

Sailing Against the Current— China-U.S. Relations in the Next Stage

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*The pessimist complains about the wind,
The optimist expects it to change,
The realist adjusts the sails.*

William Arthur Ward

THE DOWNSIDES OF REBALANCING AND THE HYPING OF THE CYBER THREAT

In recent years, “rebalancing” has been a buzzword in the U.S.’s Asia-Pacific policy and naturally also in U.S.-China relations. Some believe this rebalancing has been quite successful and refer to this as the hallmark of President Barack Obama’s first-term foreign policy.¹ At the same time, others, both within and outside of America, have expressed different opinions.

The most critical point is that while the U.S. administration has argued that rebalancing is an integrated strategy with military, diplomatic, and economic initiatives intended to strength-

en U.S. involvement in the Asia-Pacific area, in practice, rebalancing has been depicted and implemented in more military terms, with the United States shifting its troops and resources from wars in Iraq and Afghanistan to the Asia-Pacific region. “The military soundtrack has the volume turned up too loud.”²

This policy has caused quite a few apprehensions. Some Asian countries feel uncomfortable, because they fear the United States may go too far in hedging against China, and they may be forced to choose between China and the United States. “Welcome mats for our increased security engagement are now being laid out around the region. This is satisfying in the short term but carries longer-term risks . . . nobody in Asia wants to have to take sides between the United States and China.”³ More dangerously, some others are tempted to make use of rebalancing as a “blank check” to seek private gains. This adventurism has sharpened territorial disputes and made the security situation more volatile. The peace, stability, and

1. Charles Perry, “Managing the Global Impact of America’s Rebalance to Asia” (Cambridge, MA: Institute for Policy Analysis, April 5, 2013). <http://www.ifpa.org/research/researchPages/Rebalance.php>; and Philip Crowley, “Obama’s Second Term National Security To-Do List,” *Daily Beast*, November 13, 2012. <http://www.thedailybeast.com/articles/2012/11/13/obama-s-second-term-national-security-to-do-list.html>.

2. Testimony by David M. Lampton before the U.S.-China Economic and Security Review Commission Hearing, “China’s New Leadership and Implications for the United States” (Washington, DC: February 7, 2013).

3. Kenneth Lieberthal’s memo in *Big Bets and Black Swans—A Presidential Briefing Book* (Washington, DC: Brookings Institution, January 2013).

continued economic growth of the Asia-Pacific region is at stake.

As for implications for the U.S.-China relationship, rebalancing has made some people, not exclusively in China, to believe that the long-term, U.S. strategic intention is to contain China and prevent China from becoming powerful.⁴ Some insist that the Chinese leaders are prudent enough not to treat rebalancing as containment, but at the very least this policy further compounds mutual distrust between Beijing and Washington.⁵ Since the current frictions in Asia mostly include sovereignty and territorial integrity, seemingly with little space for compromise, some worry about the U.S.-China relationship in a broader context. “The real threat to a stable U.S.-China relationship arises neither from America’s or from China’s hostile intentions, but from the disturbing possibility that the revitalized Asia may slide into nationalistic fervor which then precipitates conflicts in Asia reminiscent of 20th century Europe over natural resources, or territory, or national power.”⁶

4. For instance, Jochen Prantl, senior research fellow at the Lee Kuan Yew School of Public Policy, National University of Singapore, has written, “In a nutshell, U.S. rebalancing appears to be a policy based on containing China,” in *Asia’s New Security Order: Maneuvers by China, U.S. Force Rebalance.* <http://www.defensenews.com/article/20120715/DEFBEAT05/307150003/Asia-8217-s-New-Security-Order>. Please also see Aaron L. Friedberg, “*The Next Phase of the contest for supremacy in Asia,*” *Asia Policy* 14 (July 2012).

5. Rear Admiral (Ret.) Yang Yi’s, at “*The U.S. Rebalance to Asia, a One-Year Assessment: Where Have We Been and Where Are We Going,*” Georgetown University, Washington, DC, February 27, 2013.

