USAWC STRATEGY RESEARCH PROJECT

COMPREHENSIVE ENGAGEMENT WITH CHINA

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ABSTRACT

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China's economic rise is causing an increase of potential conflict with U.S. interests. Reactions from the U.S. administration and Congress to China's quest for markets, resources and increased military growth have ranged from concern to alarm. These actions are viewed as overreactions and hypocritical in China. Given China's increased sophistication in applying its evolving national power as in the U.S.-Chinese cooperation in dealing with Iran and North Korea and the interdependent nature of the global economy, the U.S.-China relationship can not afford to recede back to the post-Tiananmen level. Now that China is becoming an increasingly open society and an important economic partner, the U.S. should develop a strategic relationship with China that anticipates the internal and external effects of China's relentless growth. This SRP will use the elements of national power as the basis to recommend a strategic approach for the future of the U.S.-China relationship.

COMPREHENSIVE ENGAGEMENT WITH CHINA

China's political, military and economic rise is challenging the traditional international order where the United States has exercised a global leadership role since the end of the Cold War. China's rise is intersecting with the same elements of national power the U.S. wielded without challenge to maintain hegemony. Understanding the significance of China's rise and its implications for U.S. national interests is complicated by the conflicting views of U.S. policymakers toward China; "with one faction preaching engagement, the other confrontation."[1] The intensity of the debate has been fueled by proponents on both sides of the argument. Advocates for either side of the China debate might better serve their constituents by preparing them for the challenges the U.S. will face as more countries rise to achieve the American-inspired vision of reform through economic liberalization. The rate of China's growth, its speed of change and political evolution characterize the challenges the U.S. will face as more nations benefit from the effects of globalization.[2] China's behavior reflects the challenges it faces in reconciling economic growth with domestic politics. The U.S., having contributed to developing the institutions and norms that govern the relationships between great powers, should encourage China's rise in a manner that serves American interests, respects China's aspirations and mitigates negative impacts of China's uneven growth on the rest of the world. The administration should implement a comprehensive engagement strategy with China employing all elements of U.S. national power. Such a strategy will help integrate China into the international system and will reduce potential misunderstanding and miscalculations that are contrary to the interests of both nations. This paper will examine the intersections where the U.S. and Chinese elements of national power meet.

President Bush stated in the 2002 National Security Strategy (NSS) that the U.S. strategic relationship with China seeks to "promote a stable, peaceful and prosperous Asia-Pacific region."[3] The U.S. encourages China to reform and to reduce its emphasis on military modernization.[4] The U.S. will attempt to achieve cooperation with China by maintaining a dialogue for issues including transnational threats, North Korea, health and environmental concerns, trade, and governance, while the U.S. attempts to "narrow differences" over Taiwan and human rights.[5] The President also acknowledged China's importance to the changing dynamics of relations between the main centers of global power.[6]

The American fascination with China's size and its potential, combined with our national experience of its political, economic and military evolution, profoundly influence the American strategic approach to China.[7] These emotions require Americans to reconcile contradictory

perceptions of the importance of economic growth with our security concerns when considering a strategic relationship with China.[8]

Confrontation versus Integration in U.S. Policy

The legacy of hard-line confrontationalists of the old "China Lobby" dominated U.S.-China relations until Nixon's overtures to China afforded proponents of engagement to both access China's markets, and have the opportunity to exploit the Sino-Soviet split.[9] China specialist David Lampton wrote that "For seven administrations, U.S. policy toward China has been remarkably stable and could be called 'hedged integration.'"[10] Joseph Nye described the policy as a "combination of 'balance' and 'integration.'"[11] According to Lampton, "'Balance' refers to the use of all instruments of power, particularly hard instruments, to prevent the dominance of others, while 'integration' refers to the use of all instruments of power, particularly soft ones, to bring China into an interdependent international system in which it hopefully will develop shared responsibility for system maintenance."[12] This approach was most effective during the Cold War when China was a poor nation. In the 1970s, China's economic reforms benefited from a less restrictive global market.[13] This meant that overseas expansion of multinational firms and foreign direct investment coincided with China's "economic liberalization, deregulation and privatization" allowing China to accelerate its integration into the global economy. [14]

By the 1990s, the U.S administration was disillusioned in engagement with China. Engagement slowed over a perceived a lack of reciprocity, "mutual suspicions about intentions and behavior, asymmetries in the two militaries' capabilities and operational practices" as well as uncertainty about the impacts of the relationship with China on the U.S. economy. [15] These factors gave rise to a resurgence of confrontationalist administration and legislative attitudes toward China. The 1999 Cox Report represented the first of many warnings from Congressional committees, neoconservatives and Pentagon officials warning about the potential threat posed by a rising China.[16] The confrontationalist lobbies of the 1990s evolved and by 2005, included The American Enterprise Institute (AEI),and the Project for a New American Century (PNAC) with their advocates including Dick Cheney, Paul Wolfowitz, Richard Armitage, John Bolton, Elliot Abrams, Richard Perle, and Zalmay Khalilzad.[17] Confrontationalists support a strategy of surrounding China with "military bases, supporting Taiwanese independence and working for the fall of Communist Party oligarchy in China."[18] John Mearsheimer's sentiments sum up the confrontationalist belief that China is a growing threat to U.S. national power: "China cannot rise peacefully, and if it continues its dramatic economic growth over the next few decades, the United States and China are likely to engage in an intense security competition with considerable potential for war."[19]

A number of strategists, legislators, and business interests take a less aggressive approach to the strategic relationship with China. These proponents of engagement prefer to see China as seeking legitimacy through integration into the international system while its government slowly, and rationally extends Chinese influence through economic relationships.[20] These "'integrationalists' or 'accomodationalists' (as engagement advocates are also known), do not see international relations as a zero-sum game, and believe in the utility of dialogue to 'socialize' China into constructive habits of behavior."[21] Zbigniew Brzezinski described China as dedicated to a peaceful rise to great power status through economic means: "A confrontational foreign policy could disrupt that growth, harm hundreds of millions of Chinese, and threaten the Communist Party's hold on power."[22] Members of Congress have formed the U.S.-China Study Group to "reduce needless conflict with China based on wrong information and advocates leveraging U.S. trade and diplomatic ties to turn 'China into a less-menacing state.'"[23] Proponents of engagement and integration acknowledge that while China's growth "will not offer any potential for the expansion of American influence or hegemony; "[24] economic integration provides the best chance to encourage democratic reforms and a positive partnership between the two nations. [25]

