

Chapter 1

The outlook for US–China relations

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At some point in the past 60 years, US–China relations have occupied nearly every imaginable niche on the spectrum: allies against Japan, bitter adversaries in Korea and de facto allies against the Soviet Union (after a period in which China could not decide which of the superpowers it feared the most so it elected to view them as conspiring to harm China). Since the end of the Cold War, the relationship has been more stable but only relative to the gyrations during the Cold War. It has still been an inherently turbulent relationship.

It is instructive to note that there is one niche on the spectrum that the relationship has never appeared to occupy: relations that could reasonably be labelled as easy or comfortable.

It is of some interest to ask when the United States first ‘saw’ China as a player of consequence.

In 1991–92, then Secretary of Defence, Dick Cheney, was casting about for a new road-map, some coherent guidance for how the United States, and the Pentagon in particular, should approach a world without the Soviet Union. He was attracted to a ‘post-containment’ grand strategy put together by a small group of senior officials who subscribed to a school of thought called neo-conservatism: Paul Wolfowitz, Lewis Libby and Zalmay Khalilzad in particular. A core postulate of this grand strategy was that the United States should ‘endeavour to prevent any hostile power from dominating a region whose resources would, under consolidated control, be sufficient to generate global power’. The central corollary to this proposition was that the United States had to remain sufficiently strong to make any resort (or relapse) to collective global leadership not only unnecessary but unfeasible. The neo-cons cited the period up to 1945 as evidence that collective leadership, or leadership by a ‘balance’ of major powers, was inherently unstable and prone to yield large-scale hegemonic war.

While this Pentagon construct characterised Asia as ‘home to the greatest concentration of traditional communist states’, it was the residual risk of a revival of Russian power together with Japan and Germany that seemed to be singled out as the key challenges. China, it seems, was not yet visible—at least not to the Pentagon.¹

Just four years later, in November 1996, speaking to a joint sitting of the Australian Parliament after securing a second term (and after the confrontation with China over Taiwan in March 1996), President Bill Clinton conveyed a far more portentous assessment of China:

The direction China takes in the years to come, the way it defines its greatness for the future, will help decide whether the next century is one of conflict or co-operation.

The emergence of a stable, an open, a prosperous China, a strong China confident of its place in the world and willing to assume its responsibilities as a great nation, is in our deepest interests.

This posture—one of anticipating a powerful China while characterising the kind of powerful China that the United States would be comfortable with—has broadly endured during the ensuing decade or more.

In 1999, at the outset of his campaign for the presidency, George W. Bush's one-liner for the media on foreign and security policy was: 'I believe the big issues are going to be China and Russia.' This position hardened later in the campaign, when Condoleezza Rice, Bush's principal foreign policy adviser, wrote in the January–February 2000 issue of *Foreign Affairs* that 'China is not a status quo power but one that would like to alter Asia's balance of power in its own favour. That alone makes it a strategic competitor, not the "strategic partner" the Clinton administration once called it.'

This mind-set shaped the administration's thinking in office. The 2001 Quadrennial Defence Review (QDR), perhaps the only major policy statement prepared before the dreadful events of 11 September, for the first time in decades put Asia ahead of Europe and the Middle East as Washington's arena of primary interest and concern. In a discrete but unmistakable reference to China, the QDR 2001 observed that 'Asia is gradually emerging as a region susceptible to large-scale military competition...The possibility exists that a military competitor with a formidable resource base will emerge in the region'.

This resolve to give priority attention to China's challenge to America's position in Asia evaporated in the aftermath of 11 September. The Bush Administration greatly simplified the test for being regarded as a friend of the United States: 'You are either with us or you are with the terrorists.' China did enough to be ranked a friend. President Jiang Zemin promptly conveyed China's sympathy and support; China supported US pressure on Pakistan to get behind the campaign to crush al Qaeda and the Taliban, it did not resist US penetration of Central Asia for additional bases to support operations in Afghanistan and it agreed to share intelligence with the United States on the terrorist threat. As a quid pro quo, China sought (and received) only the listing of an Islamic separatist movement in Xinjiang as a terrorist organisation.

Taking a broader perspective, the unintended and certainly unanticipated consequences of 11 September included a strategic windfall for China of incalculable proportions. Rather than having an America focused on its position in East Asia, China secured for the better part of another decade an America almost totally distracted and, for good measure, squandering its hard and soft power in Iraq. At the same time, it had the US Secretary of State, Colin Powell, characterising US–China relations as better than they had been since the Nixon era.