6. Remarks by Zbigniew Brzezinski at the U.S.-China Policy Foundation’s 17th Annual Gala Dinner, Wash-

ington, DC, December 11, 2012. <http://uscipf.org/v3/wp-content/uploads/2012/12/Complete-Transcript-of-Brzezinskis-Remarks.pdf>.

Against this backdrop, U.S.-China relations entered the year 2013. At the outset, major improvements did not appear; instead, more worrisome developments arose. Accusations of China “cyber-espionage” engendered a storm of media coverage. U.S. congressmen openly said that “America is losing the cyber war vs. China.”⁷ This further damaged the atmosphere of a balanced bilateral relationship. Moreover, from the fiscal cliff to the debt ceiling and the sequester, the United States has been confronted with one crisis after another. This situation may add more variables to the U.S.-China relationship, because “when Americans are unhappy with themselves, they are defensive with others.”⁸

China-U.S. relations seem to have reached a critical crossroad. If the situation is allowed to let drift, more and more tensions may arise. Both countries may even risk being unwillingly pulled into unnecessary conflict. The reality is that China and the United States are so inter-linked that neither side can afford an all-round conflict with the other. “It will be a disaster for both countries. And it would be impossible to describe what a victory would look like.”⁹

7. Mike Rogers, “America is losing the cyber war vs. China,” *Detroit News*, February 8, 2013. <http://www.detroitnews.com/article/20130208/OPINION01/302080328>.

8. David M. Lampton, “*Power Constrained: Sources of Mutual Strategic Suspicion in US-China Relations*” (Washington, DC: NBR (The National Bureau of Asian Research) Analysis, June 2010).

9. Henry Kissinger’s remarks at “*The National Conversation: China’s New Leadership: Opportunity for the United States?*” (Washington, DC: The Woodrow Wilson

Vision, commitment, and actions from both sides are thus needed to readjust China-U.S. relations or “to rebalance judiciously the rebalancing strategy.”¹⁰

As a point of departure, it may be useful to have a comprehensive and realistic appreciation of each other’s balance sheet, which will help foster clear objectives for and rational expectations of the next stage in the China-U.S. relationship.

NO BIG POWER RIVALRY

Many books and articles discuss an inevitable big power rivalry between China, the rising power, and the United States, the established power. This, however, is more an empirical assumption than a conclusion based on solid facts.¹¹

As for the overall national power balance, there is still a huge gap between China and the United States.¹² Although the United States is facing a lot of problems, it will remain the strongest single power in the world for the foreseeable future. As Professor Zbigniew Brzezinski has put it, America has six main assets: overall economic strength, innovative potential, de-

mographic dynamics, reactive mobilization, a geographic base, and a democratic appeal.¹³ Other assets can easily be added to that list: an overwhelming military superiority, a broad alliance system, and an international-agenda setting capability: “It is a mistake to exaggerate Chinese power. Even when the overall Chinese GDP [gross domestic product] passes that of the United States, the two economies will be equivalent in size, but not equal in composition. [Do not] ignore U.S. military and soft-power advantages, as well as China’s geopolitical disadvantages.”¹⁴

For quite a long time, China will remain an ambivalent country. Although China likely will continue its rather high-speed development, it will face a myriad of daunting internal challenges, including, to name but a few, growing inequities, the need to build a new economic growth engine, environmental pollution, massive migration from rural areas to cities, and an aging population. “Any small individual problem multiplied by 1.3 billion becomes a big problem. And any considerable amount of financial and material resources divided by 1.3 billion becomes really small.”¹⁵ Or in David Shambaugh’s term, China is still a “partial power.”¹⁶

Center, October 3, 2012). <http://www.wilsoncenter.org/sites/default/files/chinaleadershiptranscript.pdf>.

10. Kenneth Lieberthal’s memo in *Big Bets and Black Swans-A Presidential Briefing Book* (Washington, DC: Brookings Institution, January 2013).

11. National Security Advisor Tom Donilon also has stated, “I disagree with the premise put forward by some historians and theorists that a rising power and an established power are somehow destined for conflict . . . it is not a law of physics.” Remarks at The Asia Society (New York, NY: March 11, 2013).