Conflicting U.S. messages describing China as "strategic partner" and "strategic competitor" characterized the voices emanating from the Bush administration and U.S. Congress throughout 2005.[26] During the first part of 2005, senior members of the administration including the President, Secretary of State Rice and Director of Central Intelligence Goss, were consistently critical of China's strategic intentions, military build-up and "potential effect on the regional balance of power"[27] Within weeks of each other, Treasury Secretary John Snow praised China's economic liberalization efforts and Secretary of Defense Rumsfeld criticized China's military build-up.[28] Contradictions were not limited to the administration. Even the Houses' pro-China "Chamber of Commerce Camp" abandoned their adherence to economic engagement in favor of siding with the confrontationalist's concerns over security in a vote that doomed China's bid to purchase UNOCAL.[29] Thoughout the year, a variety of hybrid strategic concepts emerged in the media and policy circles ranging from "congagement"[30] to "constrainment."[31] The cooperative tone of the President's statements during his November 2005 state visit to China offered the prospect for comprehensive engagement and with it the opportunity that a future U.S.-China relationship could be based on leveraging America's dramatic advantage in national power; to perform as both a model leader and agent of global change.[32] Engagement with China supports the President's NSS at a time when the "international community has the best chance since the rise of the nation state in the

seventeenth century to build a world where great powers compete in peace instead of continually preparing for war."[33]

China has adopted a "hedging strategy" in response to conflicting messages from Washington and the belief the U.S. is dedicated to limiting China's economic growth as the means to frustrate its rise to great power status.[34] China is using its economic leverage throughout Asia to establish diplomatic relations to limit Washington's ability to "contain or constrain China" and is modernizing its military to limit U.S. options in support of Taiwan.[35] Evan Medieros, a top China expert at RAND Corporation wrote that "Although Beijing seldom talks about these aspects of its foreign policy and military programs, its actions strongly indicate that balancing against U.S. security cooperation in Asia is a prominent policy driver."[36] U.S. policymakers sometimes fail to appreciate the intensity and impact that cultural, historical and nationalist experience has on the strategic choices China makes. The roots of China's attitude are found in its history of exploitation by foreign powers; and when the Chinese see "U.S. pressure on issues such as human rights, intellectual property rights, trade deficits, weapons proliferation, and Taiwan they believe that the United States has used these issues to demonize China in an effort to prevent it from achieving great-power status."[37] China's policymakers grudgingly accept a weaker international position relative to U.S. power, and participate in international organizations only for the purpose of preventing those bodies from impacting on China's ability to achieve its goals.[38]

China's aspirations can no longer be ignored. To fuel the engine of its economic growth, China is dealing with nations that do respect international regimes and is further complicating U.S. efforts to leverage its power to gain international consensus regarding Iran, Sudan and Myanmar. [39] China is the world's largest producer of coal, steel and cement, second in energy consumption and third in oil consumption.[40] It is the world's fastest growing large economy advancing at four times the rate of developed countries achieving a growth rate of nearly 10% annually.[41] The economies of China and the U.S. are increasingly interdependent. China's exports to the United States have grown by 1,600 percent over the past 15 years, and U.S. exports to China having grown by 415 percent.[42] China is the world's "second largest holder of foreign-exchange reserves, mainly dollars."[43] At 2.5 million men, China has the world's largest military and is expanding the world's fourth largest military budget by 10% annually. [44] But China's growth has also brought it a host of problems. China's military growth has drawn international attention and regional concern.[45] Dr. Ross Terrill of Harvard's East Asian Research Institute recently wrote "The next Chinese drama will probably unfold not in foreign relations but at home: A middle class push for property rights, rural discontent, the Internet, 150

million unemployed wandering between village and city, a suddenly aging population bringing financial and social strains will dramatize some of the contradictions of "'market Leninism.'" [46] China's environmental problems, ranging from air pollution, loss of cropland, to the effects of industrial toxic waste on diminishing sources of fresh water and arable cropland "are the most severe of any major country, and are getting worse."[47] Jared Diamond wrote that the consequences of China's economic growth, and its social and environmental impacts will "not remain a domestic issue for long, but will spill over" with potentially destabilizing consequences first for the region, then, given the effects of globalization, the rest of the world.[48]

U.S. policymakers have an historic opportunity to choose between a confrontationalist approach toward China and the opportunity to apply the unmatched national power of the United States to prevent the type of great power competition that threatened peace and stability in previous eras. [49] Confrontationalists regard China as a more serious threat to the U.S. than the hegemons of the twentieth century because its economic capacity and political audacity appears directed to limiting U.S. ability to bring its power to bear globally. [50] The United States as the world hegemon should accept and integrate China into a great power relationship to reduce tension and help China "as it struggles to manage its growing pains."[51] Historically, comprehensive, long-term engagement and economic liberalization has encouraged the type of transparency and responsible governance the U.S. fosters globally to enhance its own national interests. [52] Such a relationship with China will require comprehensive application of all elements of national power and will provide a construct to encourage and guide the rise of other powers. [53] The prominent Chinese expert on U.S.-China relations Wang Jisi observed that "The United States is currently the only country with the capacity and the ambition to exercise "global primacy, and it will remain so for a long time."[54] The U.S. will be challenged by the rise of other nations simply because it sets the standards all others seek to emulate.

Recent U.S. relations with China have been characterized as confused, contradictory and schizophrenic contributing to China's traditional mistrust of U.S. intentions. Kishore Mahbubani, Singapore's representative to the United Nations wrote that "Such mistrust is dangerous, for the history of the twenty-first century will largely be determined by the relationship that emerges between the world's greatest superpower and world's greatest emerging power."[55] Although the current relationship between China and the U.S. meet the initial parameters of the power transition theory, a tipping point would not be achieved unless China's leaders become convinced that they can no longer rely on international norms and institutions to govern behavior between nations.[56] If national power were based on population size, military expenditures, and economic indicators, then China's power would have surpassed

that of the United States several years ago.[57] China represents the type of challenge that the U.S. will face in the 21st century as more nations benefit from the effects of globalization and aspire to great power status. The ability of the U.S. to apply its national power for the purpose of influencing great power relations could be diminished if the U.S. does not engage China in a balanced and proportionate manner. The U.S. can best achieve this by using the institutions and norms that have shaped positive relations between the great powers since WWII.