As the 1990s progressed, the ‘unipolar moment’ that Charles Krauthammer detected in 1989 looked as though it could become a more enduring phenomenon. That prospect probably evaporated about 2003–05, not least because, in terms of international standing, the trajectories of the United States and China were so strikingly opposed. Mainstream thinking, at least in the academic arena, reverted to where it had been when the Soviet Union collapsed—that is, regarding unipolarity as probably transient and anticipating the emergence of a condition of multipolarity.

In its second term, the Bush Administration did what it could to counter the image of having little capacity to think of issues other than Iraq. On China, it used a sharp acceleration in Chinese military expenditure as a metaphor for a worrying lack of transparency about strategic intent. Other major policy statements and assessments concerning China (the 2005 QDR and the annual statement on the military power of the People’s Republic of China mandated by Congress) began to use noticeably stronger and more direct language on the scale and imminence of the effects that China could have on the established order in East Asia.

In a major policy development in September 2005, the administration’s Deputy Secretary of State, Bob Zoellick, invited China to reflect on how profoundly it had leveraged the established economic and security order to accomplish its spectacular rise, invited it to become a ‘responsible stakeholder’ in this order, including its future adaptation, and spelt out the sort of policy settings in key areas that Washington would regard as evidence of China’s determination to play such a role.

The Zoellick speech, although clearly vetted by the White House, reportedly received a frosty reception in Donald Rumsfeld’s Pentagon and other conservative circles. One presumes that it was seen as the White House losing its nerve and taking a first step away from the central neo-conservative thesis that the United States could and should protect and strengthen unipolarity.

The Zoellick proposal was a belated reversion to Clinton’s 1996 formula: to emphasise that Washington still strongly preferred engagement over containment but that China had to respond in a number of areas to protect this American preference. The preferred language from the State Department these days is that

'rather than trying to contain China, we are trying to help *shape its choices* as it rises to influence so that China plays a responsible and stabilizing role in the international system'.²

The imminent end of the Bush Administration naturally induced massive interest in taking stock of America's circumstances and a deluge of advice on what the new administration should see as its options and priorities. Equally typically, this interest is not confined to the United States and the presidential candidates. Observers everywhere, but especially those in East Asia (that is, close to China), also sought to shape the choices America made.

There is an astonishingly wide gulf between respected observers on what has happened to America's position in the world, and especially in Asia, in the past decade. Kishore Mahbubani, in a 2007 essay entitled 'Wake up, Washington', contended that in Asia, the most important geopolitical theatre of the current century, Washington continued to believe that the cards were stacked in its favour while ignoring a crucial emerging reality—namely, that the best geopolitical card players were in Beijing, not in Washington. Indeed, Mahbubani (2007), anxious to see the United States continue its uniquely positive role in the region, lamented that 'while Washington has been distracted and incompetent, Beijing has been focused and competent'.

Fareed Zakaria (2008) has a broader but not dissimilar thesis, contending that the 'rise of the rest' will mean that the United States has to step down and cope with a less central role in global affairs, developing new, more collegiate stratagems and techniques to bring its influence to bear. For Kurt Campbell and Michelle Flourney (2007), in an essay for the noisy but rich American debate about what the next American president should do, the first in a daunting list of challenges was to 'reverse the decline in America's global standing'. They go on to assert that the 'next president must seek to restore US moral authority and credibility, redefine US leadership in the post-Cold War, post-9/11 era, and signal to the American people and the world that a fundamental course correction is taking place'.

Specifically on Asia, two former members of the Bush Administration, Victor Cha (2007) and Michael Green (2008), have contested the thesis that the administration's preoccupation with Iraq has been so complete that China, in particular, has had what amounts to a free ride in inserting itself into the spaces that the United States left unattended. Cha contends that 'President George W. Bush's Asia policy has worked'. These rebuttals usefully qualify the more extreme assessments of how much ground the United States might have lost in East Asia, but they hardly begin to outweigh the flood of observations to the contrary.

