

U.S.-China Relations: An Affirmative Agenda, A Responsible Course

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Summary

*As per the author's request, this transcript is not for quotation.

I first visited China as a student in 1984, at a time of great optimism. I travel there regularly and my positive first impression continues to color my views on China, but I always try to have a balanced view.

China is so large that it is difficult to discern the truths about it. China has a romantic appeal that leads to strong opinions, and we always look for labels for the United States' policy toward China, like engagement, containment, and so on. I think that China is neither our friend nor our enemy, but I do think that the U.S.-China relationship is critical. We need a cooperative, close relationship or the world will suffer. However, the current consensus in the U.S. supporting engagement with China is under great strain, for the following reasons.

Firstly, China's rapid economic development has been accompanied by a massive trade deficit with the U.S., and many people in the U.S. believe that this is due to unfair Chinese trade practices, which is untrue. Secondly, China's human rights record is poor. Thirdly, China's global influence sometimes undermines U.S. efforts to promote good governance in developing countries. Fourthly is the rapid modernization of China's military. And lastly is the fact that China's rising status comes at a time when the U.S. is bogged down in an unwinnable war in Iraq.

The Council on Foreign Relations (CFR) Task Force report, which my presentation today is based on, recommends a strategy of further integrating China into the community of nations as the best way to develop cooperative relations and advance common interests. The first element of this strategy is enhanced bilateral engagement at all levels, with a major emphasis on security issues, nuclear doctrine, non-proliferation, missile defense, etc. Both sides have been reluctant to pursue a meaningful security dialogue until recently.

The second element recommended by the Task Force is known as "weaving," which means blending and integrating China more fully into the web of international commitments on trade, security, and human rights. This is a way of restraining China, but is also a way of giving China a voice in these institutions. The alternative is to exclude China, which would cause them to challenge the systems that have been instrumental in building peace and prosperity since World War II.

The third element is "balancing," which some would call "hedging." This is sometimes in conflict with the first element. We should strengthen and modernize alliances with the nations in this region against the possibility of China emerging as a threatening player in Asia. However, we share many concerns with China and must also work together to address the security needs of the region in a "concert of power." It would most certainly be wrong and futile to attempt to create an anti-China coalition in Asia.

The last three decades have been a great success for China, its neighbors, and the U.S.. Since 1988, China has experienced sustained economic growth averaging over 8.5%. This is a unique feat in history and has lifted 400 million people out of absolute poverty. China's Gross Domestic Product (GDP), at \$2.5 trillion, ranks at number three or four in the world, and China's GDP adjusted for purchasing power parity (PPP) is estimated to be around \$10 trillion, which is second only to the U.S.

China's economic growth has brought huge benefits to the Chinese people, with life expectancy at 72 years, literacy at 93%, and infant mortality rates greatly reduced. Use of technology such as the Internet and cell phones is also increasing. The engine for this growth has been the private sector, not the state sector, which remains important but is gradually seeing its share of GDP diminishing.

In the international arena, China has joined most of the international economic, trade, security, and human rights organizations and United Nations agencies, and begun to adapt their domestic laws.

Hence, China is in a process of transformation. But, for all the successes, the challenges are truly enormous. Firstly, China has the problem of economic disparity. The economic gaps between rich and poor are large and growing. Economists say that in periods of economic growth, inequality is inevitable and does not necessarily have to lead to a crisis if the people at the bottom of the spectrum are also getting richer. In China, however, the gap is truly enormous. The ratio of urban income to rural income is 3:1. The gap between rich provinces and poor provinces is 10:1. These kinds of gaps in China lead to significant social unrest and feelings of inequality and injustice, and this is also fuelled by the favored position of the Communist Party and its members in the economic development process.

The second major problem China faces is the environment. The situation is truly dreadful. Each year China loses 1,700 square miles of cropland and forest to desertification, 16 of the 20 worst polluted cities on the planet are in China, and 300,000 people annually die prematurely from respiratory illnesses. Today, China has 25 million vehicles, with this figure set to rise to 100 million by 2020. These problems are going to get worse before they get better. In fact, according to the International Energy Agency (IEA), China will become the world's leading emitter of carbon dioxide by 2009, and is already by far the world's leading emitter of mercury.