China's Peaceful Rise

Premier Wen Jiabao was the first to publicly name China's strategy for achieving great power status. He announced the term "China's peaceful rise" in a December 2003 speech in New York.[58] The Premier gave title to the strategy launched at the 1978 Third Plenary Session of the Eleventh Central Committee of the Chinese Communist Party (CCP).[59] Deng and the CCP recognized that China lacked sufficient national power to rise to great power status rapidly. China's leaders, wary of potentially destabilizing effects on the nation, chose a measured approach that embraced economic globalization, and at the same time sought to reassure Washington that China wanted to avoid a confrontational policy.[60] Zheng Bijian, a senior advisor to the Chinese Communist Party leadership wrote that "Despite the ups and downs in U.S.-Chinese relations over the years, as well as other dramatic changes in international politics, such as the collapse of the Soviet Union, Beijing has stuck to the belief that there are more opportunities than challenges for China in today's international environment."[61] If China remains true to the path charted by Deng, the CCP anticipates achieving its goal as a "modernized, medium-level developed country by 2050."[62]

Through adherence to the principles of China's strategic plan, called the Three Transcendencies, China's leaders have attempted to avoid the pattern of waste and competition associated with the rise of western industrial powers. The party leadership has attempted to avoid the clash of great power ideologies that contributed to WWII and the Cold War. At the same time the CCP established means to deal with social upheaval so that it could maintain its leadership role for the socialist society.[63]

China's leaders anticipated the challenges and ambiguities inherent to economic liberalization and attempted to reconcile these contradictions by appealing to nationalism. Suisheng Zhao, Executive Director of the Center for China-US Cooperation wrote that "Deng Xiaoping and his successors, Jiang Zemin and Hu Jintao, wrapped themselves in the mantle of pragmatic nationalism, which they found remained the most reliable claim to the Chinese people's loyalty and the only important value shared by the regime and its critics."[64] These leaders thus assured CCP primacy by seeking opportunities to champion China's national pride,

and by challenging and engaging the international system following Tiananmen, by gaining entry into the "World Trade Organization, dissuading Taiwan from declaring independence, and by winning the bid to host the 2008 Olympic Games in Beijing."[65]

China's leaders, having chosen the economic path to a "peaceful rise," now face the challenge of maintaining a strong enough economy to ensure the continued relevance of CCP leadership to a constituency expecting further economic liberalization. To fuel the national economy, an "unprecedented need for resources is now driving China's foreign policy." [66] This requires China's leaders to pursue economic and political advantages internationally, while avoiding confrontation with the United States.[67] China, always conscious of its vulnerability to the overwhelming power of the U.S., is making diplomatic and military decisions to secure its economic growth to the detriment of U.S. interests. David Zweig, Director of the Center on China's Transnational Relations at the Hong Kong University of Science and Technology cautioned that "China's boom can no longer be understood in regional terms alone; as Beijing's economic influence brings it international political influence and the potential for more military power, China's growth will have worldwide repercussions."[68]

China's Increasing Diplomatic Power

Beijing's successful bilateral and multilateral diplomacy has enhanced its status on the world stage, earning China's diplomats a reputation as savvy and sophisticated participants in the normative process that governs relations between nations.[69] China traditionally avoided participation in regional and security cooperation forums believing them to be dominated by the United States. China discovered in the 1990s both the value of these forums, and the window of opportunity afforded by U.S. apathy toward these regional institutions. Consequently, to enhance its national interests, China embraced multilateral regional forums "fundamentally altering the structure of power and the nature of the regional system."[70] China overcame its aversion to the ASEAN Regional Forum (ARF), and the Council on Security Cooperation in the Asia-Pacific (CSCAP) and used them as a means to extend Chinese regional influence. China adheres to the patterns of conduct institutionalized by members of the G-8 in international organizations such as the World Trade Organization, World Bank and the International Monetary Fund. The changing dynamics in relations among the great powers provide "China with new, albeit limited, opportunities for maneuver in bilateral and multilateral relations."[71] As long as the United States' image remains tainted, and the world fearful of its aggressive unilateral tendencies, "China will have greater leverage in multilateral settings."[72] China's increasing diplomatic power "has been remarkably adept and nuanced, earning praise throughout the region allowing China to capitalize on diminishing U.S. influence in Asia. [73]

China's diplomacy has been emboldened by the CCP perspective on the international reaction to the U.S. invasion of Iraq, condemnation of the U.S. by traditional allies, and a loss of legitimacy due to the detainee abuse scandals.[74] Some Chinese policymakers believe the resulting isolation of the U.S. to be as significant now as during the Cold War, with the consequence that U.S. soft power is currently less effective.[75]

Generally, China yields or only weakly opposes the U.S. internationally. China's recognition of its weakness relative to U.S. diplomatic power influences the manner in which the two interact on the U.N. Security Council. Although it opposed the U.S. invasion of Iraq, unlike France, China remained quiet on the issue and was silent once again on United Nations Security Council Resolution 1546, the authority legitimizing U.S. occupation of Iraq.[76] The U.S. and China generally agree on a regionally-led approach to North Korean disarmament, "but throughout the rest of Asia, Chinese leaders are doing much to frustrate and exclude the United States."[77] U.S. influence in Asia is declining at a time when China's diplomacy has capitalized on the "expanding normative influence of the Association of Southeast Asian Nations (ASEAN) and the increased reliance on regional multilateral relations, lessening of tension between traditional foes, and interdependent regional economy that are fundamentally changing the power structure of the region."[78] China's relations with major powers have never been stronger, its position in Asia better, or its influence more ready to challenge U.S. influence on the regional balance of power.[79]

CCP leaders have determined that they must shape the regional environment to remain on the economic path to development, and must maintain internal stability to achieve the nation's foreign policy goals for achieving great power status. Now that China has negotiated bilateral border agreements with its neighbors, and having gained respect during the Asia Financial crisis, it appears ready to "lay the groundwork for a Chinese version of the Monroe Doctrine in East Asia."[80] China's participation in regional multilateral organizations serves as a means to constrain U.S. influence. David Shambaugh, the China foreign policy expert wrote that "China's increased multilateral involvement represents a convergence of views about the norms that should govern interstate relations, conflict management and cooperative security among China, ASEAN, and the Shanghai Cooperation Organization (SCO)."[81] China's ambitions and interests extend beyond the region to include the Asia-Pacific Economic Cooperation group, its Asia-European counterpart meeting, the Forum for East Asia-Latin America Cooperation, a number of track two meetings as well as regional forums for business and government dialogue.[82] Improved relations between India and China, and China and Russia contribute to closer diplomatic and economic relationships throughout Asia that do not include the United

States.[83] China appears willing to disrupt U.S. relations in Asia. In 2005, China led the SCO effort to pressure the U.S. to close its Central Asian bases ;[84] and used its influence to exclude the U.S. from participation in discussions for the formation of a regional security cooperation organization during the East Asia Summit in Malaysia. [85]

China has increased the pace of its regional contact using talented diplomats to carefully reconstruct its diplomatic image from the days of Mao and Deng. The Chinese Communist Party has undergone a radical transformation, it is no longer run by "aging commissars clinging to party rule; but rather by forward looking and visionary leaders, a sophisticated elite, many who have been trained at U.S. universities."[86] The skill of China's "best governing class in generations" is remarkable for achieving "enormous social, cultural, and political" advances while maintaining the world's best economic growth for two decades.[87]