(It seems safe to conclude that a significant slice of elite opinion in the United States has accepted that America's standing in the world has undergone a worrying erosion in the past eight years, and that it has become harder for

Washington to translate its continuing pre-eminence in the economic and military spheres into influence over events. US opinion polls suggest that the majority of ordinary Americans vaguely share this perception. One manifestation of this view has been the flurry of inquiries into ‘smart’ power, or how the United States might learn to do what it has done unconsciously for so long—namely, to much more often than not bring its power and influence to bear in favour of policy settings that most other states want to support or at least be seen as not opposing. Barack Obama explicitly made this erosion of American standing a major indictment of the Bush Administration and Republican management of American foreign policy, and the arrest and reversal of this erosion a prominent element in his own platform.)

Where might the Americans come out on this core issue of their standing in this rapidly evolving world of ours, and how could it shape the approach they take towards China? We can start with the safest presumptions.

- The next administration can hardly fail to conclude (as the Bush Administration has done as discreetly as possible since about 2006) that the embrace and implementation of the neo-conservative prescription for capitalising on unipolarity has cost the United States dearly on the international front, and is unpopular domestically.
- The next administration will certainly share the view that East Asia is the central geopolitical theatre of this century and that China is and will remain the most immediate and the most consequential manifestation of the transforming order with which the United States must deal.
- The next administration is unlikely to succumb to any sense of pressing urgency to alter the US posture in a particular arena, least of all with respect to China. That would be seen as unbecoming, but it would also stem from confidence that the United States still had assets that were unmatched in weight and diversity, and that Washington needed, above all, to be seen to be recovering its poise.

Quite clearly, one is speaking here of changes of emphasis. Iraq will continue to be a significant drain on the time and political energies of the new administration, at least in its first term. Moreover, the United States has been relatively inattentive to, rather than absent from, Asia. It has engaged in a variety of significant activities that could be characterised broadly as ‘hedging’ against China’s rise. Indeed, one could probably make a case that these hedges were in part compensation for the inability to press alternative ways of shaping events in Asia. Moreover, as a number of American and Asian observers continue to point out, Washington is likely to find that, on balance, Asian states would still like to see more America, not less, in their region—provided, of course, that it is the right kind of America.

An important ingredient in America's palatability as the regional hegemony for the past 60 years has been the fact that it is a distant power. That distance has helpfully diluted US power and influence and softened perceptions of dominance. China does not have that advantage (although proximity certainly has offsetting benefits). Beijing has worked very hard indeed, and with considerable success, to attenuate the inescapable misgivings that its proximity and immense weight generate in neighbouring states, but one suspects that it will be a very long time before states in Asia, if they have the choice, will prefer to push the Americans away.

Washington's hedging or countervailing strategies include sweeping geo-strategic initiatives such as undertaking to facilitate ending India's detachment from the international mainstream by leading the campaign to accept it as a legitimate nuclear weapon state (that is, stepping over the fact that it is not a party to the nuclear Non-Proliferation Treaty (NPT) and that it demonstrated its nuclear weapon status as recently as May 1998). In a similar vein, Washington has intensified and transformed its security relationship with Japan, both encouraging and responding to strengthening Japanese instincts to loosen the historical constraints on its security and defence role. An important element in this regard has been the establishment of a trilateral (United States, Japan, Australia) forum for security discussions, recently elevated to the (foreign) minister level. Washington has also worked patiently with governments in South Korea to protect the alliance from the stresses of North Korea's nuclear and missile programs, the lure of a rising China and generational change within South Korea.

At a more prosaic level, the reconstitution of Guam as a strategic hub in the Western Pacific has been a conspicuous development involving the continuous deployment of bomber and fighter aircraft along with the home-porting of nuclear submarines equipped with land-attack cruise missiles. More generally, the dominant shares of American SSBN and SSN assets are now deployed in the Pacific rather than the Atlantic.

Further, questions from the US Congress about the implications of prospective developments in China's military capacities for the adequacy of projected US capabilities have produced assessments that the United States might want to reconsider its plans in a number of areas, including:

- the number of aircraft carriers home-ported in the North Pacific and available to respond quickly to East Asian contingencies (the Pentagon thinks that five to six would be better than the current two to three)
- the adequacy of the projected US force of frontline combat aircraft (F/A-18E/J-35/F-22)
- the adequacy of the projected force of Aegis-class naval platforms (23) and the number of SM-3 ballistic missile interceptors (147) that these platforms will carry.

Equally, there is overwhelming evidence that US military capacities drive the capability priorities and aspirations of China's People's Liberation Army (PLA).

