



The Future of U.S.-China Relations by Joseph S. Nye, Jr.

With China's defense budget set to increase by 14 percent next year, U.S. analysts are divided about future of the U.S.-China security relationship. John Mearsheimer of the University of Chicago has flatly proclaimed that China cannot rise peacefully, and predicted that "the United States and China are likely to engage in an intense security competition with considerable potential for war." Others, like Ashley Tellis of the Carnegie Endowment, point out that China has engaged in good neighbor policies since the 1990s, settled border disputes, played a greater role in international institutions, and recognized the benefits of using soft power. Skeptics reply that China is just waiting for its economy to continue to lay the basis for future hegemony.

Who is right? We will not know for some time, but the debaters should recall Thucydides' warning more than two millennia ago that belief in the inevitability of conflict can become one of its main causes. Each side, believing it will end up at war with the other, makes reasonable military preparations which then are read by the other side as confirmation of its worst fears.

In fact, the "rise of China" is a misnomer. "Re-emergence" would be more accurate, since by size and history the Middle Kingdom has long been a major power in East Asia. Technically and economically, China was the world's leader (though without global reach) from 500 to 1500. Only in the last half millennium was it overtaken by Europe and the U.S. The Asian Development Bank has calculated that in 1820, at the beginning of the industrial age, Asia made up an estimated three-fifths of world product. By 1940, this fell to one-fifth, even though the region was home to three-fifths of world population. Rapid economic growth has brought that back to two-fifths today, and the ADB speculates that Asia could return to its historical levels by 2025. Asia, of course, includes Japan, India, Korea, and others, but China will eventually play the largest role. Its high annual growth rates of 8 to 9 percent led to a remarkable tripling of its GNP in the last two decades of the 20th century. This pragmatic economic performance, along with its Confucian culture, enhanced China's soft power in the region.

Nonetheless, China has a long way to go, and still faces many obstacles to its development. At the beginning of the 21st century, the U.S. economy was about seven times the size of China's. (This is measured at the official exchange rate which is the appropriate measure for comparing power. Purchasing power parities used by the CIA are more appropriate for comparing welfare and standards of living.) If the two economies continue to grow at their current rates, the U.S. would still be nearly three times larger than China in 2025. Moreover, the two economies would not be equal in composition or sophistication. China would still have a vast

underdeveloped countryside, and would not equal the United States in per capita income until sometime in the last quarter of the century (depending on the measures of comparison.) China is a long way from posing the kind of challenge to U.S. preponderance that the Kaiser's Germany posed when it passed Britain at the beginning of the 20th century and contributed to the onset of World War I.

Moreover, simple projections of economic growth trends can be misleading. Countries tend to pick the low hanging fruit as they benefit from imported technologies in the early stages of economic takeoff, and growth rates generally slow as economies reach higher levels of development. In addition, the Chinese economy faces serious obstacles of transition from inefficient state owned enterprises, a shaky financial system, and inadequate infrastructure. Growing inequality, massive internal migration, an inadequate social safety net, corruption and weak institutions could foster political instability. Creating a rule of law and institutions for political participation has lagged behind the economy. Some analysts such as Minxin Pei describe China's institutional problem as "trapped transition." Indeed, some observers fear instability caused by a weak rather than a rising China. A China that cannot control population growth, flows of migration, environmental effects on the global climate, and internal conflict poses another set of problems. Politics has a way of confounding economic projections.

As long as China's economy does grow, it is likely that its military power will increase, thus making China appear more dangerous to its neighbors and complicating U.S. commitments in the region. Whatever the accuracy of such assessments of China's military growth, the outcome will also depend on what the United States and other countries will be doing over the next decades. The key to military power in the information age depends on the ability to collect, process, disseminate and integrate complex systems of space-based surveillance, high-speed computers, and "smart" weapons. China and others will develop some of these capabilities, but according to many military analysts it is not likely that China will soon close that gap with the U.S.

The fact that China is not likely to become a peer competitor to the U.S. on a global basis, does not mean that it could not challenge the U.S. in East Asia, or that war over Taiwan is not possible. Weaker countries sometimes attack when they feel backed into a corner, such as Japan did at Pearl Harbor or China did when it entered the Korean War in 1950. If, for example, Taiwan were to declare independence, it is likely that China would use force against Taiwan, regardless of the perceived economic or military costs. But it would be unlikely to win such a war, and prudent policy on both sides can make such a war unlikely.

There is no need for the U.S. and China to go to war in this century. Not every rising power leads to war – witness the U.S. overtaking Britain at the end of the 19th century. And if China’s rise remains peaceful, it promises great benefits to Chinese, its neighbors, and to Americans. But remembering Thucydides’ advice that fear can create self-fulfilling prophecies. It will be important for analysts not to mistake their theories for reality, and to keep pointing this out to political leaders and publics. To paraphrase Franklin D. Roosevelt (from another context) the U.S. and China have to be wary of fear itself.

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