China's pursuit of resource-based bilateral relations in Africa, the Middle East and now Latin America has been a source of concern for the U.S. administration and the subject of a number of recent congressional hearings.[88] The U.S. State Department is watching closely and in the case of Latin America, "the U.S. Congress is getting nervous about Chinese fishing in American waters."[89] Some congressional and administration leaders regard China's presence in Latin America as a significant threat to U.S. security interests. These U.S. policymakers "cite the huge financial resources China is promising to bring to Latin America, its growing military-to-military relations in the region, and its clear political ambitions there all as potential threats to the long-standing pillar of U.S. policy in the hemisphere, the Monroe Doctrine."[90] Effective trade diplomacy in the Caribbean and Latin America allows China to economically leverage "12 of the 26 countries that recognize Taiwan."[91]

China has entered into diplomatic relations with a number of nations that do not adhere to international regimes "because coveted natural resources are often found in pariah states."[92] In its relations with Iran, Myanmar, and Sudan, China has diluted the effects of U.S. efforts to isolate or punish rogue governments "for failing to promote democracy, comply with international law, limit nuclear proliferation, or respect human rights."[93] China "stymied U.S. efforts to levy sanctions against Sudan." [94] China continues to undermine U.S. nonproliferation efforts in Iran, and is now courting Zimbabwe, Venezuela and Cuba.

China's diplomatic relations in support of its energy strategy may offer Middle Eastern regimes alternatives to dealing with U.S. policies. The seeds of future U.S.-China tension may be found in China's Current Five-Year Plan which introduces the concept of "energy security."[95] This oil-based strategy raises the potential for confrontation between China and the United States and contributes to U.S. and European concerns about the possibility of Chinese

unilateral dominance of strategic sea lines of communication throughout the region. In its search for oil, China may impinge on U.S. interests in the Middle East thus creating the risk of further destabilization in the region.[96] Because of its state-managed economy, "China is not beholden to shareholders and profit margins; rather than investing in money-makers, China is buying footholds throughout the Middle East."[97]

As a result of China's increasing influence "in Asian security and economic affairs and the U.S. desire to maintain its position of regional preponderance, policy makers in each nation are hedging their security bets about the uncertain intentions, implicitly competitive strategies, and potentially coercive strategies of the other."[98] Both nations are pursuing "engagement and integration" through multilateral relationships and are at the same time continuing military modernization to deter the other.[99] The U.S. response has reinforced the "conviction growing among Chinese policymakers that the United States is bent on curtailing China's rise;" and will use force to protect U.S. hegemony.[100] The U.S.-China relationship runs the risk of becoming a competition between two regional hegemonies.[101] China has become a more responsible international actor in some respects, but it is time for the U.S. to express a consistent strategic approach to address the impacts of China's rise on American interests.[102] The effects of China's application of diplomatic power, the choices it is making, and the relationships it has established, require the U.S. to engage China through the multilateral relationships, economic policies and security agreements that govern the norms of great power relations. Such an approach might ensure the continued effectiveness of U.S. diplomatic power while constructively encouraging the rise of China.

Improving U.S. diplomatic engagement with China will require the type of bold "transformational diplomacy" Secretary of State Rice defined in January 2006 as the means to integrate states that are competing in mutually beneficial democratic and economic pursuits.[103] America's diplomatic relations with China would be most effective if conducted in a spirit of partnership with China, not in paternalism, and this relationship could be further enhanced by leveraging the collective effect of all the elements of U.S. national power.[104] This diplomatic posture would affirm U.S. proactive participation in regional relations. Given China's growing importance, and the interconnected nature of our respective national concerns, "it would serve the interests of the United States and China to rethink their relationship in terms as broad and bold as the 1972 understanding that then President Richard Nixon and National Security Adviser Henry Kissinger worked out with China's leader at the time, Mao Zedong and its premier, Zhou Enlai."[105] The newly created Senior Dialogue Initiative between Assistant Secretary of State Zoellick and his Chinese counterpart Dai Bingguo could serve as a model for

a larger forum that includes other members of the U.S administration and their Chinese counterparts. [106]

The U.S. should participate in, and integrate China into as many multilateral arrangements as possible. This will allow the U.S. to monitor, detect and influence China's rise so that American policymakers are better able to anticipate and mitigate potential security, economic and social issues before they become sources for competition between the two nations. The U.S. should first reduce the risks of hedging behavior among the security relationships in Asia by creating a "framework that moderates great-power rivalries and security dilemma dynamics; perpetuates the U.S.-led alliance system, to help manage the latter; enhances burden sharing among major regional partners; and increases bilateral and multilateral security cooperation."[107] China wants to participate in a security community regional forum including the U.S., Japan and Russia. The U.S should seize such an opportunity. If China maintains influence over North Korea, the momentum of that success could be used to prod "budding mechanisms for regional security such as the ASEAN Regional Forum (ARF) and even the six-party talks, to evolve into a more effective instrument to promote regional cooperation."[108] The U.S. should consider sponsoring China's membership in the G-8 to add another layer of normative influence on China's growth.[109]

The United States and China have a mutual interest in lowering international anxiety over increased energy demands. The U.S. and China share a common "interest in viable oil prices, secure sea-lanes, and a stable international environment, all of which can help sustain their economic prosperity and that of the rest of the world."[110] A major initiative of any U.S.-China regional cooperative security arrangement should consider ways to reduce the inherent tensions of defensive and offensive positioning of U.S. and Chinese port facility enterprises in Pakistan, Myanmar and Bangladesh.[111] The initiative should include means to safeguard the economic interests of all parties involved by ensuring stability in the Malacca and Taiwan Straits. Rather than compete over oil, some energy experts have suggested that the U.S. invite China to join the 26 members of the International Energy Agency to participate in creating joint oil reserves, and participate in developing multilateral mechanisms to keep oil prices stable.[112]

The power of China's diplomacy has evolved to meet the requirements Deng set into motion by to support China's economic development path to great power status. Rather than adopt hedging strategies to counter the perceived motives of the other, China and the U.S. have the opportunity to create a stable environment in a world where globalization has demonstrated the positive impact that economic liberalization has on achieving U.S. interests in democratic reform.[113] Today it is impossible to make clear distinctions between our security interests, our

economic interests and our desire to foster democratic ideals. [114] Secretary Rice stated that "American diplomacy must integrate and advance all of these goals together."[115]

Understanding China's Rising Economic Power in Context

U.S. economic engagement with China has benefited both nations. Now that China's growing economic power appears ready to challenge the American capitalist tradition however, many critics of U.S.-China relations have selected economic issues that in isolation appear to have serious implications for U.S. economic power. The same issues when examined from the broader perspective of the global economy demonstrate the degree of complexity and interdependence of the U.S.-China relationship. The U.S. economic debate is characterized by the same type of exaggeration and oversimplification that contribute to U.S.-China tension in the diplomatic and security arenas. The prospect of diminished U.S. economic power evokes a negative response from the average American consumer, employee or investor, because China's reputation has been demonized to support the respective position of various special interest groups, journalists, and Congressional members. The U.S. reaction to a potential loss of economic power must be tempered by the reality that the two economies are now so intertwined that policy decisions can have international and domestic consequences. Some economists have cautioned U.S. policymakers that "in deciding what trade policies make sense for America, the nation's leaders need to objectively research and analyze the situation so they can determine the wisest course, looking at the long-term consequences of actions that may bring them short-term praise."[116] A strategic relationship with China in the age of globalization demands our attention because as President Bush stated "our relationship with China is a very complex one and a simplistic approach should be avoided." [117]