There is more than enough here, in my view, to support the proposition that the United States and China have a real job ahead of them to ensure that the instincts to engage (which carry the presumption of success in building a constructive and resilient relationship) remain compelling relative to the instincts to hedge (which carry the presumption of failure).

The likelihood that the United States and China could define their interests in a manner that the other finds unduly constricting is probably rather high. That said, both powers will find that pressing too hard to secure the upper hand will produce countervailing postures by third parties in the region who are loathe to make an enduring choice between the two.

The United States and China will be genuinely responsive to international opinion and attitudes. In the US case, this sensitivity will stem from perceptions of real damage done to US interests by the recent experiment with assertive unilateralism (or offensive realism). In the case of China, it is an instance of wanting the 'full monty'. China is a keen student of the phenomenon of power: in all probability, the Chinese secretly regard themselves as the world's leading authority on this elusive but crucial phenomenon, with a superb intellectual tradition and a history rich in practical experience. China's own historical experience as well as observations of the United States in recent decades will have persuaded it of the reality of 'soft power'—the qualities of respect and admiration that so decisively boost a state's 'hard power'. As former President Clinton put it rather memorably at the Democrat National Convention on 27 August 2008, 'the world has always been more impressed by the power of our example than the example of our power'.

Now that China can presumably sense that great power status is securely within reach, it is determined also to not jeopardise this accomplishment by being impatient or cutting corners and putting at risk international perceptions of its legitimacy as one of the world's leading states.

China's 'security community', it seems to me, is profoundly realist. China seems determined to patiently and methodically construct the most invulnerable portfolio of power available to it. It will not repeat what it judges to have been its own mistakes in the past, including the very distant past, and it is determined to learn from what it judges to have been the mistakes and successes of others.

The continuing attraction of the concept of 'comprehensive national power' (CNP) within official, think-tank and academic circles in China is one indicator of the deliberate, methodical manner in which China is endeavouring to construct its rise. CNP is a tricky concept to measure and to manipulate analytically. Estimates by various agencies in China of its relative CNP—now and projected

into the future—are all over the place. China can rank first, third or eighth and the names of those ahead or behind can vary. What this analytical technique reinforces, however, is the crucial importance of balance in the portfolio of power. It is also an analytical technique that encourages long-term thinking, and one that gives exposure and prominence to strategies that would be seen in the West, and especially in the United States, as so indirect as to be unworthy of the label ‘strategy’.

For example, a student of the United States might hypothesise that as America’s voice in Asia’s political and economic evolution becomes less dominant, it will become harder to persuade Congress to bankroll an undiminished effort to do the heavy lifting on regional security and stability. The United States has been a generous provider of these ‘public goods’ but there will be limits to its selflessness. China’s security community and political leadership, on the other hand, could well assess this possibility as sufficiently probable and adequately timely to form the foundation of a national security strategy.

The United States, rather characteristically, will be less patient and less methodical, but one can be confident that it will gravitate towards a consensus on why and how it took the course it did and settle on some broadly sensible course corrections to do better in the future.

As mentioned, there is an avalanche of advice and counsel on how the next administration should posture itself to better protect and advance US interests. Here are two examples to convey the flavour of American thinking on foreign and security policy.

The first comes from a group of scholars from the Brookings Institution and the Center for a New American Security (Kurt Campbell again), the members of which have combined to form the Phoenix Initiative (Brookings Institution 2008). The starting point of this Democrat-leaning group is that, as American power is not unlimited and as the United States cannot presume that it has an entitlement to lead, the most consequential judgments that the new political leadership will face will be to decide wisely how, when and with whom to lead. The report goes on to suggest that the new administration should initially focus its energies on and aspire to strategic leadership in five areas: counter-terrorism; nuclear non-proliferation; climate change and oil dependence; the Middle East; and East Asia. The summary version of the last priority reads as follows:

The United States must renew its commitments to comprehensive engagement in Asia. We must maximize the prospects that China and India will rise as open, vibrant markets and stable rights-regarding governments, while also reassuring long-standing friends and allies of US security commitments and willingness to cooperate on issues of concern throughout the region.

From the other side of the political fence we have Douglas Paal, who in recent years has served on the National Security Council and as Director of the American Institute in Taiwan. Paal (2008) contends that America is in reasonably good shape in East Asia but he attributes this largely to the instinct in Asian capitals to adopt balance-of-power strategies intended to keep the Americans close as China's influence grows. Paal argues that Washington has essentially paid lip-service to its own rhetoric about the 'Pacific century' and the world's economic centre of gravity shifting to Asia and has lost touch with the pace and extent of change in the region. His prescriptions for a more proactive US posture include the following.

