

US CHINA POLICY: TIME FOR ROBUST ENGAGEMENT

BY

LIEUTENANT COLONEL JAMES G. JINETTE
United States Air Force

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U.S. Army War College, Carlisle Barracks, PA 17013-5050

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USAWC STRATEGY RESEARCH PROJECT

**US CHINA POLICY:
TIME FOR ROBUST ENGAGEMENT**

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Lieutenant Colonel James G. Jinnette
United States Air Force

Colonel Benjamin Leitzel
Project Adviser

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U.S. Army War College
CARLISLE BARRACKS, PENNSYLVANIA 17013

ABSTRACT

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Over the past decade, China's emergence of as a growing world power has been met within the United States with a complex mix of viewpoints. The relationship between both nations has become increasingly critical to each, and it is precisely because of this important association that America now update its current outlook towards China. A US policy approach which identifies ways for policy makers to sustain US long term interests can maximize bilateral gains using the basic assumption that global politics are not a zero-sum game. Accordingly, this paper will examine both why and how the United States can and should adopt a comprehensive China policy of vigorous global engagement with the intent of focusing all elements of power on shared interests at specific strategic points. Economy, energy, the environment, education, space, and Taiwan all represent fleeting opportunities for robust engagement with China, and should therefore be targeted immediately to capitalize on America's relative strategic advantage.

US CHINA POLICY: TIME FOR ROBUST ENGAGEMENT

Over the past decade, China's emergence of as a growing world power has been met within the United States with a complex mix of viewpoints. As a dynamic bilateral relationship has developed, well-informed Americans have expressed a wide variety of opinions on the way forward with China. A changing global context coupled with an evolving China have combined to present a problem set with no easy answers. What is certain is that the relationship between both nations has become critical to each, and it is precisely because of this growing and important association that America reassess and update its current outlook towards China with an eye towards finding ways to enhance shared US-Sino interests. Both nations have much to gain and lose over the coming years as they navigate the same turbulent waters throughout the globe. Therefore, this project will recommend a US policy approach which identifies ways for policy makers to sustain US long term interests while maximizing bilateral gains using the basic assumption that global politics are not a zero-sum game. Accordingly, this paper will examine both why and how the United States can and should adopt a comprehensive China policy of vigorous global engagement with the intent of focusing all elements of power on shared interests coinciding at strategic points.

Rise of China and Conflicting Opinions on the Way Ahead

For years, America has grappled with the challenge of a developing China, but China's rise since the end of the cold war has shaped a new chapter in the global dynamics of power. Today, as Glosserman states, "many believe the US-China relationship is the most important in the world. Others think it is only a matter of time until it is."¹ Since 1991, China's three consistent themes, preservation, prosperity, and

power, have been enabled by its equally consistent foreign-policy line: “heping jeuqi” or “peaceful rise.”² As China’s remarkable national development has accelerated dramatically since the turn of the century, China’s vigorous drive towards its own idea of a “peaceful rise” has intensified America’s internal discussion on how to best negotiate the US-Sino exchange over the coming years.

Early in this decade during 2002, then Director of Policy Planning Staff Richard Haass expressed that the United States welcomed “the rise of the Chinese nation”.³ As he echoed a then widespread sentiment that many Americans sought a friendly and cooperative relationship with China, this policy embraced a China full of promise for the United States at a time when America stood alone in the world as its only superpower.

As China’s influence across the globe continued to grow, however, a general tone of concern returned to the US-Sino policy discussion. Observers began to note China’s increasing military strength, and its staunch position regarding the “One-China” policy towards Taiwan. Over time, alarmism increasingly colored US debates on China policy,⁴ until now, as Roger Altman et al report, “critics of engagement argue that rather than working to maintain stability and reinforce the global order, China is actually seeking to displace the United States from the leadership role it has played since the end of World War II, rewrite the rules of the institutions the United States helped found, and undercut US leverage in dealing with states such as North Korea, Iran, and Sudan.”⁵