To economists, China's expanded economic growth benefits the global economy. To U.S. labor and manufacturing interests however, China threatens to accelerate the decline of some U.S. industries whose failure can be attributed to the inability to adapt to the effects of globalization. The AFL-CIO alleged that the combination of China's currency manipulation and abuse of its vast labor forces caused the loss of 727,000 U.S. jobs in 2004.[118] China's GDP is expected to rival U.S. GDP by 2025, the first time the U.S. has had to accommodate a competitor of this magnitude since the end of the 19th century. [119] The most common issues cited as the sources of economic conflict with China are the trade imbalance, and China's poor record on protection of intellectual property rights, trade barriers, currency valuation and foreign currency reserves.[120] Some U.S. analysts believe that China's aggressive efforts to leverage technology transfers and its hunt for natural resources will threaten U.S. national security. China's government lacks the ability to enforce the World Trade Organization norms it so

desperately sought for 15 years as the means to legitimize the claim to great power status. Despite reforms and economic liberalization, the Chinese government still intervenes with disruptive results effectively lowering the efficiency of domestic markets. China is becoming a more influential and important regional economic power with the potential to impact the global economy. There are growing indications that China's balance sheet is overstated, and its insatiable appetite for growth is overpowering competition throughout Asia. More ominously, China's economic growth is shedding light on the challenges the communist government is having in balancing the success of its economic growth with the consequences on the nation's environment and society.

Congress wasted no time when the WTO accession grace period ended in 2004, and reflecting the mood of textile, semi-conductor and labor interests at that time, generated eleven bills calling for a more aggressive administration response to China's trade practices.[121] Congressional concern mirrored the frustration of then U.S. Trade Representative (USTR) Zoellick. He acknowledged that while China had shown great improvement in some areas, it still lacked adequate compliance in enforcing Intellectual Property Rights (IPR) protection, "agriculture, services, industrial policies, trading rights and distribution, and transparency of trade laws and regulations."[122]

The U.S. economic relationship with China by 2005 contained a litany of complaints against unfair Chinese trade practices. The 2004 U.S. trade deficit with China was the largest with any nation at $162 billion.[123] The International Intellectual Property Alliance (IIPA) estimated that Chinese copyright infringement cost U.S. industries $2.5 billion in 2004 and accounted for 90% of the total of pirated U.S. copyrights that year.[124] U.S. companies alleged that the Chinese government created unfair trade practices through arbitrary policies and standards, high capital requirements, limits to regional expansion, and government directives that required multinational investors to work with specified subsidized State Owned Enterprises (SOEs).[125] Members of Congress called for U.S. tariffs on Chinese goods if China failed to revalue its currency to make Chinese goods competitive with U.S. prices.[126] China held $819 billion foreign exchange reserves in 2005, the majority of it in U.S. currency and Treasury Bills.[127] Congress reacted aggressively in 2005 to potential risks to U.S. security interests posed by Chinese government-sponsored efforts to purchase UNOCAL, an American oil company, and IBM's personal computer division.[128]

The U.S. threat of bringing WTO sanctions remains the most effective lever the administration has to influence Chinese behavior. U.S. leverage through the WTO is critical because it provides the means to promote U.S. economic and strategic interests by causing

market pressure to induce government reforms, thereby bringing China into the "world economy, making it more a more responsible global partner and strengthening the political position of economic reformers in China."[129] The current administration understands the complexity and interrelated nature of the U.S. and China economies, and also that any issue taken in isolation in response to immediate concerns have potential long-term effects on the U.S. economy. The President also has to moderate U.S. statements about China because the annual Congressional review of China's Normal Trade Relations Status is interrelated with such issues as human rights, prison labor, Taiwan security and weapons proliferation.[130] The President has chosen only once to appeal to the WTO. [131]

China presents an interesting economic paradox for the United States. Economic engagement has greatly improved standards of living in both countries, but now the interrelated nature of that economic relationship links the continued success of China to the fortunes of the United States. The U.S. depends on China as its third largest trading partner, second-largest source of imports and fifth largest export market.[132] U.S. businesses want more access to China's markets because continued reforms are opening a large modernizing economy with unlimited industrial and infrastructure needs.[133] America's greatest relative level of economic growth and increased industrial productivity in the U.S. is a due to China being both a market and financier interested in U.S. dollar assets.[134] This growth has allowed U.S. trade to maintain a constant world wide annual rate of expansion of 25%.[135] The U.S. economy has made up for losses in its share of the manufacturing sector by an increase of exports of raw materials to China.[136] The Congressional Budget Office (CBO) stated that despite "popular attention," the currency exchange rate has only a "modest" impact on the trade deficit and the yuan's low appreciation rate keeps U.S. interest rates low.[137] The American consumer has saved billions of dollars in the last decade, because China's growth helped maintain a stable regional economy and has allowed the U.S. to borrow and spend providing for a steadily growing economy. [138]

China's economic rise represents a trend the U.S. can expect as other regional players benefit from the effects of globalization. Simply blaming China for economic competition with the U.S. underestimates the significance of the "macroeconomic shift" away from western markets, toward Asia as the dominant direction of the world market.[139] China has now become the dominant player and a regional market unto itself because multinationals and even neighboring nations find it more cost effective to relocate their manufacturing facilities there. China has in effect become a "global factory."[140] The economies of China's, Europe and the U.S. are now comparable in size.[141] The emergence of China has changed the region's economic reliance on the west; the era when all "relied on the U.S. for export markets, employment, and growth-

appears to be coming to and end."[142] Today China has replaced the U.S in the region as Japan's largest trading partner, and by running deficits with Taiwan and South Korea, has become the largest market for all other Asian countries for machinery, electronics, and raw materials for manufacturing.[143]

The numbers provided by the People's Republic of China (PRC) bear scrutiny however, because the statistics that excite investors are based on the government's arcane accounting and monitoring procedures. The World Bank cautioned China to enforce the transparency of its statistics in March 2005, and warned leading economists to remember that China lacks a reliable system of economic performance measures consistent with the rest to the world. These economic statistics are deceptive because they reflect China's acceleration from isolation to the exaggerated effects of globalization; these numbers exceed any modern performance standard since the early years of the General Agreement on Tariffs and Trade (GATT). [144] The speed of China's emergence from a centrally managed economy has been characterized by a pattern of uneven reporting of its growth rate, by a government lacking a reliable index to report or track such data.[145] China's uneven development and WTO accession means that it can no longer mitigate the impacts of its reliance on exports; can not readily manipulate the economy, and due to its linkages with the world economy, is vulnerable to the effects of a U.S. protectionist backlash. [146]