- Ensuring that key appointments reflect Asia's emerging pre-eminence, particularly a clearly designated cabinet-level Asia advocate.
- Taking the lead in making some hard choices about the instruments and processes intended to manage regional affairs. Specifically, to scrap the Group of Eight (G8) unless it formally includes China and India and to critically review the Asia-Pacific Economic Cooperation (APEC) group because it is too broad and only incidentally capable of addressing issues other than trade. Paal considers that there is a palpable appetite in the region for some rationalisation of the existing multilateral processes but also suggests that the United States should revisit the question of subscribing to the Association of South-East Asian Nation's (ASEAN) Treaty of Amity and Cooperation to improve its bargaining position.
- On regional security, Paal argues that the United States should anticipate a future in which it has to share the military stage with China and India and seek multilateral security arrangements that will allow it to divest itself of sole responsibility to provide the public goods of security, stability and predictability.
- With regard specifically to China, Paal urges a prompt intensification of engagement through the 'responsible stakeholder' agenda: no reviews, no reflections on engagement versus alternative strategies, just an upgrading of the senior dialogue to secretary of state/foreign minister level.

A plausible outlook for US–China relations in the next decade or so might read as follows. The relationship will be an energetic one, exemplifying the widespread assessment that it is and will remain the single most important bilateral relationship in the world. It will be a turbulent relationship given the fundamental differences in the maturity of power in the two states, the stark differences in values, culture and systems of governance, and given that the United States will walk away from the simplicity of the post-11 September test that it set to determine whether others were 'on side' or not. All that being said, the prospects for protecting and expanding a core of constructive engagement seem to be reasonably good, certainly not trivial.

On the US side, one could anticipate an intensified engagement with China across the range of political, economic, military and global/transnational issues, a more creative and challenging US posture on institutions and processes designed to shape the regional order and more energetic diplomacy across the Asian region generally.

I would expect China, for its part, to continue to prefer doing what has worked so well to this point: to keep a low profile and as far as possible disguise its growing hard-power assets, and try to be elusive when others want to come to grand, binding understandings or agreements. China's continuing priority into the foreseeable future will be to protect a relationship with the United States that supports unfettered trade, investment and technology transfer. All of this makes perfect sense if you consider yourself to be a thoroughly incomplete power and still in a comparatively weak bargaining position. That said, China in 2009 will be far more ready to do strategic business with the United States than it was in 2001 when the United States first resolved to put China at or near the top of its agenda.

None of this, of course, amounts to a reliable prescription for a 'harmonious world'. States can make mistakes, events can be mismanaged, poor judgments can be made about the opportunities and constraints in play at any given moment. Nor can we rule out the possibility that American and Chinese conceptions of their core interests, arrived at in full awareness of the other's power and interests, could still lead to instincts to dispute, contain or contest the other's aspirations.

Sources of friction, or worse, are not difficult to identify:

- if US–Russia relations continue to worsen, how China positions itself between the two could have far-reaching consequences
- China could contest any US effort to establish authoritative regional mechanisms that include it as a member
- the continuing urgency of China's military development plus resistance to transparency and US 'hedging' strategies offer fertile ground for friction
- US perceptions that China is seeking a Sino-centric trading regime in Asia
- China placing its immediate economic and political interests ahead of 'responsible stakeholder' obligations in respect of onerous regimes
- US perceptions that it is being blocked out of Central Asia
- an effort to consolidate or strengthen China's extensive claims in the South China Sea could press one of the United States' traditional hot buttons: freedom of the high seas.

To hazard a net assessment: there are grounds for cautious optimism that the US–China relationship will not trend towards becoming the most dangerous alongside being the most important in the world. It seems all too clear, however, that leaving the future of US–China relations to the natural forces at work within

and between the two countries would be verging on the heroic. Some determined statesmanship on both sides would be not only reassuring but probably closer to a precondition for a satisfactory outcome.

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ENDNOTES

¹ For additional information on this Pentagon strategy see, Libby (1990–91) and Tyler (1992).

² Thomas J. Christensen, Deputy Assistant Secretary for East Asian and Pacific Affairs, Statement before the House Committee on Foreign Affairs, Subcommittee on Asia, the Pacific, and the Global Environment, 27 March 2007.