thicker network of relations. Nongovernmental organizations are a vital element in this mix and need to be incorporated into thinking and planning at an early stage. Sensitivity to local needs, rather than central government dictates, will be a critical indicator of success.

After the conference, Young Leaders held their usual wrap-up session, which tested what they heard at the meeting against their own understanding of issues in the relationship. Participants expressed frustration at what *wasn't* discussed during the conference. Their list of omissions was rather long, and it reflected the organizers' intention to focus discussions on a narrower range of security issues. Nonetheless, the Young Leaders' charge that the "gray beards" came up short when proposing suggestions to remedy problems in the relationship should not be ignored. (There were useful suggestions but the Young Leaders' demand for more is understandable. For a report from the meeting, which details the recommendations, see "Suspicions and Shared Interests: Seventh Dialogue on Sino-U.S. Relations and Regional Security," *Issues & Insights*, Vol. 6, No. 12, July 2006.)

The Young Leaders wanted more time devoted to functional issues that offered opportunities for collaboration and cooperation. Energy-related issues, from ways to increase efficiency to means to ensure security of supplies, topped their list of possibilities. This discussion also touched on the idea of the "responsible stakeholder," the U.S. formulation of China's expected role in the global system (outlined originally by then Deputy Secretary of State Robert Zoellick in September 2005). U.S. Young Leaders noted that Beijing's courtship of some energy-producing countries did not encourage those governments to hew to internationally accepted norms.

While this logic makes sense to Americans, it poses problems for the relationship. Cooperation is limited by the suspicions in both countries about the other's behavior and intentions. (This topic is explored in considerable detail in "Suspicions and Shared Interests.") U.S. foreign policy is based on the notion that common values provide a basis for cooperation. Yet one Chinese Young Leader explained that talk about "values" is suspect in China and only emphasizes differences between the two countries. Similarly, she, along with several other Chinese participants, encouraged the U.S. to abandon discussion of ideology as it only underscored the distance between the U.S. and China. And, given the history of the Cold War, such phrases in China are considered code for "containment" and guaranteed to play on Chinese fears and generate insecurity.

Suspicious seemed to be diminishing in regard to Taiwan, however. The younger generation on both sides of the Taiwan Strait (at least our Young Leaders) seems more understanding of the cross-Strait status quo. Taiwan Young Leaders acknowledged mainland concerns about China's territorial integrity, while calling for respect for Taiwan's identity and recognition of its accomplishments in politics and economics. They suggested that Taipei reassess its priorities and put its own house in order before moving to cross-Strait relations. That would, they argued, give both sides time to adjust to changes in the other and work out a *modus vivendi*. Mainland Young Leaders agreed: China, they asserted, needs time to work out its problems and cross-Strait tensions are a distraction. With time, the two sides of the Strait will have a better understanding of each other and the gap between their societies will diminish. Having Taiwan Young Leaders join their U.S. and Mainland counterparts at a meeting on Sino-U.S. relations was unique, if not unprecedented, and provided a rare opportunity for Taiwan voices to be heard and for cross-Strait networking and greater understanding.

The Young Leader discussions at this meeting covered a wider range of topics and speculation about their implications than did the conference itself. As such, they validated the thinking behind the Young Leaders project on two counts. First, they demonstrated the readiness of younger scholars and professionals to think creatively about problems in the bilateral relationship and ways to solve them. Second, their willingness to expand the discussion beyond that tackled by their "seniors" underlines the need to give Young Leaders the "intellectual space" to explore issues on their own. While there is always a need for some "adult supervision" and guidance, it is also clear that that "editorial hand" should be light and not cut off productive inquiry. The Young Leaders sessions in Shanghai were proof that generations think differently about U.S.-China relations. Those differences are not necessarily a source of concern; indeed, they may hold out the best hope for closing the gap between the two countries and shrinking, if not eliminating, the suspicions that dominate the bilateral relationship.

Democracy or Hegemony in International Relations? Different Ideas of China and the U.S. in the New Century

By Chen Yudan

In his *Politics*, Aristotle distinguishes regimes according to the number of the ruler (one man, a few men, or the many) and the focus of the ruler (on the common good or on their own interest), and thus sets out six (three pairs) regimes. Although a government exists within a state and anarchy characterizes the current international community, international politics can be somewhat analogized to domestic politics, with sovereign states viewed as citizens.

From the beginning of the 21st century, China has advanced “democratization of” or “democracy in” international relations (the rule of the many), while the U.S. has focused on its hegemony in the world (the rule of one). This article examines these two international ideas in the framework of Aristotle’s classification of domestic regimes: how do China and the U.S. pursue the two ideas? Are the two ideas bound to conflict or is there a compromise between them?

China: Democracy in international relations

In the 1990s, “multi-polarization” or “multi-polarity” was the keyword in China’s statements concerning the international situation. However, from the beginning of the 21st century, “multipolarity” or “multipolarization” have appeared less frequently in China’s official statements. Instead, “democracy” or “democratization” has emerged.

It was in 2000 that for the first time Chinese leaders (Jiang Zemin then) clearly advanced democratization in international relations. From then, this term was always mentioned in official statements. For example, in the Report Delivered at the 16th National Congress of Chinese Communist Party (CCP) in 2002, it is mentioned that “We...are in favor of promoting democracy in international relations...We need to...promote democracy in international relations.”¹ In 2001, Vice President Hu Jintao gave a speech at the French International Relations Institute (FIRI), in which he said, “The democratization of international relations constitutes an essential guarantee for world peace. All countries...are equal members of the international community. Issues concerning global and regional peace should be resolved through consultations based on the United Nations Charter and universally accepted international norms.”² In April 2006, President Hu gave speeches in the U.S., Saudi Arabia, and Nigeria during a five-nation tour. In all the three speeches, he appealed to “push for” or “promote” the “democratization of international relations,” but in none of them can we find “multi-polarity” or “multi-polarization.”³

¹ Jiang Zemin, “Report Delivered at the 16th National Congress of the Communist Party of China”, Nov. 8, 2002. “Democracy in international relations” should be translated more exactly as “democratization of international relations”(guoji guanxi minzhuhua).

² “Major Points of Hu Jintao's Speech at FIRI in Paris,”
http://english.people.com.cn/200111/06/eng20011106_83972.html.

³ “Hu Jintao Delivers an Important Speech Entitled Promoting the All-round Constructive and Cooperative China-U.S. Relationship,” on April 21, 2006, <http://www.fmprc.gov.cn/eng/wjdt/zyjh/t248678.htm>; “Hu Jintao Delivers an Important Speech at the Consultative Council of Saudi Arabia,” on April 23, 2006, <http://wcm.fmprc.gov.cn/eng/zxxx/t248648.htm>; “President Hu Jintao delivers an Important Speech at the National

There are at least two major differences between “multi-polarization” and “democratization.” First, multi-polarization is not focused on morals, but is also a process that already exists and is still developing, and multi-polarity is believed to be a goal more likely to be reached. As Jiang Zemin said, “The world today is moving towards multi-polarity,” although “The trends toward world multipolarization...are developing amidst twists and turns.”⁴ However, according to China’s official descriptions, neither “democratization” nor “democracy” of international relations exist. “In the past 60 years...democratized international relations,” said Hu Jintao in 2005, “remained elusive.”⁵ Second, “multi-polarity” means distribution of power. As mentioned above, Jiang Zemin said in the Report Delivered at the 15th National Congress of the CCP in 1997 that “The trend toward multi-polarity has further developed globally or regionally in the political, economic and other fields.” He then further explained in the next sentence that “world forces are experiencing a new split and realignment.”⁶ “Democracy in international relations” is a principle of international society. It is not based directly on power, but is rather a somewhat “ideal” model of the world. When “democracy” or “democratization” appears, it is always accompanied by phrases such as “diversity of civilizations” and “diversifying development models.”

It should be emphasized that China’s “democracy in” or “democratization of” international relations is quite different with the concept of “global democracy” or “cosmopolitan democracy” advanced by some scholars.⁷ The latter stresses more global or cosmopolitan civil society transcending the bound of the nation-state, while the former is strictly based on the principle of sovereignty.

We may make some conclusions about characteristics of democracy in international relations. First, all countries are equal; that is to say, on the international level, each of them is independent and has the right to participate in world affairs equally. Second, there should be no interference in the internal affairs of each country. In the post-Cold War era, the diversity of civilizations and that of development models are particularly emphasized by China. Third, one of the major purposes of democratization is to ensure world peace. Fourth, countries should respect universally accepted international principles and norms.

“Democracy” comes from the Greek word “democratia,” combining of “demos” (the people) and “cratia” (power). In domestic society, the citizen is the basic player in democracy. In China’s “democracy in international relations,” the nation-state is the basic player. According to Aristotle, there are two regimes in which the rulers are the multitude: democracy and polity. The difference

Assembly of Nigeria(Hu Jintao Zhuxi Zai Niriliya Guomin Yihui Fabiao Zhongyao Yanjiang,” *People’s Daily(Renmin Ribao)*, April 28, 2006.

⁴ Jiang Zemin, “Speech at the Opening Ceremony of The Forum on China-Africa Cooperation: China and Africa-Usher in the New Century Together,” on Oct. 10, 2000; Jiang Zemin, “Report Delivered at the 16th National Congress of the Communist Party of China,” on Nov. 8, 2002.

⁵ Hu Jintao, “Speech at the United Nations Summit: Build Towards a Harmonious World of Lasting Peace and Common Prosperity.”

⁶ Jiang Zemin, “Report Delivered at the 15th National Congress of the Communist Party of China.”

⁷ For more discussion of global democracy or cosmopolitan democracy, see for example Daniele Archibugi, “Cosmopolitan Democracy and its Critics: A Review,” *European Journal of International Relations*, Vol. 10(3), 2004; Michael Goodhart, “Civil society and the problem of global democracy,” *Democratization*, Vol.12(1), February 2005.

between them is that democracy is “directed to the interest of the poorer classes”, while polity “is directed to the advantage of the whole body of citizens.”⁸ Is “democracy in international society” as advanced by China closer to Aristotle’s democracy or polity?

This raises two questions. First, how will China balance the common good of international the community and its own interest, especially when they conflict? Second, how will China balance the interests of “the poor” in international society and the profit of the whole world, since they are not always the same? With these two uncertainties, it is not clear that the “democratization of international relations” will be closer to democracy or polity as described by Aristotle.

The U.S.: hegemony in the world

When the Cold War ended, there were three main foreign policy approaches in the U.S.: isolationism, unilateralism and multilateralism. But isolationism is “not a major strategic option for American foreign policy today.”⁹ Similarly, a Chinese scholar uses “lead” and “dominate” to distinguish the post-Cold War international thoughts of the U.S.¹⁰ While unilateralism is always criticized as an expression of hegemony, multilateralism can also be, and has been, employed as an instrument of hegemony.¹¹

“Hegemony” comes from the Greek word “hegemonia.” It is “legitimated leadership...the gift of honor.”¹² But in modern English, “hegemony” is an ambiguous term. It could be interpreted either as “legitimated leadership” or as domination. The ambiguity of the word can best define U.S. foreign policy after the Cold War: either the hegemony of multilateralism and leadership, or the hegemony of unilateralism and domination, although this term is never written into official statements of the U.S.