The International Monetary Fund's (IMF) 2005 Asia-Pacific report provided the most recent assessment of the implications of China's economic growth. The report provided a sobering analysis of the potential risks posed by China's growth to the global economy. According to the IMF, in 2006 China's economic growth with be hit with higher petroleum prices, increased cost of domestic consumer goods, and a decline in external demand for Chinese goods largely due to the rise in protectionist sentiment as a result of China's growing trade imbalance.[147] A slow growing China will have implications for the entire Asia-Pacific region, as well as on the U.S. commercial interests that view China as a valuable export market. The interrelationship between China's economy and those of its neighbors could limit U.S. influence in the region. Proponents of the confrontationist view, see China as a recalcitrant economic competitor ready to use its increasing economic leverage to dictate terms in the region that are counter to U.S. interests. Federal Reserve Chairman Alan Greenspan has warned that a protectionist response to China's rising economic strength would ultimately slow Chinese government reform and evolution toward a productive market-based economy. [148]

China has made a number of poor short term investment choices that impact long term growth. Its high rate of growth, non-performing loans, excess foreign reserves, excess foreign

direct investment and inflated real-estate prices are causing the economy to “overheat” at a 9% annual growth rate.[149] President Hu’s recent announcement of measures to cool the overheated Chinese economy may have been perceived as a victory by critics of U.S.-China economic relations. The subtext of the message, and the real motivation behind China’s decision, is important because the statement addressed the government’s concern over rising domestic unrest.[150] China could become unstable if economic opportunities fail to meet the expectations of its population and the government fails to address grievances, or as the CCP has done in the past, overreacts to suppress dissidents.[151]

The economic power of China and the U.S. are complimentary. According to economist Benjamin M. Friedman, economic engagement with China provides a model for the positive impacts that economic liberalization has on government reform, poverty reduction and the integration of rising powers into the international system.[152] U.S. economic engagement with China is the best way to ensure cooperation across all elements of national power, maintain positive domestic growth for both countries, and provides a means to continue the positive integration of China into the international systems that govern relations between great powers. The U.S. has the responsibility to protect U.S. labor interests, and consumers as well ensuring that “U.S. industries are protected from harmful surges in imports and unfair Chinese trade practices.”[153]

The U.S. should continue to capitalize on China’s desire to maintain favorable status in the WTO by using the organization to enforce greater Chinese compliance in the areas of currency valuation, tariff rate quotas, export subsidies, discriminatory taxes, elimination of SOEs, technical standards and protection of intellectual property rights.[154] The USTR should establish performance management criteria for tracking China’s WTO compliance that can be used by U.S. interagency representatives.[155] The Commerce Department should validate WTO-compliance related data and define deficit data distinguishing between China’s goods and services index.[156] The U.S. should encourage China to lead a unilateral liberalization program and should also challenge the WTO to energize the Doha Development Round.[157] A comprehensive U.S. public information campaign could improve U.S. domestic support for expanded trade with China, and would help to shift the focus of criticism away from the U.S.-China trade imbalance to the larger problem of China’s overall imbalance with the rest of the world.[158] The China Business Forum recently recommended measures to ensure that the U.S. maintains economic power through the combined efforts of the USTR, Departments of Commerce, Treasury, State, Homeland Security and Education. These efforts include: improving U.S. competitiveness and productivity, reducing the federal deficit, increasing national

savings, implementing new measures to open markets, improving government support to education and science, relaxing visa policies to attract international talent and continued investment in high technology and infrastructure.[159] The U.S. government, within the interagency structure, requires appropriately trained personnel with sufficient tenure to maintain continuity of economic policies with China.[160]

China's Growing Military Power

China's military power is growing commensurate with its desire to be the region's dominant power, its requirement to maintain access to resources, and its aim to develop capabilities that can disrupt U.S. plans in a crisis over Taiwan. Although China seeks to allay fears about the intent of its military modernization programs, "Beijing seems incapable of recognizing that actions it views as purely defensive may be construed as offensive and threatening in other capitals."[161] China's foreign policy, economic development, security strategy and military modernization programs are closely interrelated and although China's military power can not challenge that of the United States, it stands as the one element of China's national power that is focused on limiting U.S. options. Determined to maintain growth and "as long as the Chinese economy remains healthy, it is unlikely that China would abandon its effort to acquire military capabilities that match its political-economic status and aspirations and also strengthen its bargaining position vis-à-vis the United States."[162] China's economic growth has inspired a new sense of national self-confidence, at the same time its leaders fear that the U.S. might respond to China's rise with "aggressive diplomatic and military policies."[163] U.S public debates and conflicting U.S. government messages from proponents of both engagement and containment contribute to exacerbating China's fears. Today's party leaders "retain a peculiar and persistent sense of insecurity or vulnerability on the world stage, driven mostly by their concern over the post-Cold War ideological conflict between China and the Western powers, particularly the United States, as the rest of the globe's Communist regimes collapse."[164] The U.S. is not the only nation concerned about China's military build-up. An international survey "released by the BBC in 2005 showed that although 49 percent of respondents in 22 countries welcome China's economic growth, but most people feel negatively about the prospect of China significantly increasing its military power."[165] Regardless of the international community's current criticism of U.S. security policy, nations will expect the U.S. to leverage its national power to engage China and integrate the rising power into a system of cooperative international behavior. America's hegemony and "the combination of unmatched military power, a newfound will to intervene, independence from allies and coalitions, and

willingness to strike before being struck leaves the United States in a commanding but, paradoxically, exposed position on the global security landscape."[166]

Those who view China's military rise as a threat cite its force build-up, lack of transparency, modernization, and evolution from procurement to production as evidence of China's future intentions. The pace, direction and balance of its modernization programs reflect what Chinese President Hu Jintao called the "mutual promotion and coordinated development between national defense building and economic development."[167] The increased domestic demand for oil and international competition for its sources is likely to bring Chinese and U.S. interests into conflict with each other. China's military modernization strategy is based on the principle that it can not match U.S. capabilities without bankrupting itself.[168] However, China appears ready to spend whatever it takes to deny the U.S. the ability to dominate East Asia or set conditions in the region for relations with Taiwan.[169] This military investment demonstrates the intensity of China's commitment to sustaining its economic rise to great power status. Items of military hardware are potent symbols of great power status and are another means by which China seeks to enhance its image in the international arena.