The third problem for China is demographics. China's population is aging, and its working-age population will peak in 2015, after which it will decline, meaning that by 2030 China will have 250 million retirees. How will it care for them all?

We also believe that social unrest is growing in China, but the lack of a free press makes it difficult to know for certain its true extent. Incidents of social unrest have increased even according to the government's own statistics, which show an increase from 10,000 incidents a decade ago to 70,000 incidents in 2004. These incidents take different forms, but very rarely are they calling for the overthrow of the government; in most cases they are calling on the government to do its job properly, with people angry about issues such as corruption, malfeasance, incompetence, brutality, and injustice. Not many in China are clamoring for the establishment of democracy, and those who do are swiftly taken away and not seen again.

Another problem is ethnic and religious unrest in China. Tibet and Xinjiang comprise 40% of China's total land mass, but only hold 5% of its population. Xinjiang holds almost all of China's domestic oil and gas supplies, and Tibet holds almost all of China's domestic uranium supplies, as well as half of the world's hydroelectric power potential. These regions are extremely important to China strategically, but remain restive. Therefore China does not hesitate to crack down on those who support "splittism," as it is known.

The final problem we have identified is the question of legitimacy. This fourth generation of Chinese Communist Party leadership does not have the legitimacy possessed by the first generation who took part in the Long March. Its legitimacy rests, firstly, on its ability to deliver economic benefit to the Chinese people and, secondly, on nationalism and appeals to Chinese identity. Hence, it is imaginable that if economic growth were to falter there would be a greater reliance on nationalism. This could spell trouble for China's neighbors and for peace and stability in the region. Also, the legitimacy problem is complicated by the problem of corruption, which has been shown to be the number one concern of people living in China.

The CFR Task Force believes that China's problems are not so great as to make the government abandon the path of so-called reform and opening up, but the Task Force doubts that the Chinese leadership, although well aware of the nation's problems, has the willpower and all of the tools to address these problems successfully. For example, an independent judiciary and a free press would be required to combat corruption, but it is unclear whether the leadership would be willing to transfer such power to entities outside the Party, and would be contrary to what has been Chinese Communist Party policy over the last 60 years.

The Task Force came to the conclusion that China feels its domestic problems are so huge that it is desperate to maintain a benign international environment. This is a key finding, as it suggests that the U.S. and Japan, working with other nations, have an opportunity to engage with China on common interests. This opportunity is the basis of our optimistic agenda with China, because we believe that China's failure would be far more disastrous for our interests than China's success. The expansion of China's power brings challenges, but it is not clear that the world would necessarily be better without the manpower that China can contribute to U.N. peacekeeping missions or without China's investment in economic investment in Africa and ASEAN, for example.

China and the U.S. face significant difficulties, including those over intellectual property rights and currency values. The Task Force believes, however, that most of the economic difficulties between the U.S. and China are not the result of unfair Chinese trade practices, but are actually the result of macroeconomic imbalances in the relationship and macroeconomic policy distortions in the U.S., like too much consumption and not enough saving. The major problem the U.S. has is not its trade deficit with China per se, but the fact that it is running a deficit with all its major trading partners. Also, the problem is not that the Chinese market is closed to the U.S. In fact, between 2000 and 2005, U.S. exports to China grew 160% and accounted for half of total U.S. export growth.

Therefore, on the economic front, the Task Force recommendation would be that the U.S. gets its own house in order. On the security front, the Task Force recommends, firstly, that the U.S. continue to modernize and enhance its capabilities in the Pacific. Secondly, the Task Force report argues for closer cooperation with China's neighbors, not as an effort to build an anti-China coalition, but to reaffirm our commitment to the region and present an alternative to China as a trade and security partner.

Questions and Answers

Q: How do you balance the concepts you mentioned of "balance of power" and "concert of power"? Which concept has the most support in Washington now?