As mentioned, the strategy of unilateralism to “dominate” had already emerged before the attack of Sept. 11, 2006. But the tragedy gave neoconservative policy makers and intellectuals the opportunity to realize the ideas. The Bush administration tended to face both the traditional threat from nation-state and the new one from terrorism with unilateral measures.¹³ The foreign policy of the first Bush administration was criticized strongly both at home and abroad. Some scholars warn that unilateral behavior, especially pre-emption, “runs the risk...that the United States itself will appear to much of the world as a clear and present danger.”¹⁴ Since the

⁸ Aristotle, *Politics*, III.1279b. All citations from *Politics* are from Ernest Barker ed. and trans., *The Politics of Aristotle*, New York: Oxford University Press, 1979.

⁹ Joseph Nye, *The Paradox of American Power: Why the World’s Only Superpower Can’t Go It Alone?*, New York: Oxford University Press, 2002, p.154.

¹⁰ Zhu Mingquan, *Lead the World or Dominate the World? American’s National Security Strategy in the Post-Cold War Era* (Lingdao Shijie Haishi Zhipei Shijie? Lengzhanhou Meiguo Guojia Anquan Zhanlue), Tianjin: Tianjin People’s Publishing House (Tianjin Renmin Chubanshe), 2005, p.137.

¹¹ For example, Ruggie argues that multilateralism characterized American Hegemony after World War II. See John G. Ruggie, “Multilateralism: The Anatomy of an Institution,” in John G. Ruggie ed., *Multilateralism Matters: The Theory and Praxis of an Institutional Form*, New York: Columbia University Press, 1993, p.31.

¹² Richard Ned Lebow and Robert Kelly, “Thucydides and Hegemony: Athens and the United States,” *Review of International Studies*, Vol. 27, 2001, pp. 593, 594.

¹³ See The White House, *The National Security Strategy of the United States*, September 2002.

¹⁴ John Lewis Gaddis, “Grand Strategy in the Second Term,” *Foreign Affairs*, Vol.84(1), January/February, 2005, p.6.

implementation of such a hard-line foreign policy was unsuccessful, it seemed that President Bush tried to moderate the strategy in his second term. The most remarkable change is that he has emphasized more cooperation with allies and other major powers.¹⁵

According to Aristotle, the regime with one ruler has two forms: kingship and tyranny. The latter is the perversion of the former. He explains that kingship means ruling with the law.¹⁶ Tyranny is the worst type regarded by Aristotle. The pure form of tyranny is “bound to exist where a single person governs men...with a view to his own advantage rather than that of his subjects. It is thus a rule of force.”¹⁷

Hegemony in international relations, I argue, is like the regime with one ruler in domestic society. It can be a “good” hegemony of multilateralism, leading the world with institutions and laws, and with a view to common good; it can also be a “bad” hegemony of unilateralism, dominating only for the interest of the ruler, without respecting international norms. It is obvious that in the foreseeable future, the U.S. will still be the most powerful, and act as the hegemony in international relations. But will it lead or dominate the world? Will there be “kingship” or the “tyranny” in the international arena? It is not clear.

Between the two ideas: clash or compromise

Since the beginning of the 21st century, both China and the U.S. have made clear their respective ideas of foreign strategy: democracy and hegemony. But neither of these two ideas is definite enough. Does China’s idea of democracy conflict with the U.S. idea of hegemony, or is it possible for them to compromise with the other?

If either of the two states tries to pursue power only for its own sake, there is likely to be a clash of ideas. Some countries worry that during and after China’s rise, Beijing will not look to the common good, but consider its own interest. Furthermore, if China becomes the “head” of the developing countries, or even tries to lead the third world to overturn the current world order, it would act like a “demagogue,” and democracy of international relations “of this order, being in the nature of an autocrat and not being governed by law, begins to attempt an autocracy.”¹⁸ If China pursues such a democracy in international relations, it will not be tolerated by the U.S. Fortunately, although there is still uncertainty in its foreign strategy, China’s “democracy” is quite unlikely to be their type of democracy. It is worth noting that in its official statements, “universally accepted international norms” is often mentioned.

If the U.S. pursues the hegemony of unilateralism (as a “tyranny” in international society), that is, if its own interest overtake international norms and institutions as well as cooperation with other nations, the Sino-U.S. relationship is likely to be one of conflict. Whether China’s democracy looks to the common good of international society or only the interests of “the poorer” and itself, the “tyranny” of the U.S. in the world will be seen as a big threat.

¹⁵ See George W. Bush, “Second Inaugural Address,” on Jan. 20, 2005; The White House, *The National Security Strategy of the United States*, March 2006.

¹⁶ Aristotle, *Politics*, III.1286a.

¹⁷ *Ibid.*, III.1289a, III.1289b, IV.1295a.

¹⁸ *Ibid.*, IV.1292a.

Nevertheless, if China's democratization of international relations means that it will be more responsible for the international community, and the hegemony of the U.S. means that it will lead the world through multilateralism rather than by dominating through unilateralism, these two ideas are likely to yield compromise. This demands the two nations respect international norms and institutions. It is true that not all existing principles are perfect, and a revised international order is needed; the norms and institutions are to a large extent "a neutral authority" in international society, as are laws in domestic society.¹⁹

Aristotle regards the regime of polity (the mixture of oligarchy and democracy) as "the best in relation to actual conditions."²⁰ It suggests that there could be a mixture of the international thoughts of democracy from China and hegemony from the U.S. If both of the two countries consider the common interest of the world and respect international norms and institutions, the two ideas of democracy and hegemony can be compatible.

Conclusion

Although the state of anarchy distinguishes international society from domestic society, the design of the pattern of international society is somewhat like the design a domestic constitution. This article employs Aristotle's classification of domestic regimes to analyze the international ideas of China and the U.S. China advances democracy in international relations, while the U.S. pursues hegemony. Both of the two ideas have two possibilities: one leads to the right constitution, the other to its perversion. If both countries look not only to their own interest, but also to the common good and respect international norms and institutions, it is possible for the two ideas to be compatible. If not, there could be a conflict between the two ideas, as well as the two states. I am cautiously optimistic to believe that both will make the right choice, for it will benefit not only all of international society, but also themselves.

¹⁹ Ibid., III.1279a, III.1287b.

²⁰ Ibid., IV.1288b.

Taiwan's Place in U.S.-China Relations

By Chih-ji Hsiu

U.S.-China relations have been complicated and contradictory for more than half a century. Since the U.S. is the most powerful country and China has the largest population, their interaction is a major factor influencing world politics.

U.S.-China relations have been unstable for a long time. Many Americans now view China as a rival. China's rapid military modernization and huge defense budget strengthen such suspicions. Americans think a rising China will challenge U.S. leadership in the Asia-Pacific region and even globally. Many Chinese claim that the U.S. has interfered in China's domestic affairs and plans to contain China. A huge trade deficit, China's human-rights situation, and the military threat to Taiwan have always been controversial issues in U.S.-China relations.

Still, both countries share many common interests and concerns, and these are the foundation of U.S.-China relationship. Trade between the U.S. and China exceeds \$100 billion per year. Countering terrorism and the proliferation of weapons of mass destruction have become core components of their national security strategy. On many international issues, China adopts a cooperative attitude to help manage these issues. Recently, Beijing also shows greater willingness to manage cross-Strait issues, although it is still viewed as a concern that could touch off a war between the two countries.

Common interests are very important factors in the development of U.S.-China relations. To promote these common interests and reduce the possibility of conflict, both the U.S. and China have adopted a pragmatic attitude toward each other. A pragmatic attitude means:

First, both countries recognize the importance of maintaining a positive direction in U.S.-China relations. Neither can afford to break ties or direct conflict.

Second, both countries recognize that no single issue can fully influence or even change their relationship. Since the U.S. established official diplomatic relations with China in 1978, many controversial incidents occurred, including arms sales to Taiwan, the Tiananmen incident, the 1996 Taiwan Strait crisis, the Belgrade Embassy bombing, and the April 2001 *EP-3* plane collision. Both countries made adjustments and compromises to reduce their impact on bilateral relations.

Third, conflicts always had constructive consequences in U.S.-China relations. For example, after the 1996 Taiwan Strait crisis, U.S. and China decided to build a constructive strategic partnership. The Belgrade Embassy bombing contributed to the emergence of a U.S.-China strategic dialogue.

Of course, such pragmatic attitudes may be criticized as the abandonment of principles. When the Clinton administration decided to give up the linkage of most favored nation trade status renewal with China's human-rights situation, or when China decided to keep a low profile to manage the *EP-3* plane collision, this criticism was common. However, these compromises

earned rewards. They helped maintain the development of U.S.-China bilateral relations on a gradual stable pace.

Recently, U.S. Deputy Secretary of State Robert Zoellick described China as a “stakeholder,” and China seems to tacitly approve of this concept. China also published a new white paper titled “China’s Peaceful Development Road.” These steps could be interpreted as signals that China wants to show the U.S. and the international community that: China is already a part of the international system, China is a status quo power, and China’s development will not constitute a challenge or threat to other countries, especially to the U.S.

Taiwan’s role and action

Given this structure of U.S.-China relations, what is Taiwan’s role and what should Taiwan do to improve its interests?

Since the 1980s, Taiwan and China have intensified economic exchanges and cultural contacts. However, tension and animosity between the two sides did not ameliorate as a result of closer unofficial ties. During 1995-1996, the two sides were even on the brink of war. In recent years, China has deployed hundreds of missiles toward Taiwan. In addition, when Taiwan legislated the Referendum Law in 2003, and China formulated the Anti-Secession Law in 2005; many observers hold pessimistic views regarding the situation in the Taiwan Strait.

Taiwan faces a military threat from China. Facing great pressure from China, Taiwan has to work hard to expand its participation in the international community. It’s unfair to put all the blame on Taiwan when it is forced to take measures to preserve its dignity and survival. Furthermore, excessive pressure and threats from China leave no room for rational discussions about the future of cross-Strait relations in Taiwan.

However, it’s also necessary for Taiwan to adopt pragmatic attitudes regarding its role and actions in U.S.-China-Taiwan relations.

First, Taiwan should not overestimate its own influence and importance. The Taiwan issue is a very important part of U.S.-China relations, but it is not the only issue of concern. U.S. may be eager to help Taiwan increase its defense capability, but its support is not unconditional. China’s cooperation is essential when U.S. foreign policies focus on antiterrorism, countering WMD proliferation, Iraq, North Korea, and Iran. Taiwan can refuse the U.S. effort to barter Taiwan’s interest for China’s cooperation, but it also has to be cautious and not take provocative actions. For example, many observers argued that the U.S. made strong gestures to oppose Taiwan’s action to abandon the National Unification Council because the U.S. didn’t want the Taiwan issue to complicate U.S.-China relations and increase pressure when the U.S. was battered by so many other troubles.