12. For some detailed description, please see Joseph Nye Jr., “The Future of Power,” *Public Affairs* 2011: 177–204.

13. Zbigniew Brzezinski, *Strategic Vision: America and the Crisis of Global Power* (New York, NY: Basic Books, 2012), pp. 55–64.

14. Joseph Nye Jr., “The Twenty-First Century will not be a “Post-American” World,” *International Studies Quarterly* 56 (2012).

15. Remarks of then Chinese Premier Wen Jiabao, “Turning your Eyes to China,” at Harvard University, Cambridge, MA, December 10, 2003.

16. David Shambaugh, *China Goes Global: The Partial Power* (New York, NY: Oxford University Press, 2013).

China also does not intend to fight for global hegemony with the United States for the following reasons:

1. China has too many neighbors. A militant Chinese policy would easily enhance cooperation among them and pose a formidable obstacle to China. Any kind of Chinese dream would thus become illusory.
2. China has become a major stakeholder and beneficiary in the existing international order and is an unlikely candidate for revolutionary change.¹⁷
3. China has little history of global adventurism. In ancient history, China's imperial expansion was achieved by osmosis rather than by conquest, or by the conversion to the Chinese culture of conquerors who then added their territories to the Chinese domain.¹⁸

Moreover, nuclear weapons and inseparable interdependence have made the world unwilling to adjust the international system through waging wars. As Dr. Brzezinski has stated, "I personally do not believe that wars for global domination are still a serious prospect in what is now clearly the post-hegemonic age."¹⁹

17. Remarks by Miles Kahler, "Rising Powers and Global Governance," Georgetown University, Washington, DC, January 31, 2013.

18. Henry Kissinger, "The Future of U.S.-Chinese Relations: Conflict is a Choice, Not a Necessity," *Foreign Affairs* (March/April 2012).

19. Remarks by Zbigniew Brzezinski at the U.S.-China Policy Foundation's 17th Annual Gala Dinner, Washington, DC, December 11, 2012. Brent Scowcroft

BLEND OF COOPERATION, COMPETITION, AND DISCORD

The China-U.S. relationship will remain very complicated and multidimensional for a long time. Cooperation, competition, and discord will be coexisting features of this relationship, although the "new normal" might see intensifying competition and proliferating frictions.

Therefore, one should not simply view the China-U.S. relationship as merely a competition between major powers for domination. To overstress cooperation is unrealistic, but to overemphasize competition is dangerous. Both nations should try their best to balance partnership and contender aspects so as to increase cooperation, manage competition in a healthy (not disruptive) way, and reduce discord. This should be the strategic objective, and both sides must stick to it.

With the possible shift of relative power between China and the United States, this balancing act is becoming more difficult and complex. Further progress is neither automatic nor preordained. Navigating China-U.S. relations takes vision, commitment, and skill. Both nations need to develop more powerful and enduring centripetal forces to pull them together, improve dialogue mechanisms to avoid miscalculations, and change their mindsets to adapt to current circumstances.

STRENGTHEN COMMON INTERESTS

Looking back, since President Richard Nixon's

also shares similar views that "it is increasingly doubtful there will be in the foreseeable future the kinds of great-power conflicts we have seen in our lifetimes," in "A World in Transformation," *National Interests* (May-June 2012).

visit to China in 1972, China and the United States, though with distinct histories, cultures, systems, and ideologies, have managed to develop quite a stable relationship. The main reason is that during each stage, both sides had rather solid common interests: to counter the Soviet Union in the 1970s and '80s; to strengthen economic interdependence in the 1990s; and, after September 11, 2001, to increase economic cooperation and combat terrorism.

Nowadays, both sides must identify and increase their common interests. They have much more to gain from working together than in allowing overwrought fears to drive them apart.