A: It is not easy to get the right blend of these concepts in terms of security in Asia, which is a region that lacks an overarching security architecture, like NATO for example. The Sino-Japanese rivalry is a distinguishing characteristic of an Asia that lacks any security architecture beyond the U.S. "hub and spoke" system. The Task Force report argues for alliances that are open and inclusive. The U.S.-Japan alliance remains essential to the security of the U.S. in the Pacific, but perhaps there is a possibility of using this alliance in novel ways in order to reach out to China on issues such as proliferation prevention, counter-terrorism, and even sea lane security, for example. This is a view that enjoys bipartisan support; the Armitage Group also called for trilateral Japan-U.S.-China security dialogue and cooperation. A concrete example of the "concert of power" approach is Cobra Gold, the premier U.S. military exercise in Southeast Asia, which began as a bilateral exercise with Thailand but now is a regional exercise and even has Chinese observers.

It is hard to get this balance of concepts right. Our current alliance structure should be the core of our approach, but should be open and have the capacity to take on ad hoc arrangements.

Q: Do you not feel that the Chinese have been cunning in their dealings with the U.S. with regard to the trade issue? Do you think that the region will be able to create a security architecture, perhaps based on the Six-Party Talks, in the future? Also, what are your views on the Taiwan Straits and North Korea?

A: China has become emblematic in the U.S. of the problem of lower wage workers and globalization and open trade, despite there being plenty of other countries competing with the U.S. The U.S.-China economic relationship may become a casualty of a shift to an anti-open trade sentiment in the U.S. There were suspicions that when the Democratic Party won control of Congress it would implement protectionist, anti-trade policies, but of course it has not. The passing of any future anti-trade, protectionist legislation may

possibly depend on how "cunning" the Chinese prove to be in dealing with the U.S.

Many hope that the six-party talks could become a security forum, but that will depend on whether they succeed in addressing the North Korean nuclear issue. Much hinges on the Sino-Japanese relationship. If Tokyo and Beijing are able to move forward on a common security agenda then it will become possible for others to join. So far though, this rapprochement remains fragile. Rather than creating new institutions, existing ones like the ASEAN Regional Forum, which includes North Korea, should be used. I am skeptical of the Bush administration's attempts at using the Asia-Pacific Economic Cooperation (APEC) to deal with security issues.

On North Korea, U.S. policy over the last seven years has been an unmitigated disaster, mainly because there has never been a unified policy toward the problem. There is no trust in the U.S.-North Korea relationship, and this was not changed by the February 19 agreement. I am pessimistic about North Korea and have to agree with the assessment of the neoconservatives in Washington that only the end of North Korea is likely to bring about the end of North Korea's nuclear program, even if I disagree with their approach. I think we should be doing our utmost to engage North Korea, rather than protect them from the power of our economy, ideas, media, and generosity of spirit. North Korea is very good at dealing with military pressure, but would be utterly overwhelmed if we were to unleash this kind of peace initiative. Neglect of this problem has brought about a disaster for U.S. interests, and it is not going to get better any time soon.

Taiwan is a completely different situation. The Task Force report does not concentrate very much on Taiwan, but the Council on Foreign Relations sees integration, not conflict or separation, as the continuing trend. Taiwan is trapped in the orbit of China, and every year the links between the two become stronger, so the Task Force is optimistic about eventual reunification. Nothing is going to happen soon however, as the people of Taiwan do not want to be reunified with a Communist, authoritarian state, and the Chinese can live with de facto Taiwanese independence so long as it is not pushed too far. I am sure the Taiwan problem looks different to you in Tokyo than to us in Washington, because you are so close to it geographically and historically. We do believe, however, that one key to success is sustained commitment by the U.S. and Japan to peace across the Taiwan Strait. Taiwan does seem to be relying evermore on the U.S. for their defense, making it a little difficult to sell this idea of China as a threat to Congress, especially given that Taiwan are reducing their defense budget, the amount of Taiwanese investment in mainland China is huge and increasing, and 300,000 Taiwanese businessmen have apartments in Shanghai. Hence integration, not conflict, seems to be the trend.

Q: What is the position of your report regarding the effects of U.S. involvement in the Middle East?

A: : In the 16 months during which the Task Force met to draw up the report, the worsening situation in Iraq was always on our minds but rarely on the table for discussion, unless it was directly of relevance to the U.S.'s ability to fulfill its security commitments. Admiral Dennis C. Blair assures us that the Pacific is essentially a naval theater of operations, and that naval and airpower are key given the great distances involved. The fact that the army is not as usable at present (due to its commitments in Iraq) does not impede our ability to fulfill our commitments to the Pacific Theater.