Second, Taiwan’s best strategy lies in focusing on the development of its democracy. The development of Taiwan’s democracy could not only be the base of U.S.-Taiwan relations, but also could promote positive U.S.-China relations.

It may be true that Taiwan's strategic position is a major factor in U.S. concerns over Taiwan's safety and development. But, Taiwan's democracy helped build many common values and beliefs with the U.S. Taiwan made great progress in respecting and promoting human rights and freedom and that's why Taiwan has earned America's friendship. These values are equally important in strategic considerations.

Moreover, Taiwan's democratization is also a good model that could help China's political development. Democracy can also provide channels for people to express their opinions and discuss public interests and affairs. Nowadays, China has much domestic disorder and corruption, especially in rural areas. Many observers warn that this could become a source of instability. Accordingly, democratization in China does not challenge the communist party's leadership. Instead, it would help to alleviate domestic disorder and stabilize social and economic development.

Finally, if China becomes more democratic, it would help build a better friendship with the U.S. and other countries. That doesn't mean China must accept the Western democratic system in its entirety, but China should do more to improve its human-rights situation and relax restrictions on press and religious freedom. At least, a strong but more democratic and free China would not evoke so much suspicion.

The Need to Move Toward Strategic Convergence

By Hyun Ah Julia Kim

The United States' relationship with China is complex, but it is an important relationship that requires cooperation, mutual understanding, and respect. China's emergence as a regional and global power is a rude awakening for the U.S. The U.S. has been the dominating power in East Asia and its multifaceted interests have significantly increased in the region. Therefore, it is not surprising for U.S. Deputy Secretary of State Robert Zoellick to acknowledge, "many Americans worry that the Chinese dragon will be a fire-breather. There is a cauldron of anxiety about China."¹

Therefore, now is a critical time to reassess and define the nature of the relationship between the U.S. and China. For the U.S., understanding China's strategic goals is perhaps the only way to figure out a way to work with China, not only for national interests, but also for global peace, security, and economic prosperity.

Divergences in Chinese and U.S. strategic interests present problems not only for the bilateral relationship, but also for the global community. Asian countries that maintain close ties with the U.S. will surely feel the military threat, the economic invasion, and the political influence of China. If intimidation grows, it can take a toll on their relations with the United States. Furthermore, China's support for countries that are currently developing nuclear weapons programs undermines global peace and security. The conflict in shaping the global security environment is one of the greatest challenges for China and the U.S., and they need to address the conflicting issues in which they conflict the most: Taiwan, North Korea, and Iran.

As two influential powers, the need to converge strategic interests is apparent because "without a habit of cooperation and a growing sense of mutual understanding, the United States and a much stronger and richer China could find themselves in a highly competitive, brittle, and suspicious relationship."²

Frictions in shaping the global security environment

"The United States-China relationship will be the catalyst or stumbling block in maintaining global peace and solving global problems."³

Taiwan: China is estimated to have the world's third largest defense budget, spending \$70 billion to \$90 billion a year. Furthermore, China's defense modernization program, which includes a growing defense budget, development of a defense industry, and joint military exercises with Russia, causes questions about China's true intentions as a global power. There are plenty of reasons why this would raise eyebrows, especially in the U.S. whose "immediate

¹ (2005, September 22). Zoellick: U.S.-China relationship 'complex.' China Daily. Retrieved on May 6, 2006, from http://www.chinadaily.com.cn/english/doc/2005-09/22/content_480007_2.htm

² (2001, April). *Scenarios for the Future of United States-China Relations 2001-2010*. Nautilus Institute. Retrieved May 4, 2006, from <http://www.nautilus.org/archives/enviro/beijing2k/FinalReport.PDF>

³ *Ibid*

concern is that China will try to use its new military might to pressure, intimidate, or coerce Taiwan, which Beijing considers a renegade province, to effect unification.”⁴ The Pentagon interprets China’s short-term strategic goals as coercing Taiwan and deterring U.S. support for Taiwan through rapid military modernization. It also alludes to China’s longer-term objectives beyond Taiwan: intimidating Japan with naval sorties around and through its territorial waters and exclusive economic zone and persuading the U.S. to quietly withdraw from East Asia.⁵ The U.S. must preserve democracy for Taiwan, while maintaining good relations with China.

North Korea: China continues to display support for the status quo of a divided Korean Peninsula and “Chinese President Hu Jintao has praised North Korea for how well it has preserved the ‘purity’ of Communist ideals,”⁶ which threatens to undermine U.S. efforts to spread democracy and freedom. While the U.S. proclaimed North Korea to be a member of the “Axis of Evil,” China views North Korea as a friend. During the conference, a Chinese participant shared that it is not in the intent of China to let North Korea possess nuclear weapons, yet China doesn’t share the same sense of threat that the United States envisions. The difference in threat perception is one explanation why China urged the U.S. to soften its stance and adopt a more flexible attitude; instead the U.S. remains firm in ordering North Korea to completely dismantle its nuclear programs. China does not seem to feel threatened by North Korea’s nuclear programs, “indeed it may be enhanced, as long as North Korea remains an ally.”⁷ Clearly, their differing stance toward North Korea places a strain on the Six-Party Talks and a resolution that denuclearizes the region seems highly unlikely.

Iran: Iran is another country that the United States labels as part of the “Axis of Evil.” Despite over a decade of protests from the U.S., China remains one of Iran’s top weapon suppliers and “continues to export nuclear technology, chemical weapons precursors, and guided missiles.”⁸ China has opposed referring the Iranian nuclear program to the UN Security Council, and instead pictures that the International Atomic Energy Agency in Vienna provide a solution. Moreover it remains passive when trying to persuade Iran to accept IAEA safeguards. China has aligned itself with Iran for its own strategic interests, and it “now serves as Iran’s primary diplomatic protector.”⁹ “It has protected North Korea for decades, and now Chinese diplomacy protects Iran from the punitive sanctions that have been essential to the enforcement of the Nuclear Nonproliferation Treaty against other countries. China’s influence is destabilizing the international nonproliferation system.”¹⁰

⁴ Brookes, Peter T.R. (2005, September 30). *Committee Defense Review Threat Panel on Asia*. Retrieved May 9, 2006, from <http://www.heritage.org/Research/AsiaandthePacific/tst093005a.cfm>

⁵ Tkacik, Jr., John J. (2005, July 27). *China’s Military Power*. Retrieved May 7, 2006, from <http://www.heritage.org/Research/AsiaandthePacific/tst072705.cfm>

⁶ Tkacik, Jr., John J. (2005, November 15). *Nothing in Common: A Policy Review for President Bush’s China Visit*. Retrieved May 7, 2006, from <http://www.heritage.org/Research/AsiaandthePacific/wm917.cfm>

⁷ Hwang, Balbina. (2005, March 10). *China’s Proliferations and its Role in the North Korea Nuclear Crisis*. Retrieved May 7, 2006, from <http://www.heritage.org/Research/AsiaandthePacific/tst031005a.cfm>

⁸ Tkacik, Jr., John J. (2006, April 18). *Confront China’s Support for Iran’s Nuclear Weapons*. Retrieved May 7, 2006, from <http://www.heritage.org/Research/AsiaandthePacific/wm1042.cfm>

⁹ *Ibid*

¹⁰ *Ibid*

A pragmatic approach to strengthen the China-U.S. relationship

China and the U.S. share few common strategic goals. However, for the purpose of long-term economic and security interests, both countries must accept that one is not better, nor stronger, than the other. Of course, “it is only natural that Beijing and Washington have different interests and priorities. But a normal relationship based on mutual respect and candid exchanges of views will provide a better chance for both to seek clarification and avoid misunderstanding, promote cooperation while managing disputes, and contribute to regional and international security.”¹¹ The conclusion of the 7th dialogue on Sino-U.S. Relations and Regional Security has forced me to acknowledge that convergence is not a realistic expectation for Sino-U.S. relations. However, transactional cooperation as a result of common interests and specific efforts can strengthen the China-U.S. relationship.

- U.S. policies have to acknowledge that China is an emerging global power and its influence, especially in the Asia-Pacific region.
- Constructive bilateral dialogues must be held frequently to discuss how China can use its growing influence to combat terrorism and the proliferation of nuclear weapons. Furthermore, because the two countries remain highly suspicious of the other’s *real* intentions, dialogues need to address the concerns of China and the United States.
- Transparency is needed in security and military agendas to build trust and cooperation. According to a presenter at the conference, military to military relations developing a framework that includes functional exchanges, such as mid-level exchanges and U.S. military educational visits to China is envisioned to improve mil-mil relations.
- Include China. China borders many countries, including Afghanistan and Pakistan, and is home to many ethnic groups whose members have been detained by the United States as enemy combatants in the global war against terror. Although President Bush has highlighted the importance of working with China in the post-Sept. 11 world, the Office of the Secretary of Defense did not invite China to the Multilateral Planners Conference that was recently held in Washington, D.C. with 91 countries present to address global and regional security challenges. It was a mistake to not invite China because “fighting radical Islamic fundamentalism is ‘one area where we can and have worked well with China.’”¹²

¹¹ Yuan, Jing-dong. (2005, July 30). *China, US discuss their relationship*. Asia Times. Retrieved May 2, 2006, from <http://www.atimes.com/atimes/China/GG30Ad06.html>

¹² (2006, May 5). *China left out of US-hosted anti-terror meet*. Muzi.com News. Retrieved May 2, 2006, from <http://lateline.muzi.net/news/ll/english/10009107.shtml?cc=19143>

Mired in the Paramount Issues: Getting Sino-U.S. Relations Back on Track

By Tamara Renee Shie

The Hu-Bush era has been marked by an increasingly internationally savvy China. Although China's rise began long before President Hu Jintao took the reins from Jiang Zemin, Hu has presided over unprecedented growth in Chinese multilateralism and international diplomacy. In the past six months alone, President Hu, Premier Wen Jiabao, and Foreign Minister Li Zhaoxing have paid official visits to 25 countries in North America, Africa, the Middle East, Southeast Asia, and Oceania, stopping at places as diverse as the United States, Saudi Arabia, France, Cambodia, Australia, Nigeria, Fiji, and Switzerland. Additionally, heads of state or high-level officials from more than 30 countries have traveled to China in the same period.

China's energetic diplomacy has netted numerous political, economic, and cultural agreements. Wen Jiabao's trip to four countries in Southeast Asia and Oceania alone resulted in the signing of 60 bilateral accords. Hu Jintao's April 2006 Arab-Africa tour following his trip to the U.S. netted 28 bilateral agreements on a wide range of issues. For the most part, Beijing's aggressive diplomacy has been a great success: Chinese bilateral relations with most countries have significantly improved (a notable exception is Japan). In spite of the success with other high-level dialogues the two lackluster Hu-Bush summits, in November 2005 in Beijing and April 2006 in Washington, D.C., fell far short of expectations. Bush's visit to China made little headway and his remarks in Japan on China's inevitable political liberalization and on religious freedom in front of a Beijing church, only irked his hosts. In a seemingly small slight to D.C., Hu's visit began in Washington state where he met with Boeing and Microsoft. In sharp contrast to Hu's success on the West Coast, the triple protocol faux pas in D.C. – a Falun Gong protestor, the incorrect use of China's official name (confusing it with Taiwan), and the failure to grant Hu a state dinner – did little to improve matters.