First of all, both sides need to reignite the foundational element of the China-U.S. relationship, namely economic ties, and to make this continue to be the ballast. In retrospect, both countries have achieved substantial gains through economic cooperation. China and the United States are each other's second-largest trade partner, with two-way trade hitting a record high of \$536 billion in 2012,²⁰ which is more than five thousand times that in 1972, the first year the two countries resumed trade relations.²¹ China is the U.S.'s fastest-growing export destination. "Between 2000 and 2011, total U.S. exports to China rose 542 percent . . . total U.S. exports to the rest of the world increased only 80 percent during this period

. . . 48 states have registered at least triple-digit export growth to China since 2000. 20 of these states have experienced quadruple-digit growth."²²

In recent years, more and more disputes have occurred around the U.S. trade deficit, the problem currency valuation, and the investment environment. These are actually "growing pains" during the increasingly interlinked economic relationship. There is no need to doubt the prospect of China-U.S. economic cooperation; their bilateral economic interests are still essentially congruent and mutually reciprocal. There is tremendous potential to expand these bilateral economic relations. Taking one simple example, investments from China are still less than 1 percent of total foreign investments in the United States,²³ leaving huge room for cooperation on this issue.

Looking ahead, against the backdrop of the United States seeking to restore economic dynamism at home and China trying to upgrade its economic structure and boost domestic consumption, both sides definitely need to increase bilateral economic cooperation in an all-round and win-win manner. This will not only serve the two countries' fundamental interests but also will help to restore stability in the global economy.

Moreover, the United States and China should have more healthy interactions and cooperation in the Asia-Pacific area, where they

20. See U.S. Census Bureau, "Trade in Goods with China" (Washington, DC: various years). <http://www.census.gov/foreign-trade/balance/c5700.html>.

21. Charles Freeman III has written, "In 1972, the United States imported \$32.4 million in goods from China, and exported \$63.5 million in goods to China." See "The Commercial and Economic Relationship," in *Tangled Titans: The United States and China* (Lanham, MD: Rowman & Littlefield Publishers, 2013), p. 181.

22. See https://www.uschina.org/public/exports/2000_2011/2011-state-export-report-executive-summary.pdf.

23. CNBC, "Chinese investment in US may break the record in 2013," January 2, 2013. <http://www.cnbc.com/id/100349194>.

have more intertwined interests than anywhere else. Many people are saying that the twenty-first century will be an Asian century, but ongoing mistrust between major countries, sharpening territorial disputes, and fractured security mechanisms, in conjunction with growing nationalism, cast a dark shadow over this prospect. More and more flash points are definitely not in the interest of each and every Asia-Pacific country. It is imperative for the Asian states, while continuing to tamp down prevailing tensions, to move away from the specific contentions and gradually develop integrative economic and security frameworks in Asia. These frameworks should emphasize engagement rather than containment, feature inclusion rather than exclusion, and set the near-term goal as managing rather than solving the problems.

It will be a painstaking but absolutely necessary and worthwhile endeavor. The United States and China are duty bound and should play critical roles. “The only durable path to stability in Asia is a strong relationship between the United States and China.”²⁴ Both sides should realize that avoiding sharp conflicts is in their common interest. They will continue to be enduring realities for each other in the Asia-Pacific area, and neither country is likely to win the other over with an architectural plan devised by itself.²⁵ Therefore, U.S.-Chinese cooperation—and not mutual exclusion—is what is needed.

In the economic field, the United States

may need to rethink the Trans-Pacific Partnership (TPP) arrangement. “The United States ought to be doing what it can to come up with feasible arrangements with the region’s major financial and economic players, not relying to such extent on a ‘high-quality’ arrangement with smaller economies, and in the process sending the message to Beijing that Washington is not interested in PRC [People’s Republic of China] participation except on U.S. terms. . . . The United States and China should forge a shared vision of a unified Pacific trading system, not a balkanized structure.”²⁶

In the security sphere, the United States may bear in mind that further strengthening the traditional alliance system and establishing forward deployments, actions that in the Cold War era were directed against China as one of the U.S.’s main adversaries, might only make the security situation worse rather than better. Instead, the United States and China need to work with other partners to build an inclusive security framework. This could initially focus on subregions, build on existing institutions to make full use of their political and bureaucratic capitals, and foster gradual cooperation and reconciliation.

In this process, the United States should show greater accommodation to China’s development, while China should also respect the U.S.’s role in the Asia-Pacific area. An architecture that best reflects reality will be a stable and resilient one.