North Korean conventional forces have withered and South Korea is now able to fully defend itself without significant U.S. support against any conceivable conventional North Korean attack. The Pentagon has already withdrawn half of the U.S. ground troops stationed on the Korean peninsula and sent them to Iraq.

The Task Force therefore remained optimistic that the U.S. has and will continue to have the necessary capabilities to fulfill its security commitments in the Pacific. The Task Force report made this judgment based on the assumption that the situation in Iraq would not get worse than it already is. If the situation in Iraq were to get worse however, this would raise questions about the U.S.'s ability to fulfill its commitments in the Pacific and would lead to the possible necessity of increased burden-sharing by U.S. allies in the Pacific. This could involve Japan having to reconsider its self-imposed cap of 1% of GDP on defense spending and could fundamentally change the structure of U.S. involvement in the Pacific. This in turn would raise questions about China's feelings over Japanese rearmament.

Q: During the deliberations in creating the Council on Foreign Relations report, did you detect a clear difference in position between the Democratic and Republican members of the Task Force? If the Democrats were to win the next presidential election, would you expect them to have a significantly different approach toward China? What would be the implications of a Democratic White House for Japan?

A: The Task Force did not break down along party lines. The debates we had were mainly between those who believe that China's economic transformation is likely to lead to growing pressure for political reform and those who believe that China will remain a resilient authoritarian state with market characteristics. There were Republicans and Democrats on both sides of this divide.

Phrases like "Japan-passing," "Japan-bashing," and "Japan-nothing" fail miserably in capturing the reality of the Japan-U.S. relationship. Despite having come out of six years of strengthening the Japan-U.S. relationship, many in Japan continue to worry about the U.S.'s commitment to Japan, and they worry that the U.S. will instead begin to ignore Japan and court China. I feel that Washington very much recognizes the value of the U.S.-Japan partnership in every area, be it trade, economics or security. I do not think that this attitude will change whether a Democrat or Republican wins the presidential election. People in Japan tend to feel that a Republican-led government in the U.S. would be better for Japan, but I do not necessarily agree, as people's attitudes vary even within the Democratic and Republican Parties.

Much as I would love to find fault with the Bush administration and its China policy, I think they have done a good job in balancing the U.S.'s competing interests with China. I anticipate that there would therefore be little change in China policy even if there were a change in the White House from Republican to Democrat.

When it comes to the U.S.'s Japan policy, it would be fair to say that Richard Armitage has been unique in driving forward the Japan-U.S. alliance, and I am not sure that the Democratic Party has someone of equal capacity and authority to impress upon the White House the vital nature of this alliance.

Q: If, in your opinion, the Bush administration's North Korea policy was such a failure, what route should it have taken? What are the options open to the next president in relation to North Korea?

A: I do not oppose the February 13 agreement - I think it was the best deal that Ambassador Christopher Hill could negotiate at that time - but I believe that the situation overall has been mishandled from the very beginning by the Bush administration.

In October 2002, then-Assistant Secretary of State James Kelly went to Pyongyang to confront North Korea with allegations that it was enriching uranium for nuclear weapons. Through this action based on sketchy intelligence, the Bush administration jeopardized the agreed framework and was willing to risk the freeze on Yongbyon, which had prevented North Korea from producing any fissile material for a decade.

The truth is that the Bush administration had people inside it who had wanted to scrap the agreed framework all along. Many in the administration who knew nothing about North Korea, including Secretary of State Condoleezza Rice, felt that engagement with North Korea was unnecessary and undesirable, President Clinton had been wrong to sign the agreement as it had been propping up the North Korean state, and that North Korea would collapse and solve the administration's problem for them. Based on this fundamentally flawed assessment, certain members of the administration had been seeking to scuttle the agreement from the very beginning and seized on uranium enrichment as an excuse to do so. The news of Assistant Secretary Kelly's visit and North Korea's admission of uranium enrichment - which it subsequently denied - was then withheld from Congress by the White House for 12 days while Congress debated whether to go to war on Iraq, as this would clearly have had complicated the Congressional deliberations as to which country posed the bigger threat.