What is ironic is that the Bush administration has characterized China-U.S. relations as their best ever. Indeed the partnership between China and the U.S. has blossomed in the Hu-Bush era. According to a State Department primer on U.S.-China relations, cooperation between the two countries on issues of common interest has greatly enhanced and advanced the relationship. China has played a constructive role in the Six-Party talks on the future of the Korean Peninsula, worked with the U.S. on counterterrorism and countering the proliferation of weapons of mass destruction, and worked with the international community on such issues as persuading Iran to relinquish its pursuit of nuclear weapons, reconstruction in Iraq and Afghanistan, and peacekeeping operations in the Darfur region of Sudan. In August 2005, the two sides launched the U.S.-China Strategic Dialogue. The second meeting convened in December of the same year. On May 11, 2006 Chinese Defense Minister Cao Gangchuan and U.S. Pacific Command head Adm. William Fallon agreed to upgrade military to military exchanges.

Yet relative to the progress China is making in other bilateral relationships, the China-U.S. relationship is beginning to falter. Some of the main fissures in U.S.-China relations stem from Beijing's aggressive stance toward Taiwan (particularly the passing of the Anti-Secession

Law in March 2005), questionable interaction with countries such as Iran and Sudan, a growing trade imbalance due to an over-valuation of the yuan, China's continuing poor human rights record, aggressive military modernization, and perceived attempts to exclude the U.S. from regional organizations and erode U.S. alliances in the Asia Pacific. Additionally some U.S. policy makers have accused China of being a beneficiary of the international system without being a "responsible stakeholder."

Engaging China is no easy task. As President Bush readily admits, the U.S.-China relationship is a complex one and many U.S. concerns over Chinese activities certainly have some legitimacy; however, U.S.-China relations are made all the more complicated by an inconsistency between U.S. rhetoric and U.S. policy. In a *New York Times* piece following the Hu visit to the U.S., Sen. Norm Coleman is quoted saying, "China is both a great opportunity and a significant danger." This statement epitomizes the dichotomy in U.S. relations with China. On the one hand, the U.S. acknowledges China's increasing positive contributions in the international arena, yet on the other hand continues to warn of the military threat China poses to its neighbors as well as the U.S. The 2005 Pentagon report on the PLA, the *Quadrennial Defense Review Report (QDR)*, and the *National Security Strategy (NSS)* of 2006 all emphasize that China's military modernization could threaten U.S. capabilities, tilt the balance of power in the region, and trigger an arms race. Therefore, the rhetoric Beijing hears from Washington is not an attempt to work constructively to engage China, but mixed messages. Is China a threat or an opportunity? Constructive partner or strategic competitor? Free-riding member of the international order or responsible stakeholder?

U.S. policy toward China appears to be based on a bifurcation between two future outcomes: either China heeds the call of democracy and no longer remains a threat to the U.S. – although not impossible, almost certainly a product of wishful thinking – or China's military modernization and growing influence spells inevitable conflict – an extremely pessimistic, almost Cold War view. Neither promotes constructive U.S. engagement with China today. The U.S. needs to follow a policy of engagement founded on a more optimistic and realistic outcome – much as leaders elsewhere are doing. First and foremost the U.S. needs to tone down the domestic "China threat" rhetoric as it only exacerbates the situation. Second, the U.S. needs to encourage the Chinese to take much-needed reforms and be responsible globally by providing a model of positive behavior and not pointing fingers. Although an excellent idea, the "responsible stakeholder" concept has not gone over well at a time when the U.S.' own global reputation is at a low point. Rather than focusing on the negative, positive concrete steps such as the U.S.-China Strategic Dialogue, increased mil-mil exchanges, and cooperation on transnational issues such as terrorism and proliferation, should be given greater acknowledgement.

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The following comments are based on my impressions during and following the Dialogue.

Following the Sino-U.S. China dialogue in Shanghai, I felt even less optimistic about the future of the bilateral relationship. What previously I had considered cracks in the relationship appeared to be wide gulfs. I came away disappointed in three areas: the focus on paramount security issues rather than functional areas of common interest, the concentration on Sino-U.S.

relations and regional security vis-à-vis a limited number of security issues, and the lack of an action plan – all of which are intertwined.

On the first day, the sessions focused on regional security and bilateral relations and then moved on to cross-Strait relations, China-Japan relations, and the situation on the Korean Peninsula. The Chinese, unsurprisingly, maintained their firm position on Taiwan's status as a renegade province, complained bitterly of Japanese Prime Minister Koizumi Junichiro's visits to Yasukuni Shrine, and placed the blame for the current stalemate in the Six-Party Talks on the U.S. U.S. participants asserted the need for Taiwan's inclusion in regional and international organizations while continuing to support the "one-China" policy, acknowledged the current U.S. administration would be unlikely to take a stand on Yasukuni Shrine visits, and compared the Six-Party Talks to a "dead man walking." Very little, if any, progress was made on these longstanding security issues. Yet, the debates on these particular topics overwhelmed and colored discussion on many other issues.

Although the conference was entitled "The 7th Dialogue on Sino-U.S. relations and Regional Security," it essentially became a presentation of predictable viewpoints not on U.S.-China bilateral relations per se, but on U.S.-China relations and regional security vis-à-vis the Taiwan, Japan, and North Korean situations. No doubt these issues are of great importance, but the positions on both sides do not allow much room for compromise or forward movement. As a result the dialogue was unable to reach agreement on any issue and did not formulate a concrete action plan.

Looking back on my original policy recommendations I realized it unlikely that the "China threat" rhetoric in Washington could be completely or even partially quelled – in some quarters, the demonizing of China serves domestic political purposes and, like many other countries, the U.S. harbors legitimate reservations about China's actions and intentions. Therefore I have revised my recommendations for improving future China-U.S. dialogue sessions and similar track-two Asia-Pacific security meetings.

- **Focus on functional areas of common interest rather than paramount security issues.** Track-two dialogues can make progress on issues that stagnate at the official level; however, by focusing on singular security issues such as the cross-Strait relationship, many of the benefits of track-two exchanges are lost. U.S.-China bilateral relations and Asia-Pacific regional security extend beyond the issues of Taiwan, Japan, and North Korea. Therefore, future track-two dialogues should be organized around particular security issues on which the U.S. and China can more constructively and more immediately work toward a solution. Such a dialogue might be entitled "Sino-U.S. Relations & Regional Security: Energy Security" and tackle the concerns the two countries have in relation to the topic – from securing energy supplies and transportation of materials to domestic energy consumption and conservation – on day one. (It is amazing how many energy security seminars have been held in Washington recently that examine the Chinese role in world energy markets, yet without Chinese participants) Other topics could include: environmental security, terrorism, WMD proliferation, maritime security, infectious diseases, and transnational crimes such as drugs, arms, or people smuggling.

- **Formulation of an Action Plan.** The second day could be used to formulate (or begin formulation on) a strategic plan or memorandum of understanding to cooperate on one aspect of the issue. At the CSCAP WMD working group meeting in Singapore this March, the participants began the debate on an Action Plan to Counter the Proliferation of Weapons of Mass Destruction in the Asia Pacific. In the realm of energy security, a U.S.-China Action Plan could focus on specific steps the two countries could take together to improve energy efficiency.

The 2006 U.S. *NSS* states that the “United States relationship with China is an important part of our strategy to promote a stable, peaceful, and prosperous Asia-Pacific region. [The U.S.] welcome[s] the emergence of a strong, peaceful, and prosperous China,” while the *QDR* stresses the U.S. intent to “encourage China to play a constructive role in the Asia-Pacific region and to serve as a partner addressing common security challenges.” However, the bilateral relationship appears to be weakening as gaps widen on particular areas. By working together at the track-two level on more obtainable, though no less important, security goals, I believe the U.S.-China relationship would improve significantly, paving the way for breakthroughs on tougher security issues facing the Asia-Pacific region.

ASEAN's "Frodian" Role in Sino-U.S. Engagement in Asia

By Sue Anne Tay

At a recent international conference, Mr. Ong Keng Yong, secretary general of the Association of South East Nations (ASEAN), said that the 10-member regional body aspires to be like the hobbit Frodo in the movie *The Lord of the Rings*. In an environment where trust is lacking among the more powerful, Ong said that Frodo's small stature and perceived weakness make him nonthreatening, therefore trustworthy to "get things done" and hold the ring of power. He is not "the chosen one" despite his limitations, but entirely because of them. The secretary general similarly believes ASEAN shares characteristics that may allow it to play a "strategic and catalytic" role in Asia.

As entertaining as the analogy may be, it is strong reminder of ASEAN's constant efforts to define its role and enhance its relevance in an ever-changing geopolitical landscape. Along with China, ASEAN has been at the core of the regionalism sweeping East Asia. It has also managed to provide a neutral venue to address regional issues including economic integration, terrorism, the North Korea problem, and maritime security. However, some of these meetings have been accused of being mere "talk shops" with no real policy results. ASEAN's lack of political clout as a result of poor political cohesion is often offered as an explanation why this is so.

At the same time, a key factor influencing ASEAN's aspirations to be relevant and effective is the growing centrality of the U.S.-China relationship. With China's growing political, economic, and cultural clout, the U.S.-China relationship is understandably one of the most important affecting the world today. The temperament of the bilateral relationship impacts the alliances and network of relations that China and the United States have with other major players that can inadvertently affect the stability of the regional structure and the parameters of interactions within Asia. As Singapore's Minister for Foreign Affairs George Yeo recently emphasized, "If Sino-U.S. relations are properly managed in the coming years, the prospects for peace and development in Asia are good. If not, the future of Asia, indeed the future of the world, will be troubled."¹

In Asia, China's strength as a regional power has slowly come up against the U.S.'s waning influence in the region. After the Sept. 11, 2001 terrorist attacks, the U.S.'s perceived single-minded focus on fighting the war on terror has resulted in slow neglect and compromised diplomacy in Southeast Asia. A visible low point was when Condoleezza Rice skipped the annual ASEAN Regional Forum (ARF) dialogue in the summer of 2005, which was seen as a snub to the United States' Asian allies. The U.S. had also come down hard over Myanmar's imminent assumption of ASEAN's chairmanship, which would have forced a shut down of the U.S.-ASEAN dialogue. Much of U.S. attention on Southeast Asia was mostly related to anti-terrorism policies. Over time, Muslim countries in the region such as Indonesia and Malaysia grew more negative toward American policies in the Middle East. American influence was omnipresent yet dwindling at the same time.