The challenge for the U.S. in dealing with China's military rise lies in determining how to establish rules for a long-term relationship with China on terms consistent with its aspirations, and capabilities. Secretary Rumsfeld challenged China's publicly stated claim to have spent just $29 billion in 2004 on defense. The Secretary and others assert China's defense import and export trade alone accounts for that amount, and a number of security analysts estimate the actual Chinese defense expenditures to be as much as three times higher than the official Chinese quote.[170] A relentless program of military growth, resourcefulness and willingness to base military capability on improvisation and asymmetry make China an adversary worthy of U.S concern. China is now becoming a self-sustained military power capable of producing, employing, and exporting all types of modern military equipment to include weapons of mass destruction.[171] China seeks respect from the U.S., and failing to engage the PRC militarily contributes to a pattern of misunderstanding and the potential for military competition to become a "self-fulfilling prophesy."[172]

The CCP maintains strategic goals originally introduced in 1991 that include: protecting the regime, preserving territorial integrity to include Taiwan and Tibet, and denying the separatist goals of China's ethnic Muslim minority.[173] The Chinese military is increasing the size and frequency of its exercises, and is modernizing weaponry and missiles opposite on the coast facing Taiwan. It has purchased Russian multi-role aircraft, destroyers, diesel submarines, transport aircraft, air refueling aircraft and AWACs aircraft.[174] China's naval and air forces have

received priority in funding and with the ascendance of their officers to senior levels of the national security apparatus, these generals may influence policy makers to make greater use of the effects of China's newfound military capabilities to intimidate Taiwan.[175]

The potential of Chinese modernization programs to challenge U.S. military power should be understood within the context of the type of forces China is developing. Traditionally a low tech land-centric force, China is increasing its technological and force projection capabilities. The image of a transformation to joint expeditionary capabilities, when merged with air and naval forces, gives rise to the impression that Chinese military power is less likely to be contained. Having translated its security requirements into a naval-centric strategy, China's growing reach could increase the risk of either intentional or accidental confrontation with the U.S. in the South China Sea, Malacca or Taiwan Straits. China is cultivating the impression that it has the ability to delay or disrupt U.S. efforts to reinforce Taiwan by fielding a new modern high tech land force that China's leaders believe if supported by naval, air and missile forces long enough, can prevail and capture Taiwan in a coup de main.[176] Its military planners have faith that Chinese forces can disrupt or delay the American response to shake Taiwan's confidence in its security arrangement with the United States.

China has been able to achieve such rapid change within the last twenty years because of the collateral benefits of its integration into the global economy, and internal reforms. This impressive modernization effort has been made possible because the military has made great strides in developing appropriate doctrine, acquiring foreign and domestic equipment and technology, and has greatly improved the education, training and professionalization of its officer corps.[177] A recently released RAND study credited China with having adopted meaningful reforms.[178] Many western analysts believe China's military leadership has embraced the asymmetrical operational concepts, popularized by Qiao Liang and Wang Xiangsui who advocate avoiding U.S. technological and traditional military strength by attacking U.S. technological, economic and diplomatic vulnerabilities.[179] Proponents of this asymmetric strategy believe the Chinese can succeed using traditional and non-traditional strategic and operational-level means to attack U.S. military, industrial and financial information targets using coercive diplomacy, guerilla warfare, terrorism, and psychological operations mixed with such tactical innovations as the use of AWACs to remotely control unmanned jets.[180] In supporting this approach, China claims to spend less than 2% of its GDP to enhance old equipment with new technology and to buy new equipment.[181] This modernization program emphasizes an effects-based approach that relies on applying emerging technology to seemingly obsolete weapons systems.

A dedicated effort to creating a national arms industry has reduced China's dependence on imported military technology and makes the nation less vulnerable to international technology and proliferation control regimes. Until recently, China relied on 70% of its arms purchases from abroad.[182] From 1997 to 2001, China tripled its purchases from Russia, and accounted for one-third of Russia's arms export sales and effectively assured the solvency of the former adversary's ailing arms export market.[183] The Chinese government and its State Owned Enterprises (SOEs) have brought the same economic discipline to the arms industry that it has to all manufacturing sectors, effectively establishing its own military-industrial base. The Chinese arms industry has evolved from replicating Soviet equipment to producing high end technological components and for the first time is producing advanced air and naval propulsion systems.[184] China has applied its formidable remanufacturing capabilities to creatively merging parts from world suppliers to include Israel, Europe and Russia to build its own F-10 jet.[185] It is not hard to imagine China, with an unlimited workforce and increasing worker productivity soon being able to dominate portions of the international arms market. China's tendency to flood markets and a willingness to deal with unsound international actors could contribute to increased international proliferation of military technology.

The real indicators of China's military potential are found in the liability of the decisions it has made and the potential impacts on the economy it has tried so hard to protect. China demobilized more than 200,000 troops bringing its troop level to 2.3M then spent the savings on technology, improved tanks, personnel carriers and amphibious equipment.[186] Many of the demobilized soldiers contributed to unrest at the provincial level protesting over lost wages, benefits, and pensions.[187] A number of Asian nations are re-examining their economic relationships in the region because of China's more assertive posture and increased military visibility.[188] China's efforts to increase its military image as a rapidly deployable force may make for threatening optics across the straits, but when combined with the true cost of military reform, increasing national military power will be expensive to sustain. Increased bilateral and joint operations with Russia and India may be intended to let others know that China is increasing its capabilities, but eventually, these relationships may reveal significant shortcomings as well.

The Chinese military modernization efforts contain a number of contradictions. This increased military visibility may be a new variation to an old theme. The national tendency to evade verification of its numbers and a traditional preference for mass over effectiveness may mask China's greater fear of having the limits of its military capabilities exposed. China is several generations behind the U.S. in stealth technology, and in the ability to deploy and sustain a force to challenge Taiwan.[189] The synchronization of China's eclectic mix of legacy

and modern systems may prove problematic for an officer corps lacking a history of respect for technological innovation.[190] The doctrine of asymmetry that China has adopted starts from an accepted position of inferiority and surrenders traditional concepts of warfare to unorthodox methods yet to be proven in combat. The relative combat power of China's "hybrid" force is difficult to measure because it is unclear if its modernization efforts represent a qualitative improvement over Chinese conventional capabilities.