24. Fareed Zakaria, “The challenge from China,” *Washington Post*, February 27, 2013.

25. Douglas H. Pall and Paul Haenle, “A New Great-Power Relationship with Beijing” in *Global Ten: Challenges and Opportunities for the President in 2013* (Washington, DC: Carnegie Endowment for International Peace Brief, November 2012).

26. Testimony by David M. Lampton before the U.S.-China Economic and Security Review Commission Hearing, “China’s New Leadership and Implications for the United States” (Washington, DC: February 7, 2013).

ACTIONS FOLLOW DIALOGUES

China and the United States have now put in place over sixty dialogues or consultation mechanisms covering the whole spectrum of the bilateral relationship: among them are the Strategic and Economic Dialogue, the Joint Commission on Commerce and Trade, Defense Consultative Talks, and the Strategic Security Dialogue and Consultation on Asia-Pacific Affairs. The width and depth of issues covered have reached quite a level, playing important roles in reducing misunderstandings and providing institutional support for the development of good bilateral relations.

However, some critics have charged that these dialogues were fraught with formalities and that both sides were only sticking to the talking points. The mechanisms were increasingly becoming ends in themselves instead of a means to resolve problems.

In the next stage, with the increasingly complex relationship and likely intensifying competition, both sides have more work to do to better clarify doubts, avoid miscalculations, and manage risks. They need to further improve these dialogue mechanisms, including having more informal face-to-face summits and maintaining sustained military to military dialogues, through which they should communicate in a more quiet, frank, and effective manner, and real policies or actions should follow after a consensus is reached. In this process, both sides must truly respect each other, refrain from blaming or demonizing games, and try their best to gradually enhance mutual trust.

COLOSSAL MINDSET CHANGE

First of all, both sides should be more active and creative. They should discard a long-time assertion that the China-U.S. relationship will neither be good enough nor bad enough, due to both countries close interdependence and simultaneous strategic distrust. At this critical moment, a greater sense of urgency is needed, because accumulated contradictions may have corrosive effects, perhaps leading to dire consequences.

Secondly, both sides need to be more confident. The United States should have confidence in its leading role, even when its internal conditions are not so satisfactory. It should stop its relentless search for an enemy and show greater accommodation to China's development. Taking the much-criticized military buildup of China as an example, "The more unusual outcome would be if the world's second-largest economy and largest importer of natural resources did not translate its economic power into some increased military capacity . . . if the United States treats every advance in Chinese military capabilities as a hostile act, it will quickly find itself enmeshed in an endless series of disputes on behalf of esoteric aims."²⁷ As Harvard Professor Joseph Nye once put it, "If we treated China as an enemy, we were guaranteeing a future enemy. If we treated China as a friend, we kept open the possibility of a more peaceful future."²⁸ As for China, it should also be confident enough not to treat each and every U.S. move in Asia as an attempt to contain China and not fall into a dangerous action-response spiral.

27. Henry Kissinger, "The Future of U.S.-Chinese Relations: Conflict is a Choice, not a Necessity," *Foreign Affairs* (March/April 2012).

28. Joseph Nye Jr., "Work with China, Don't Contain It," *New York Times*, January 26, 2013.

Thirdly, both sides might try putting themselves in the other's shoes. The United States should be clear that as the single superpower, its every word and action is carefully observed by other countries, including China. It may be more in the U.S.'s long-term interest not to take some actions that could easily make China feel endangered or encircled. China should also continue to demonstrate that it is serious in sticking to its peaceful development and is willing to build "a new type of relationship between major countries" with the United States based on mutual respect and mutual benefit.

CONCLUSION

The above process will be long and difficult, with stumbling blocks all along the way. However, even the process itself is important, which will gradually lead to enhancing cooperation and deepening mutual trust.

The China-U.S. relationship is too important to fail. The start of President Obama's second term and the establishment of China's new leadership present a window of opportunity to put this relationship on a better course. Both countries must be strategically firm about the constructive and healthy relationship they are trying to achieve and advance it patiently and persistently in spite of difficulties and uncertainties. This is not only germane to both countries' fundamental interests but also vital for the whole world.

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