¹ Speech By George Yeo, Minister For Foreign Affairs, At The HPAIR's (Harvard Project For Asian And International Relations) 15th Annual Conference Aug. 18, 2006

Meanwhile, China filled this vacuum by becoming the regional economic hub, in particular a production platform, which its neighbors are firmly tied. Trade between China and the 10-member bloc rose 23 percent from 2004 to \$130.4 billion in 2005. With voracious appetites for oil, commodities, technology, and infrastructure, China slowly challenged the U.S. and Japanese historical positions as key investors in Southeast Asia. Until recently, the successful conclusion of the China-ASEAN free trade agreement left ASEAN's other major trading powers, Japan and the United States, lagging behind.

Through the advocacy of the "peaceful rise" policy (later changed to "peaceful development" to ease ambivalence among its neighbors), China declared it had no desire to play the spoiler in the region. This has not always been a consistent policy, as evidenced by specific events including Beijing's obvious displeasure when Singapore's then Deputy Prime Minister Lee Hsien Loong visited Taiwan. Beijing in response pulled its Central Bank chief Zhou Xiaochuan who was slated to visit Singapore for a meeting, creating a tense interlude for both countries. The sovereignty dispute over the Spratly Islands, while quiet, remains unresolved. While it is too early to tell if China's "peaceful development" policy has worked, it is safe to say that countries in the region believe it is doing more good than harm.

U.S.-China bilateral tensions, require countries in Southeast Asia to seek a precarious balance between the two major powers. ASEAN's founding members like Singapore, Malaysia, and Thailand have to take into consideration their long strategic history with the U.S. while embracing the vibrant economic connection with China. The newer ASEAN members in the Indochina region have historically been closer to China due to contiguous borders, greater migration flows, and hence experience greater economic integration. Simultaneously, Vietnam and Cambodia has also seen increased economic interaction with the United States. Countries in the ASEAN region have adopted twin strategies of deep engagement with China on one hand and, on the other, "soft balancing" against potential Chinese aggression or disruption of the status quo. Essentially, they are trying to cultivate a position that forestalls or avoids having to choose one side at the expense of the other.² Many ASEAN countries are uncomfortable playing sides at the risk of aggravating existing tensions, though some have discovered advantages to the current situation.

Fortunately, the U.S.-China bilateral relationship within Asia has improved in the last year. The Department of State and Pentagon have taken a more consultative approach to Asian security by playing up China's "stakeholder" status and responsibilities in international affairs. The U.S., acknowledging the astute economic and political diplomacy practiced by China, has re-emphasized its desire to remain a positive contributor to the active regionalism underway. The recent conclusion of the U.S-ASEAN free trade agreement is one result of the United States' renewed cooperative efforts.

This is an opportune time to explore the important role a regional body like ASEAN can play in enhancing U.S.-China relations. ASEAN has the ability to be the catalyst and platform for multilateral engagement between the two major powers and other Asian players. ASEAN's

² Goh, Evelyn, "Meeting the China Challenge: The U.S. in Southeast Asian Regional Security," East-West Center, Washington, Policy Studies 16, May 2, 2005.

leaders recognize their unique position but the implementation and sustainability of such policies remains a challenge.

One, ASEAN needs to emphasize its micro-functional abilities developed from almost 40 years of institutional building. ASEAN is a building block of Asia's active regionalism, as seen through the creation of the ASEAN Regional Forum, the ASEAN Plus Three process, and even the lackluster East Asia Summit. Over the years, ASEAN has managed to shed some of its internal disagreements to build effective agendas addressing maritime and energy security, piracy and regionally-based humanitarian relief, education, and business enterprise initiatives. The 1997-98 Asian financial crisis was a harsh wakeup call to the region of the importance of anticipatory regional mechanisms. Success may not be consistent, but the stronger the institutions ASEAN and its partners can build, the greater the trust in said bodies for mediation of differences and conflict resolution. This will result in greater confidence in multi-lateral solutions by all players, including the U.S. and China.

Second, ASEAN has the advantage of having cordial relations with almost all countries. Singapore's Minister of Foreign Affairs George Yeo recently pointed out that countries in the Middle East have increasingly turned toward Asia for economic opportunities as their citizens encounter growing hostility when they visit the West. Hence, many prefer to come to Asia for tourism, business and education. By being friendly and open to all major powers, Yeo says that ASEAN has the advantage of providing a neutral platform for multilateral dialogue involving China and the United States

Most important, ASEAN has to continue enhancing itself as a regional body, both economically and politically. It has to more forcefully set aside its differences over the issue of Myanmar, and anti-terrorism policies and stem neighborly bickering. By boosting its competitiveness and fronting political consensus, each member will feel more vested in a more confident regional body. ASEAN can then assert itself in its perceived role as a facilitator for the larger powers.

There remain many challenges to ASEAN's Frodian aspirations, one of which is successfully moving proposed policies "from principles to practice," a long-time weakness of the 39-year-old body. It is to ASEAN's own benefit that it finds its place in Asia, but the larger good has to be ASEAN's importance to the larger state of politics in a region populated by large and medium-size powers. As Singapore Minister of Defense Teo Chee Hean puts it, "Cooperation is the order of the day, not contention and certainly not conflicts." With all players more integrated in a region, including the behemoths, the conducive environment for engagement and cooperation becomes half the battle won.

A Time to Sow: Cultural Exchange and the Future of U.S.-China Relations

By Levi Tillemann-Dick

Diplomatic gaffes committed during Chinese President Hu Jintao's visit to Washington may steal the headlines, but they do not represent the core of China-U.S. relations. China's positive relationship with the United States is based on common economic interests. As goods and cash cross borders, China and the U.S. both benefit. Although some claim that China's 2005 trade surplus with the U.S. of over \$200 billion proves the relationship is weighted in China's favor, this argument is based on shoddy economics and shallow populist rhetoric. Yet the relationship is clearly unequal in at least one respect: The United States is the most important country to China's economic and political future, whereas for the U.S., China is merely one of many important players in the international system. The PRC's position of international prominence, its burgeoning confidence, and hard power all rest on the country's new economic strength. International trade is the keystone of China's economic dynamism, and the U.S. is China's number one trading partner.¹

However, within the next 50 years the asymmetry in this relationship will diminish. China is already one of the top U.S. trade partners and has nearly eclipsed Japan as the number one holder of U.S. government debt.² Because economic issues have recently received the lion's share of attention in the U.S.-China relationship, many other obstacles have been brushed aside. However, just because conflicts are ignored does not mean they will go away. Although the world's superpower can handle a sometimes truculent China in the near-term, long-term prospects for the two titans are more worrisome. Entrenched structural and ideological differences as well as burgeoning Chinese nationalism are causes for concern.

It is in the U.S. national interest to start dealing with future challenges from China today and seek harmony and cooperation in the bilateral relationship sooner rather than later. A good place to start would be by increasing the paltry level of cultural exchange between the two countries. A scholarship program to bring thousands of impressionable Chinese high-school students to the U.S., and a proportional number of U.S. students to China, for a year of study would deepen understanding between the two countries. In the long term, such a program will provide enormous economic and academic opportunities to the young Chinese and Americans who participate. Further, it will expose future Chinese leaders to the values of a free society and democracy. For the U.S., it will help fill an important gap in the number of Chinese speakers in the business, diplomatic, and national defense sectors. Lastly, if managed properly, such a program could provide a major boost to public diplomacy between the two countries.

A perception gap

For all its foibles, Beijing has filled more bellies, clothed more children, and lifted more souls out of poverty over the last 10 years than all the humanitarian relief agencies in the world

¹ China sees trade surplus triple, BBC 01/11/06 <http://news.bbc.co.uk/2/hi/business/4602126.stm>

² Foreign Currency Piles up in China, *Washington Post*, 01/17/06 http://www.washingtonpost.com/wp-dyn/content/article/2006/01/16/AR2006011600450_pf.html

combined. The Communist leaders of capitalist China are rightly proud of their role in the battle against extreme poverty, world hunger, and illiteracy. Unfortunately, in addition to these signs of progress, China's national prism has some ugly sides that need polishing. To the chagrin of Communist leaders, the Congress, State Department, and U.S. executives take great pains to call attention to these blemishes.

Though the U.S. routinely trades barbs with friends, allies, and partners, the secretive and sensitive Chinese leadership does not appreciate the Western tradition of excoriating neighbors in good faith. On the contrary, Chinese often view U.S. suggestions as insults or as interference in China's internal affairs. These viewpoints are held not only by Beijing's power elite, but by the intensely nationalistic Chinese masses who, despite China's capitalist reforms, are still nourished by the steady drip of Communist Party propaganda dispensed by China's state-controlled radio, television, and Internet sites.

However, even if the Communist Party reformed tomorrow, giving China's people free speech, religion, and freedom to organize, there would still be substantive issues of discord for the U.S. and China. The U.S. military support for Taiwan would continue to raise hackles in Beijing, as long as the island maintained its *de facto* independence; warm U.S. relations with Japan would continue to vex nationalist Chinese; and the hydra-headed beast of economic conflict between the two countries would only strengthen.

Yet, there are issues in the relationship, such as China's support for the terrorist state of Iran and genocidal Sudan, that can be resolved. In the case of these more solvable conflicts, the U.S. should attempt to coordinate with, persuade and, where necessary, cajole China. This said, the White House and the U.S. Congress should use extreme caution in exercising threats or coercion. More intractable conflicts will have to be resolved through a slow process of generational change and democratization, two processes America should encourage through nonthreatening means.

Changing perceptions

How should the U.S. seek to influence the people and leaders of China? Tight control of the media by the Chinese government and a willingness to employ coercive means against anyone who opposes its authoritarian rule inhibits the organic evolution of perceptions that are natural in a free society. Criticisms of China's government by U.S. diplomats and politicians are generally mocked by the state-run media, made fodder for China's hyper-nationalists, or ignored completely. Furthermore, U.S.-sponsored programs, such as Voice of America, are routinely jammed.

These obstacles should not deter the U.S. from pushing China on human rights, freedom of religion, free speech, and democracy. However, to Chinese indoctrinated by the state-controlled media, inflamed by nationalism, and unfamiliar with U.S. democratic culture, U.S. sermons may reek of hypocrisy and hype. By bringing young Chinese into American homes, churches, and schools, the U.S. can begin to address some of the ignorance that plagues their current efforts abroad.

Student exchanges that started in the 1970s exposed Chinese to technical knowledge that has fueled the mainland's economic development. Chinese university students educated in the U.S. have imbibed the principles of capitalism and free market economics through osmosis and returned to practice them at home.

A similar strategy can be utilized to inculcate democratic norms into the hearts and minds of young Chinese. Through China's new generation of Western-educated youth-leaders, U.S. critiques of China's domestic politics will become ingrained in the fabric of Chinese society.

Starting young

The Chinese realize that they are in need of the advanced academic and technical training provided at U.S. universities. Today over 60,000 Chinese students are studying at colleges and universities in the U.S. Over 80 percent of these are graduate students, and most are enrolled in programs for engineering and the sciences.³ Students in the social sciences are often government sponsored and arrive in the U.S. with inflexible ideas about democracy, international relations, and the political program of China's government. As a result, their views have been shaped by decades of indoctrination and PRC educational institutions.