China's lack of transparency, its willingness to improvise and a military doctrine based on asymmetrical means have earned the People's Liberation Army (PLA) a prominent role in strategic threat assessments for the 2006 Quadrennial Review Report.[191] Recent administration statements and consistent themes expressed by both the Secretary of Defense and the Assistant Secretary of State indicate a defined future relationship with China is taking shape. The administration's emerging approach has been enhanced by less provocative Defense Department statements and a movement toward a policy of improved communication with China.[192] The U.S. recently underscored its commitment as an Asia-Pacific nation by shifting the balance of the U.S. Navy's carrier force to the Pacific;[193] by enhancing security cooperation with Japan;[194] and by pressuring Taiwan to assume greater responsibility for its defense.[195] China's bilateral military engagement efforts are flourishing at a time when the Secretary of Defense and his regional combatant commander are publicly expressing conflicting views about the future of U.S. military engagement with China.[196]

Emerging PLA professionalism, combined with increased earnings and education opportunities have created a new military elite that views the Chinese military as an institution of the state not the party. The rising stature of the PLA leadership may lead to friction between the party, central government and military.[197] The military may be expected to play a more demanding role in policy promulgation and will add yet another wrinkle to the party's ability to determine the direction of China's reforms.[198]

The U.S. should engage China through "cooperative, candid and constructive means" to reduce the potential for military competition between the two nations.[199] This approach should avoid actions that could result in escalation or the type of regional arms race that would be detrimental to the economic interests of both the United States and China. Only a "pragmatic approach will allow us to accommodate China's inevitable re-emergence as a great power."[200] The U.S. should integrate the lessons learned from comprehensive engagement with China's military during the 1990s by first improving diplomatic relations between the two countries and then offering expanded military-to military contacts.[201] An important component of a renewed U.S. military engagement plan should include educating Chinese military counterparts about the

societal impacts of defense spending. Chinese leaders have the perception that U.S. military power is showing the first signs of decline because U.S. defense spending has dropped relative to GDP since the height of the Cold War.[202] An expanded military engagement program might provide U.S. officers the opportunity to teach their Chinese counterparts about the inherent balance that must be maintained between domestic and military expenditures within the context of a democracy. The U.S should consider raising the level of defense spending to a level consistent with its global obligations and the potential threat of a conventional conflict to 4% of GDP. [203] Military-to-military contacts should be reinvigorated beginning with senior-level exchanges at the senior executive and senior service school level.[204] The Secretary of Defense should consider the long-term value of engagement by implementing the Theater Engagement Plan proposed by his U.S. Pacific Command Commander. Such a program should allow the U.S. military the opportunity to actively engage Chinese counterparts and would allow U.S. military officers to predict, pre-empt or shape Chinese behaviors before they become an irreversible threat to U.S. military power. The Defense Department should use the results of the Global Defense Posture review and its calls for increased cooperative security locations to convince regional allies that U.S. security interests are committed to long-term regional security and are not focused solely on the transitory nature of counter-terrorism missions and counter-proliferation concerns.[205]

Consequences of China's Rise on Society

China's ability to balance its international ambitions with the domestic economic expectations it has aroused carries with it the potential for domestic unrest leading to regional instability with global economic impacts. Economic growth is increasing social tensions, affecting the environment, straining urban areas, widening the wealth gap between regions and exceeding the ability of the Chinese government to administer basic government services for health care, wages and pensions.[206] Zheng Bijian stated that "with 1.3 billion people any small difficulty in economic or social development, spread over this vast group, could be a huge problem."[207] The Chinese government placed so much faith in the effects of its economic liberalization programs that it expected market forces and competition to overtake and replace the government's less efficient state-run social service systems.[208] The three major problems facing China are: a shortage of resources, pollution and the "lack of coordination between economic and social development" all of which are creating problems for the Chinese government.[209] Despite the best efforts of China's leaders, "the novel blend of communist organizational principles and economic liberalization has created a tough political and economic context to effect change."[210]

The economic path to great power status has had unexpected consequences for China. Allegations of corruption, increasing unemployment and decades of mismanagement have manifested themselves in a growing pattern of unrest. Protests ranging from sit-ins, strikes, petitions and riots increased from 8,700 in 1993 to over 50,000 by 2003.[211] The themes of growing popular discontent are related to disappointment with economic reforms. And although these protests do not yet appear to be large coordinated actions, the fact that they are taking place in every region within China represents "a powerful groundswell of calls for greater government accountability for lack of jobs, disappointing economy and rampant corruption."[212]

U.S. economic engagement combined with China's domestic economic liberalization has fostered political reform, but despite economic growth of nearly 9% annually since the end of the Asian Financial Crisis, protests continue to rise at a consistent pace causing some party members to question the degree of tolerance and reform it should allow.[213] China's leaders are cautious in their reaction, and are ever mindful of the U.S. response and the resulting economic consequences of post-Tianamen sanctions. The Chinese government has tough choices to make. If the government fails to properly channel the energy associated with greater freedom of expression, and higher economic expectations, the consequences could have far reaching economic, diplomatic, and security implications for the region, global economy and the United States.

Conclusion

The rise of China represents a unique strategic challenge for the United States. Although our former Cold War foe may not be proceeding along an ideal path toward democracy and reform, it has at least embraced some of the economic principles that generations of U.S. leaders and policymakers have put forth as some of the means to attain legitimacy and acceptance among the world's powers. While China's rise may be viewed by some in the U.S. as a threat and by others as a potential partnership, it is clear that China's national power will continue to grow. Globalization has dramatically changed the context of great power relations rendering Cold War paradigms irrelevant. The U.S. having unleashed the aspirations of nations following WWII and having sponsored the development of the international norms and institutions that govern relations between states, now has both the opportunity and responsibility to engage China within this construct as a strategic partner.

Rather than allowing conflicting messages from U.S. special interests to drive China into hedging relationships with nations that run counter to the standards international conduct, the U.S. should engage China diplomatically to leverage the combined national power of both countries to preclude international competition for oil, address regional security issues, and

collectively resolve nonproliferation and human rights issues. It is in the best interest of the U.S. economy to encourage a strong and prosperous China, but the U.S. needs to continue to hold the PRC accountable to the type of international trade and monetary standards that will allow for continued economic reform and responsible long-term development.

Our failure to engage China militarily has led to apprehension and mistrust on both sides. The stakes are too great and the consequences so irreversible that neither the U.S. nor China can afford a mistake or miscue over Taiwan, the Malaccan Straits or the South China Sea. If a comprehensive military-to-military engagement program can not alleviate tension between the U.S. and China, at least such a program would provide insight and early warning of Chinese intentions.

As China's current domestic situation has demonstrated, the effects of rapid economic liberalization are inherently destabilizing and potentially dangerous, especially in a socialist society steeped in a proud cultural heritage characterized by strong nationalist traditions. The potential for social unrest and the devastating environmental effects of Chinese pollution can adversely affect the region. A U.S. relationship with China based on comprehensive engagement offers the promise of the U.S. being in a position to influence or assist China in a manner that ensures continuity for democratic and economic reform.

A U.S. strategy of engagement with China will allow the United States to remain close enough to China to prevent its success from destroying the economic liberalization and democratic reforms that ultimately serve U.S. national interests for security, stability, prosperity and democracy. China's integration into the global order is in the best interest of the great powers, and has been a long-term regional and international goal.[214] Only the United States has the national power and international legitimacy to "integrate, modernize, and constrain China."[215] The United States by virtue of its hegemony and the international responsibilities vested in it by the expectations of the international community, has the moral obligation to integrate China into a new great power relationship consistent with established diplomatic, security, economic and social norms.

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