I think that Ambassador Hill made the best he could of a terrible situation, and if we are lucky North Korea will freeze its production of fissile material for the remainder of the Bush administration. If we are unlucky, it will continue to produce fissile material and may even continue testing while we do nothing.

I predict that if the Democratic Party win the presidential election and inevitably withdraw U.S. forces from Iraq, it will need to bolster the U.S.'s legitimacy in the international arena, and it will do this by taking a tough stance on North Korea -- pushing for complete denuclearization.

Q: In what ways does Japan's policy toward China run counter or congruent to the affirmative agenda laid out in the Council on Foreign Relations Task Force report? Do you think that Japan shares the report's view that the challenges presented by a strong China are preferable to the consequences of China's failure?

A: Although I am not a Japan specialist, I understand that there are many differing views within Japan about China. I think that Prime Minister Abe's efforts to reach out to China are very significant precisely because he has solid conservative credentials within Japan. Japan's outreach to China is in complete harmony with U.S. engagement with China. Strained Japan-China relations cause problems for both the U.S.-Japan alliance and U.S.-China relations, because Japan is the U.S.'s ally and the U.S. must therefore modulate its engagement with China to some extent in accordance with the pace of Japan's engagement with China.

I am very pleased to see Japan opening to China, and I think that the Chinese are trying to reciprocate, especially illustrated through the tone set by Premier Wen Jiabao during his visit to Tokyo. I hope that this situation will continue, but I do think that Japan feels a type of romantic nostalgia for the days when China's impact on the world was small and its potential threat to Japan's interests was marginal. Perhaps people in Japan do not share the U.S.'s arrogance about their own ability to manage the rise of China. Japan does not have the capability to manage the rise of China alone, nor does it have the necessary relationships with other countries in the region to manage the rise of China; that is why the Japan-U.S. alliance is so important.

I do not think that Japanese and U.S. attitudes about China are the same. Indeed, I would be interested to see a Japanese counterpart to the Council on Foreign Relations' report as it would be very instructive for those in Washington.

*This summary was compiled by RIETI Editorial staff.

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This distinguished group of specialists recommended that U.S. strategy toward China be directed toward an “affirmative agenda of integrating China into the global community” and identified steps to move toward that goal. In a conference call program for National Committee members, the task force’s co-chairs, Dennis Blair and Carla Hills, discussed some of the group’s key findings. Particular attention was given to trade issues, noting that there are economic imbalances on both sides that need to be corrected. The National Committee on United States-China Relations, Inc., welcomes financial and in-kind contributions. The Committee is a 501(c)(3) not-for-profit organization and, as such, donations to it are tax-deductible to the extent permitted by law. Donate. Below we identify seven questions that the China-facing policy community is now debating as it grapples with how the United States should respond to challenges being posed by China’s rise. In many cases, these major questions beget research agendas of their own. If the United States seeks to craft a durable and comprehensive strategy for its role in Asia and relationship with China, experts and policymakers must interrogate these debates.

1What are China’s national ambitions? China’s leaders have been transparent about the fact that they seek to restore the country to a position as a great glo

U.S.-China Relations: An Affirmative Agenda, A Responsible Course Report of an Independent Task Force. Council on Foreign Relations, April 2007 (.pdf file). Legacy Agenda, Part III: The Bush Doctrine and the Rise of China Thomas Donnelly and Colin Monaghan. American Enterprise Institute, April 2007 (.pdf file). Does China Pose a Military Threat? Richard Halloran and John J. Tkacik Jr. Council on Foreign Relations, 26 March 2007. Reverse Course? The Fragile Turnaround in U.S. - China Relations Michael Swaine. Policy Brief #22, Carnegie Endowment for International Peace, February 2003 (.pdf file). U.S.-China Relations: An Affirmative Agenda, A Responsible Course. pdf file. size 679,27 KB. added by mussabekova 02/13/2012 22:34. modified 09/05/2019 01:47. Report of an Independent Task Force, sponsored by the Council on Foreign Relations, US, 2007. Main authors: Dennis C. Blair, Carla A. Hills, Frank Sampson Jannuzi (project director). No relationship will be as important to the twenty-first century as the one between the United States, the world’s great power, and China, the world’s rising power. China’s development is directly transforming the lives of one-fifth of the world’s population