I suggest that the U.S. fund a scholarship program for high-school students to come to the U.S., study, and live with an American family for a year. The program should be aimed at youth with exemplary academic records and the majority of costs should be borne by the U.S. government. The Chinese government should be invited to set up a corresponding program for students from the U.S.

There is a perception within China that it is almost impossible to obtain a visa to the U.S. Many Chinese simply fail to apply for schooling in the U.S. because they believe insurmountable hurdles lie between themselves and an American education. In addition to its other benefits, a high-profile program that invites young talented Chinese to the U.S. has the potential to counteract some of these negative perceptions.

Though the program will require substantial financial resources, it would be significantly cheaper than a program that paid college tuition for visiting students and arguably more effective. Further, Chinese students could be required to assist in K-12 Chinese language courses in U.S. schools.

Pimp it

In May 2005, Joe Lieberman and Lamar Alexander co-sponsored the United States-China Cultural Engagement Act. The bill was ambitious but sensible, far-sighted but focused on immediate applications. Each section of the bill was even named after a renowned scholarly figure in Chinese history – a gesture welcomed by Beijing. However, like Joe Lieberman, the bill had one glaring problem – it was boring. Furthermore, it did not go far enough.

³ Remarks of Donald M. Bishop, Minister-Counselor for Press and Cultural Affairs American Embassy Beijing At the American Center for Educational Exchange, Jan. 26, 2005 <http://www.iienetwork.org/?p=56814>

Though \$1.3 billion for Chinese language study may titillate in policy circles, it is a blip on the radar for mainlanders. America would gain far more from a potential student exchange program if it introduced the program with some spectacle – not merely a tie and jacket dinner at the U.S. Embassy in Beijing.

When the Houston Rockets 7'5" center Yao Ming steps on to the court his image is broadcast to over 300 million households across China. A bus ride through Beijing, Shanghai, or even Urumuchi is enough to realize that the 22-year-old NBA player is the biggest international superstar the country has ever produced.

Soccer is still the most popular sport in the PRC, but basketball is gaining ground and China's soccer establishment has no one to compare to Yao Ming in physical or cultural stature. A match of China's best basketball players with some of their counterparts from the U.S. played in Shanghai or Beijing would be a spectacular kickoff for a China-U.S. student exchange program. Rather than national teams, the event could be organized into mixed teams. Such a series would highlight Americans and Chinese working together, improve public perceptions of the United States in China, and give Beijing another feather in its hat.

Conclusions

China has abandoned communism in favor of nationalism. The U.S. must take this powerful ideological current into account in its dealings with China. Both Beijing and the Chinese people are proud and acutely insecure. As a result, the bully pulpit is often less effective than the back door in securing Chinese cooperation. U.S. criticism often inflames Chinese sensibilities, rather than promoting reform. Furthermore, on many of the key issues in the bilateral relationship, the U.S. has a clear bottom line it cannot transgress. America will have to rely on goodwill and time to heal some of the rifts in its relationship with China.

If the U.S. hopes to receive cooperation from the Chinese in areas such as nuclear proliferation in Iran and North Korea and improve the China-U.S. relationship, it would be well advised to give face to the Chinese where it can. A student exchange program will cost money, but should benefit all involved.

Changing Chinese perceptions on certain issues will not be accomplished in a few summits or even a few years. However, by exposing young Chinese elites to a free society, it may be accomplished in two or three decades. This program should be viewed in the same light as the Marshall Plan and humanitarian aid: expensive, troublesome, but abundantly worthwhile – manifestations of U.S. enlightened self-interest.

In his press conference announcing the United States-China Cultural Engagement Act, Sen. Alexander outlined the basis of the U.S. cultural engagement with China:

“There will be challenges in the United States' relationship with China as it grows and we seek to maintain our position in the world and our standard of living. But it's my hope that the United States will spend some of our time and money getting to know China better, and that Chinese citizens will spend time getting to know us. History has shown that the modest

dollars we've spent on education programs have done far more good than hundreds of billions of dollars in foreign aid. We can argue, we can send diplomats, we can build up our defenses, we can assert our position, we can spend money on foreign aid, but we all know there's only one thing that's worked best and that is when we get to know each other better.”

The United States should hear these words and take up the challenge. It behooves the U.S. to redouble its efforts during the spring of China's rise, and prepare the ground for a mutually beneficial relationship with the world's rising superpower. If it fails to do so, the U.S. may reap a bitter harvest in of blood and tears as this billion-strong nation matures.

Taiwan Issue in the 2+3 Factors of the Sino-U.S. Relationship

By Ruyi Wan

The diplomatic relationship established by China and the U.S. in 1979 introduced communication and cooperation between both governments. Though this bilateral relationship was both flexible and fluctuated for 30 years, generally speaking, it moved forward. With the leaders' mutual visits and frequent communication, both countries made progress in the fields of trade, technology, culture, education, and the military etc.

Are we moving to a new period? Or we have already stepped on a new stair? Wherever we are, we should think of the most important factor in the Sino-U.S. relationship and what should be done by both sides, if we desire to push the relationship forward.

Background

Last month, President Hu Jintao enjoyed dinner at Bill Gates' home, and afterward concluded deals worth \$5.2 billion for Boeing 737s and \$1.7 billion for software. Doing this journey, the words "mutual benefits" and "win-win" were often heard.

On the other hand, there do exist differences in culture, values, and political system, between U.S. capitalism and Chinese socialism. The understanding of democracy and comprehension on human rights are the most sensitive differences.

Taiwan issue in the 2+3 factors

The Sino-U.S. relationship cannot be too good or too bad.

Two factors push the bilateral relationship forward:

1. Mutual benefits based on the Asia-Pacific region.
2. Mutual benefits based on bilateral economic and trade.

Three factors that block the relationship:

1. Potential confrontation between the two nations.

The United States is the world's biggest developed country, while China is the biggest developing country. Before the year 2020, U.S. supremacy position will not be threatened. But according to many analysts, China's continuing development in economics, politics, military, diplomacy, technology, and education will finally create threats, even though China never shows evidence that it will claim to be superior to the U.S. claim.

2. Different social / political systems

Just as China once exported the “revolution,” the U.S. exports “democratic freedom” and “free markets.” After the breakdown of the Soviet Union, China is the main target of the exports as well as the biggest obstacle to their export. An intense conflict on ideology, view, and social/political systems arose between the West and East.

3. Taiwan

Taiwan is the most sensitive topic between China and the U.S. China will defend its territory and sovereignty by all means. The U.S. is reluctant to see the garrison of China’s troops on Taiwan, which will break the current situation in the Asia Pacific and deprive the U.S. of strategic advantage on this region especially in the area around Japan. The current cross-Strait situation can, by the way, hold down China’s progress toward becoming a rival.

Among the factors listed above, the most crucial one is the Taiwan.

Issues related to mutual benefits are always easier to handle. Among the three negative factors, both nations have deeper mutual understanding, and have taken efforts to seek common ground. Taiwan could bring the two into direct confrontation. On one hand, China will stick to its principle and by all means control the cross-Strait situation, and oppose Taiwan’s independence. On the other hand, the U.S. is the biggest supporter of the “Taiwan government,” and argues it is best to maintain the current situation of “no reunification, no independence” according to Washington. The U.S. tries to make the military balance cross the Strait, while adopting a “hedging” strategy toward China.

If conflict breaks out between the both nations over Taiwan, the situation is fatal and will never heal. It is different from the Korean War. Both sides know it is easier to resume their relationship after a war fought over a third party; in the Taiwan case the two sides face each other directly. So Taiwan is the last card that both can play.

This is widely called “strategic obscurity”. In 1958, when Taiwan’s transportation ships convoyed by U.S. warships approached Jin Men Island, the mainland launched several warships to attack. From the mainland side, it was ordered that the shell hit Taiwan ships accurately; while from the U.S. side, the warships left the battle-field on full swing as soon as the battle broke out, discerning ally’s ships sinking.

Historical causes gave the anti-communist Nixon and the revolutionary Mao Ze Dong reason to shake hands. The diplomatic relationship was finally set, which was followed by three communiqués. Both sides should honor the communiqués. But Taiwan has moved too far from the communiqué framework, which caused tensions in the Strait to rise. It could also result in annoyance in Washington, D.C. There would be no more leeway for the U.S. to mediate in the Sino-U.S. relationship. We can say that “Taiwan abused ‘Washington’s credit card.’”

Japan is also involved in this region, while the Sino-Japan relationship is getting frosty. The Treaty of Mutual Cooperation and Security between the United States and Japan referred to Taiwan last year, which annoyed the Beijing government very much. The Delphic relationship between Japan and Li Denghui/Chen Shui-bian even cast a shadow on the Sino-Japan relationship, the cross-Strait situation and the Sino-U.S. relationship.

What can China do to improve the bilateral relationship? Corresponding to the factors listed above, China should spare no efforts to enlarge the influence of the two positive factors and smooth the situation related to the three negative factors.

1. Enhance mutual benefits in AP region

Economically speaking, the U.S. and China play a huge role both bilaterally and in APEC. China plays an important role for ASEAN; enlarging the FTA will bring prosperity to this region. China's market should be even more open in terms of cooperation with trading partners.

2. Enhance bilateral trade

China should open more markets while the U.S. should exchange more technology. After 1978, China set about to adopt the market economy, which resulted in a continuing GDP growth at nine percent with this fast development, China should handle the transition and balance between the planned economy and the market economy, between SOEs and private MNEs; and open its doors to the foreign capital.

The three negative factors should be considered as one topic "China's peaceful growth." Growth will continue and should be maintained. Then the problem focuses on whether China's rise will be peaceful.

China always advocates "peace and development" as the theme for the 21st century. Practically speaking, China should take more responsibilities on global or regional issue; the Six-Party Talks is a good example. The cross-Strait situation should be solved peacefully.

On the other hand, there must be some misunderstandings between China and those who argue about a "China threat." It will be much better if there are more channels for communications, to let them know our culture, life, thoughts, etc. When I participated in an international conference on Northeast Asia, many foreign friends changed their minds after talking with me about what China is really like. Events like the China-France Culture Year or the China Russia Year are good examples.

As for Taiwan, China should also stick to its principle and try to avoid military action. The PRC has already given a big frame to the cross-Strait talks, which is "anything can be discussed, only under the 'one China' precondition." On an operational level, the mainland proposed two separated channels, one political and one economic. Since 2003, with the boom of the independence radicals on the island, Taiwan's economy has gotten worse. Economic cooperation (aid) from the mainland smoothed the relationship a lot. Early this year, when

President Lien Chen visited his hometown on the mainland for the second time, President Hu Jintao declared 15 policies to benefit the island, especially the south part of Taiwan. When President Hu visited President Bush, Washington opposed unilateral action by radicals. Action taken by both the United States and China will probably create a stable cross-Strait situation. Besides, it also proves that the two can have mutual benefits in other fields.