Although many have credited policy efforts and statements from within former-President Bush’s administration as beneficial towards sustainment of a positive bilateral relationship, policy-makers have by necessity been forced to walk a fine line of careful

steps, maintaining a position somewhere between an embrace and a cold-shoulder. While economic statements from former Treasury Secretary Paulson have been fairly warm, other expressions such as military assessments from within the State Department have cast a suspicious eye towards Chinese intentions.⁶ What has resulted can be described as a policy of hedging. Today, the US is embracing China carefully, while at the same time preparing for the worst as China continues to grow in power and influence. Unfortunately, this US hedging strategy, designed to prepare in case the relationship turns adversarial, ultimately reduces trust between China and the US, and has proven to be a powerful barrier to effective bilateral relations.⁷ As many have observed, perhaps a better approach towards US-Sino relations would not see ruin or victory around every corner, but instead hold a clear-eyed pragmatism towards the possibilities of mutual engagement.⁸ Policy makers can find a new way of framing this global interchange.

Years of tenuous relations coupled with an evolving global landscape now demand a fresh American policy look at a China. Altman, et al have pointed out that the United States should be dissatisfied with the current state of Sino-US relations, and that US strategy towards China can and should create opportunities to narrow differences between the two nations.⁹ Across the Pacific, Chinese observers have sensed “malaise” in a general dulling of the tone of Washington policy-makers’ general feelings towards China.¹⁰ A stronger security alliance between Tokyo and Washington also alarmed China.¹¹ During the previous US presidential administration, however, the Bush team denied any attempt to pursue a containment policy towards China and claimed its enduring policy was to encourage China to be a ‘responsible international

stakeholder'.¹² Indeed, when visiting China's Foreign Minister Li Zhao Xing in 2005, Secretary of State Rice spoke enthusiastically in public of the breadth and depth of the US-China relationship. What has become increasingly evident over the last few years is that signals on both sides of the Pacific have created uncertainty in both nations as realist policy makers have worked diligently for their respective constituents. As America now begins a new chapter in history with a fresh presidential administration, an updated look at policy is appropriate.

China's regional and global influence will continue to increase over the coming decades which will drive American policy makers to face a range of approaches towards steering a bilateral relationship. This paper will explore US-China relations in light of China's imminent growth and propose new policies to best ensure US national interests are met over the long run.

Key Assumptions

Debate concerning developing US-China Policy distills into three main assumptions, each focused primarily on the future of critical US economic national interests:

China's Economic Performance will become Increasingly Critical to US Stability.

The global marketplace's interconnected nature reached an unprecedented level of international recognition during the financial crisis of 2008-2009. Economic woes in the US market rippled across the globe, prompting Europeans to take drastic actions to stave off disaster. Revealingly, as western leaders took affirmative steps to wrestle with the crisis, the Chinese government also injected a \$500+ billion stimulus package of their own to prop up a growing economy in an attempt to help it recover from the same slump.¹³ What these circumstances have made clear is that if the American market can

affect China's economy in such a significant way, a similar future failure in an as-yet untested Chinese market economy may also become a crippling force here as China's economic engine grows into a more potent force. As China continues to grow, its fiscal successes and failures will significantly impact America (and the rest of the world).

China's Remarkable Growth will Provide Immense Opportunity for US

Investment. American investors see a huge burgeoning market opportunity developing within China, and as China grows into a consumer market, American industry stands to make substantial gains there. If US industrial firms could take advantage of this potential opening, a growing demand within the Chinese consumer market would likely send massive returns back home.

As China Grows, its Hunger for Resources May Become a Source of Conflict.

China is now the world's second leading importer of oil (31%), and its portion of the world's aluminum, copper, nickel, and iron ore doubled in ten years.¹⁴ As US security and economic interests begin to conflict with those of China in Africa, Latin America, and the Pacific Rim, the memory of Japanese resource acquisition efforts in the 1930s sheds light on the likelihood that US-China hostilities may erupt during the coming decades. China's economic growth may not only impact America economically, but militarily too, as both nations jostle for influence and resources around the world.

Policy Options

In light of these conditions, three different approaches represent possible US alternatives as the new presidential administration refocuses its comprehensive long-term approach to China.