China should consider how to nudge Taiwan closer if not back to China. One way is to win the hearts of the Taiwanese people. It became more and more serious that even cultural ties across the Strait was not known to the young people of Taiwan. The PRC should think about policies that show its kindness to attract the people in Taiwan, instead of the numbers of missiles aimed at the island. The 15 policies to benefit the island are the right methods.

Conclusion

Within the Sino-U.S. relationship, there are two positive factors and three negative factors, among which the cross-Strait issue is the most crucial one. In the 21st century, a good relationship between the U.S. and China will help the development of both countries and sometimes even the world, and will help keep the peace in the world.

The Missing Dialogue: The Sino-U.S. Economic Relations in the New Era

By Min Ye

The seventh dialogue on Sino-U.S. relations in Shanghai featured hot debates on how the two countries should treat third parties like Taiwan, Japan, and North Korea, and regional organizations. Sino-U.S. economic relations, potentially volatile, were left largely unaddressed. Considering the growing economic nationalism among Chinese elites, together with increasing protectionism among the U.S public and the Congress, omitting these issues is dangerous and unfortunate.

Since the late 1970s, trans-nationalized economic development has made China stronger and more secure in a variety of ways. Yet gradually, potential economic frictions became more apparent, and are creating strategic complexities between China and the U.S. To cope with this volatile reality, it is imperative that China further economic reform and deepen integration in the world system. In this essay, I first assess the security externality of China's open economy since 1978. Then, I highlight emerging frictions between the two countries. I conclude by presenting some concrete policy suggestions.

Economic openness and China's security

China's economic development since the late 1970s was among the few economic miracles in human history. It was based on a high degree of integration in the world economy. From 1978 to 2004, China's GDP increased by 35 times, GDP per capita increased 28 times, and productivity increased by 20 times. Other social indicators also suggested dramatic growth in the last three decades. Correlating to these macroeconomic indicators is high share of trade in GDP, a high stock of foreign investment, and extensive transnational economic ties.

Economic growth has provided the Chinese government more resources to expend. The government is now 20 times richer than it was in 1978. With such increased resources, infrastructures in China are far better. The military modernization also stepped up; China's military expenditure doubled since 1999. The new, fast-growing space programs cannot develop without persistent GDP growth in China.¹

At the bilateral level, China is more secure in relations with the U.S. The U.S is the largest market for Chinese goods, and cheap Chinese products save U.S customers \$100 billion. Major U.S companies such as Boeing, Ford, GM, IBM, Intel, and Motorola also save hundreds of millions of dollars each year by buying cheaper parts from China, and China is also a sizable customer for their products. Outsourcing to China (and India) has created a net 90,000 new jobs in the U.S IT sector.² Such economic incentives promoted strong pro-China ties within the U.S. In the 1990s, for example, business lobbies successfully counteracted political sanctions against

¹ In the next section, I discuss in detail how military modernization can undermine China's security if not managed properly.

² George Gilboy, "The Myth behind China's Miracle," *Foreign Affairs*, Vol 83, No. 4, July/Aug 2004.

China. In recent years, corporate ties are also important in sustaining U.S. engagement with China.

Strong economic ties also exist between China and U.S. allies in Asia and Europe. China-Korea and China-ASEAN economic interaction grew rapidly, greatly reducing the latter's apprehension of China's rise. Even among China and Japan, business groups in both sides played an important role in mollifying political tensions. Regional economic interdependence and China's stable relationships with its neighbors help modify U.S. policies toward China. China's economic ties with Europe, Australia, and Canada are also strong. China's economic efforts in Africa, Latin America, and South Asia also produce strategic dividends. Such international economic coalitions are important for the China-U.S. relationship: it is no longer feasible or desirable for the U.S. to undertake a containment strategy against China. Containment has to consider China's transnational economic ties that involve almost all U.S. allies in the Pacific and Europe.

These transnational economic networks do not just restrain the U.S.'s containment option; they also restrain China's tendency for protectionism. Between China and Japan, where zero-sum, competitive calculations are strong, business ties have played a pacifying role. Following anti-Japanese demonstration and the boycott of Japanese goods in 2005, influential domestic groups and liberal-minded politicians harshly criticized boycotts calls and demonstrations. In brief, anti-Japan nationalism and protectionism are tempting, but domestic actors who benefit from China-Japan economic ties such as business groups and Chinese workers help counteract this trend.

The Backlash against economic integration

Globalization inevitably creates domestic opposition as the process strengthens some groups while undermining others. "Losers" in globalization can launch strong resistance and complicate their government's foreign policies. As China has been a major beneficiary of economic integration, domestic resistance to globalization is less severe but economic nationalism is growing. Market reform has led to a variety of social problems in China, and has the potential to undermine the legitimacy of the central government. So far, the Hu administration has diverted social grievances at the local level, but it is possible that the government may blame economic integration if social and economic problems continue. Among elite circles, opposition to foreign penetration is also evident, as suggested by many Chinese writings on China's industrial policies.

A protectionist trend in the U.S. is also emerging, given the U.S. account deficit and staggering bilateral trade deficit with China. Although the U.S. economy is recovering, there is a 7 percent current account deficit, and China has accumulated a surplus of 7 percent. As China's foreign exchange reserves skyrocketed to become the world's largest, it will not take long for the U.S. public to fear China's accumulation of U.S. bonds. In addition, the U.S. suffered from a \$204 billion trade deficit in 2005, a historical high. It will be easy for U.S. politicians to make the case that China is "stealing" U.S. jobs. Recent congressional hearings on currency revaluation and punitive tariffs illustrate this trend.

Even among U.S. advocates of economic integration and engaging China, frustration with China's economic practices is growing. Most contentious frictions are China's violation of intellectual property rights (IPR), the acquisition of foreign energy supplies, currency manipulation, and limited openness in certain sectors.³ At this moment, advocates of engagement strive to shape China's constructive role in international system and to push China to accommodate some U.S concerns. Yet in each of these issues, China's government faces strong domestic resistance to reform.

The IPR regime, for example, will undercut vested interests of local governments and indigenous enterprises. Some Chinese elites also worry that a more stringent IPR rule will make Chinese products less competitive. Energy acquisitions abroad, again, have strong backing from relevant ministries and state-owned enterprises. Currency revaluation is not only ineffective in addressing U.S concerns but also likely to aggravate China's social problems; and the poor and small enterprises will be hurt most.

Conclusion: China as “a responsible stakeholder”

U.S. Deputy Secretary of States Robert Zoellick's call for China to be “a responsible stakeholder” resonates well with China's strategic thinking of a “peaceful rise.”⁴ If these two trends continue, a cooperative relationship between China and the U.S is possible and China's rise does not have to be resolved through conflict. Chinese policy makers' seek – and have a responsibility – to promote these two trends and to avoid potentially disastrous conflicts. To do so, they should:

First, continue to prioritize economic development. The Chinese economy is still a long way from advanced industrial societies, especially judging by per capita income. Continuing growth not only provides resources for social welfare, but also increases China's international influence. Power is an outgrowth of material wealth.⁵ Historically, all hegemonic powers were based on their exceptional economic performance. The only exception was the Soviet Union, which eventually imploded.

Second, continue economic liberalization and openness. After three decades of growth, China's industrial capability and strength are formidable. But vested industrial interests can form at the expense of the national interest.⁶ Thanks to China's high degree of openness, the protectionist impulse is limited. Yet, the temptation to embrace industrial policies that protect domestic industries is strong. The government should fight this temptation and endeavor to create a healthy market economy so that domestic entrepreneurs have an even playing field.

Third, publicize the importance of globalization and transnational ties within China. For many years, the government tried to foster patriotism by emphasizing Japanese aggression and the Chinese Communist Party's importance in “liberating” China. It is time for the government

³ Robert Zoellick, “Wither China: From Membership to Responsibility?” Remarks to the National Committee on U.S-China Relations, Sept 21, 2005, New York.

⁴ Zheng Bijian, “China's Peaceful Rise to Great-Power Status,” *Foreign Affairs*, Sept/Oct 2005.

⁵ Robert Gilpin, *War and Change in World Politics*. Princeton: Princeton University Press, 1985.

⁶ Mancur Olson, *The Rise and Decline of Nations*, New Haven: Yale University Press, 1982.

to stress the disasters of economic isolationism and the importance of an open-door policy. Economic isolationism not only resulted in economic backwardness but also strengthened conservative political forces while purging intellectuals and liberal-minded political leaders. Economic openness can facilitate political rationality.

Finally, promote transnational networks through increasing economic interdependence. In the end, the world is no longer separated by national borders. Within each country, different coalitions exist. As a result, cross-national coalitions with similar goals can be important in pursuing national interests and transnational stability. In the end, the national interest of one country does not have to conflict with the national interest of another.

The Fear Factor in Sino-U.S. Relations

By Yu Jianjun

Ideologically, militarily, and institutionally, China and the U.S. are fearful of each other. This is not merely a psychological matter, but substantially influences their foreign policy toward each other. To abate these fears and reduce the negative impact on the Sino-U.S. relationship, China and the U.S. should take unilateral, bilateral, and multilateral measures.

Classifying fears in Sino-U.S. relations

It is widely recognized that states in an anarchic world fear each other because there is no central authority to enforce justice, no common rules to bind state's behavior, and no reliable institutions to maintain the international order. The premise for states' fears is that each state possesses aggressive military capabilities and tends to maximize its own powers at the expense of others. Fearful of being threatened or even destroyed by its perceived adversary, the state has to prepare for the worst it can imagine, no matter whether these fears will become real or not. In most cases, deeply held fears rather than the tangible threats drive a state's foreign policy and lead to unwanted outcomes in international politics. Eliminating states' fears seems impossible as long as they live under international anarchy and constantly compete for survival and security, but abating fears and building trust among states is very likely and necessary.

Ever since the People's Republic of China was founded in 1949, there has been great fears within the U.S. about "Communist China" and deep terror within the PRC about "Imperialist America." Not sharing the same identity, beliefs, and values, China and the U.S. regard each other as "alien" and it is quite hard for them to develop a sense of affinity. Even during the 1970s and 1980s when China and the U.S. dealt together with the common threat of the Soviet Union, their division on ideological issues prevented them from becoming long-term and stable allies. Fears stemming from ideological differences still play an important role in Sino-U.S. relations, although they are not as obvious as they were in the Cold War. China is fearful of U.S. efforts to have "peaceful evolution" within China; For the U.S., a strong China adhering to the doctrine of Marxism and the one-party system is worrisome. The ideological fears in Sino-U.S. relations work largely at the level of domestic politics, which constrain the range and direction of their foreign policy toward each other and make it hard for them to develop strategic trust.

Closely related to ideological fear is military fear. A careful examination of Sino-U.S. relations during and after the Cold War shows that military fear designs and drives their policy toward each other. Since China and the U.S. met on the battlefield of the Korean War in the 1950s, there has been no military conflict between them, but fear of war has haunted policy-makers in these two countries. On the positive side, military fear reduces the risks of going to war since China and the U.S. know well the serious of consequences and strive to prevent them from happening. On the negative side, being suspicious of each other's military intentions, China and the U.S. often overreact to the other side's military policy. The U.S. has feared that China would transform its economic strength into military power for expanding its influence; China would expel the U.S. military presence in East Asia and seek its own hegemony in this region; China would use force to solve the Taiwan issue and even the South China Sea issue. China has

worried that the U.S. would work with its allies to contain China; the U.S. would be unwilling to see China develop into a great power and therefore will use every means to impede China's acquisition of military technology and weapons; the U.S. would intervene militarily in the Taiwan Strait if China were to use force to realize the goal of reunification with Taiwan. These fears and worries on the part of the U.S. and China trigger tensions in Sino-U.S. relations and could become self-fulfilling prophecies if no effective crisis management mechanisms is established.

Finally, there has emerged a new fear in Sino-U.S. relations in the post-Cold War era, which arises from different models of development represented by the U.S. and China. For a long time the U.S. model of development featuring free trade and democratic institution has been regarded as universal and unchallenged. Nevertheless, China has taken another road and created another model of development. In the past decade, China's successful growth has won the world's attention and its model of development has gained popularity among developing countries. Pointing out that China's growth is occurring under a political and economic model that is very different from the one the U.S. tries to promote, Kenneth Lieberthal worries that other countries will try to follow this model and this will make the U.S. model harder to "sell."¹ Indeed, the so-called "Beijing consensus" and "Washington consensus" are competing against each other, causing fears and uncertainties within these two countries.

Ways to abate fear in Sino-U.S. relations

Unilaterally, China and the U.S. should exercise self-constraint in their behavior and refrain from challenging each other's fundamental interests. On critical issues involving both countries' important interests (such as the North Korean and Iranian nuclear issues, the Taiwan issue, the proliferation of WMD, and antiterrorism), China and the U.S. should be prudent in taking actions and try not to cross the "red lines" of each other's policy. Instead, they can send signals particularly at the time of tension to reassure each other and avoid the accumulation of fear.

Bilaterally, China and the U.S. should set up a series of arrangements to promote mutual understanding and trust. Compared with the abundant exchanges in economic and cultural fields, links in the political and security fields are quite weak. Politically, China and the U.S. can strengthen their connections at the domestic level and encourage more bureaucratic exchanges for improving understanding of each other's politics. Militarily, China and the U.S. should create channels to foster mutual trust between these two countries' military personnel. At the governmental level, it is essential for China and the U.S. to establish mechanisms for confidence-building measures, preventive diplomacy and crisis management.

Multilaterally, China and the U.S. should engage in regional and international institutions and work with other actors to enforce the norms and rules of international community. Ralph A. Cossa argues that multilateral mechanisms can promote long-term peace and stability in Asia.² As great powers in this region, China and the U.S. not only have the responsibility to develop a

¹ Speech given by Kenneth Lieberthal in Shanghai on April 2006. Also see a summary of this speech by Shelley Rigger.

² Ralph A. Cossa, "Asian Multilateralism: Dialogue on Two Tracks", *JFQ Forum*, (Spring 1995), p.35.

network of multilateral institutions, but also need to solve their bilateral issues in multilateral settings. One of the great benefits of multilateralism is that it can provide the platform for states to develop habits of tolerance and cooperation. Interacting within multilateral framework, can give China and the U.S. space and chances to establish mutual trust in a gradual and effective way.

The Most Important Factor in the China-U.S. Relationship and China's Response

By Jiadong Zhang

The relationship between China and the U.S. will become the most important bilateral relationship for both countries and for the entire world. However Chinese and Americans may look at each other, war between China and the U.S. would result in the collapse or decline of both countries. Therefore, it is the goal of both countries to avoid open conflict with each other.

What is the most important factor in the China-U.S. relationship?

Contradictions between China and the U.S. can be divided into three categories: ideological, economic, and geopolitical. In contrast to the past, China has progressed in almost all dimensions, including political (village elections), economic (the open door policy), and social areas, in a direction that the U.S. favors. According to this logic, the U.S. should maintain a better relationship with the current China. But unfortunately, with almost every step of China's advancement, the U.S. worries more and more. What has caused this phenomenon? I think there are two key factors that will determine the future China-U.S. relationship:

First, in the physical dimension, the development or the rise of China, economically, politically, and culturally, is the most important variable that both China and the U.S. has to deal with.

For any country, development and growth have to be central to government policy that it cannot be replaced by outside concerns. China is no exception. Regardless of how other countries value China's economic and military power, China will, and has to keep its pace, and if it possible, China should quicken its economic development. Therefore, development and growth of economy are not something that can be deterred or constrained by foreign states, or even by China itself.

Second, the U.S. recognition of and policy toward a changing China is an important variable that influences the China-U.S. relationship at the decision-making or tactical level.

If the U.S. views China's development and growth as direct geopolitical threats – by considering the modernization of Chinese army as evidence of “China threats” rather than as natural right for a country – it would be reasonable and rational for the U.S. to deter China's efforts (ambitious in many American eyes) from reuniting its territory, buying foreign oil companies, protecting maritime security, and maintaining close relations with other powers, without calculating China's actual strength and intentions. *The Washington Times's* Bill Gertz points to every Chinese arms acquisition as evidence of Chinese revisionism.¹

The most important obstacle in the relationship between China and the U.S. is the Taiwan issue. Washington's gestures toward Taiwan, in particular, appear to Chinese as an effort to

¹ Bill Gertz, *The China Threat: How the People's Republic Targets America*, Washington, D.C.: Regnery, 2000.

weaken their nation. Fundamental to the modern Chinese worldview and identity is the belief that Taiwan, which split from the mainland as a result of an unfinished civil war, should be returned to China rather than existing as a separate, independent entity, as many Taiwanese natives hope. Even exiled Chinese democracy activist Wei Jingsheng, who spent years in jail for criticizing the Chinese government, stated at a press conference upon his arrival in the United States, “Taiwan is a territory that belongs to China.”²

But China has no capabilities and no intentions to threaten the U.S. even though China has a strong will (*even though it is seen as ambition by many U.S. analysts*) to reunite Taiwan (peacefully or militarily) and that superior U.S. armed forces cannot deter.³ Except for this, China’s top five issues, including social reform, political reform, economic development and equilibrium, anti-ethnic separatist movements and terrorism, and environmental deterioration, will absorb Chinese attentions and major resources. Since Western countries spent hundreds of years dealing with these issues, China would have no capacity to be construed as a real threat to the U.S. and its allies within the following decades.

Other issues, such as the bombing of the Chinese Embassy in Kosovo that killed several Chinese reporters, accused China of espionage without providing any evidence, U.S. Congressional support for independence movements in Taiwan, Xinjiang (Uyгур), and Tibet, the trade deficit and property right problems, are all reflections of U.S. mistrust of China.

What *specifically* can China do to ensure that the bilateral relationship is strengthened?

There are three categories of conflicts between China and the U.S. Economic development is China’s main target that can’t be stopped by manmade factors; geopolitical concern also will not be eliminated in the predictable future; China can advance its political regime, embrace mutual-confidence building in economic, particularly in the military arena and seek mutual understanding of opponents’ strategic status and space in the international political arena. To achieve these goals, China, including the government and civilians, should take the following measures and steps to strengthen the China-U.S. relationship:

First, China should build a reasonable and rational concept about power and hegemony; it should treat the U.S. role and behavior in the world comprehensively and objectively. The U.S., as a sole superpower and hegemonist, has both negative and positive influence on the world. But unfortunately, there are more negative views of the U.S. in China.

Second, China has to reshape its concept of sovereignty. China has experienced too many insults from other countries in the past 150 years. Therefore, many Chinese have evolved a very absolute and exclusive concept “sovereignty.” For Chinese, sovereignty means national glory and personal dignity that would not be interfered with any more than a political identity. But, in the context of economic globalization and interdependent, absolute sovereignty is outdated; moderate and benign international intervention implemented or called for by international organizations has become an indispensable tool. More Chinese understand it, and more understand the U.S. role and behavior.

² Ying Ma, “China’s America Problem”, <http://www.policyreview.org/FEB02/ma.html>

³ James Lilley and Carl Ford, “China’s Military: A Second Opinion,” *National Interest*, No.57, Fall 1999, pp.71-78.

Third, China should promote the process of political reform. China's political reform is not a revolution like that of the former Soviet Union and East European states but a slow, evolving progress, including the development of a legal system, introduction of a civil service system, enhancement of the power of the National People's Congress, and the adoption of village elections and limited communal elections. The meaning of the last item, village and communal elections, has often been ignored and criticized by foreigners and many Chinese. Yet, this is the first time that mainland Chinese have held institutionalized and comprehensive elections in Chinese history. Of course, village and communal elections are not enough to explore the essence of China's "democratization and centralization" system.

Fourth, China should look for common interests with the U.S. The common interest between China and the U.S. has changed since the 1970s. During the 1970s, dealing with threat from the Soviet Union and preventing the Soviet Union's expansion around the world were the main common security interests of China and the U.S.; in the 1980s, that shared threat ebbed following the decline of the Soviet Union's power. But China and the U.S. found new common interests: promoting the process of reform and opening the door to China; in the 1990s, the relationship was challenged by the absence of traditional common interests in the political security arena with the collapse of the Soviet Union. But following the development of China's economy, economic interests replaced political and strategic concerns as the main shared interest for the two countries. In the 21st century, global problems, including international terrorism, economic and social development, and other problems, have become new common concerns for both China and America.

Conclusion

There exist structural conflicts in the Sino-U.S. relationship: the clash of ideologies, the differing understanding of cultural values such as freedom, human rights, equality, and justice. But deep within the heart a majority of Chinese, there is no hate of Americans. The real Chinese view of the U.S. global role was apparent in the reaction to the terrorist attack on the United States: most Chinese grieved with Americans – the reputable Hong Kong-based newspaper *Ming Pao* reported that 98 percent of the Chinese people sympathized with Americans. But the same Chinese also believe that U.S. foreign policy brought this event on its own people.⁴

From the perspective of historical development, the China-U.S. relationship also embodies an interaction between a potential strong power (a current weak power) and an existing strong power. Historical experiences shows that in the game between a strong and a weak nation, the strong should take the main responsibility for this game's outcome, because the strong side has more leverage to influence the course and direction of bilateral relations, to reshape its opponent's world view and thinking.

China is China, a nation influenced by Taoism, Confucianism, and Buddhism for 5,000 years, and influenced by Western ideas for the past 150 years, including socialism, capitalism, anarchism, and other ideas. Whether communist or capitalist, Chinese should decide their future. In light of China's long history, I absolutely believe that China will become a pleasant country to

⁴ Ying Ma, "China's America Problem", <http://www.policyreview.org/FEB02/ma.html>

live in, and will become a friend and neighbor in East Asia and an eligible “stakeholder” in the international political and economic arenas.

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