Policy Option A. Maintain the current cautious but steady economic engagement focused on growth and avoid confrontation on sensitive Taiwan and human rights issues.

In this construct, the Obama administration might choose to maintain the current policy focused on three key areas: sustainable growth with minimal trade imbalances, growing trade markets for investment, and improving energy security while sustaining the environment. A key component of this strategy would be to continue constructive dialogue during Strategic Economic Dialogue sessions, focused on reducing the trade deficit and increasing investment opportunities. The logic would be to maintain status quo between both nations, while gently attempting to nudge an awakening Asian giant towards cooperation.

The strength of this strategy lies in its stability. Since China seems somewhat receptive to current US efforts towards coordination, positive developments over the long term are likely. Unfortunately, if American continues along this course, it will essentially allow China to dominate the outcome of each interaction, and increasingly do so as China's economy becomes more potent. As US strength relative to a growing China declines over the coming decades, China could manage its trade practices for its own benefit at expense of the US. China will likely find no reasons to alter its artificial currency caps, nor work diligently to enforce intellectual property rights, which will ultimately curtail US growth prospects there. At best, the current policy delays conflict until a better policy becomes evident. At worst, this policy may become a long, slow route to US marginalization.

Policy Option B. An alternate, yet confrontational China policy option might be to pursue an aggressive, protectionist posture which assumes a hard-line against China, especially in the areas of trade policy, Taiwan, space, and resources.

If the Obama administration were to choose to work towards this unlikely option, it might select aggressive actions to counter China's efforts towards global engagement at perceived American expense. Within a hard-hit US economy, this might be perceived by some to be part of an immediate solution to economic turmoil, especially for labor unions and industry currently affected by low-cost Chinese labor, currency manipulation, and trade deficits. Congress currently has many staunch advocates for aggressive measures, such as 'human-rights' preconditions designed to moderate labor costs in US favor. Furthermore, China is clearly engaged around the world as it expands its military, and probes deeply into African and Latin markets to secure resources. Over the long term, an aggressive counter strategy may be seen as an effective policy to counter China's global reach. China has demonstrated that it respects assertive US actions in the Pacific, and today's China appears to have a live-and-let-live policy as it inwardly pursues a vibrant internal economy. Unfortunately, although aggressive economic protectionism coupled with a provocative military policy may be one method to steer Chinese actions over the short term, this sort of aggressive posture against China would likely damage the relationship severely over the coming decades. Most importantly, this approach could neutralize US efforts to encourage Chinese diplomatic support for US interests, such as the Korea-focused six-party talks. Ultimately, an increasingly confrontational China policy would become a self-defeating strategy for America, and therefore should be a non-starter in the policy debate.

Policy Option C. Perhaps most useful would be a policy towards China which bridges some compromise between the two previously mentioned: Policy makers may best serve long-term national interests by vigorously and assertively increasing America's level of engagement with China with a global focus that prevents China from using its strength against the US while simultaneously assuring that mutual interests of both nations are achieved.

The conditions in today's global environment are ripe for a new approach, and allow a fleeting opportunity for constructive dialogue: A new US administration, coupled with a post-Olympic China full of national pride and promise with a developing internal reform movement signal the potential for a dramatic win-win relationship.

Although this policy would be a difficult departure from the current one, it can, if executed carefully be the most useful over the long term. As China's market develops, this strategy could position US strengths counter to Chinese weaknesses in a way that encourages growth, development, and a truly peaceful rise for both nations. Aggressive, creative initiatives could position the US interests alongside those of China, increasing stability over the long term while guaranteeing any harm the Chinese government does against US interests negatively impacts itself. Although such a policy may create a risk of being perceived as manipulative (to which China may react harshly) an overarching US policy of jointly working towards a peaceful rise for both nations should resonate with Chinese leaders who are eager to sustain continuous growth within their economy. US policy makers must act quickly to find joint solutions for growth while America's relative strength exceeds China's, enabling the freedom of action to undertake such a policy.

Why Boost Engagement Now?

Today, it is quite possible that China would welcome a US policy of increased bilateral engagement throughout the world. Indeed, the relationship between the United States and China has become more global over the past decade, resulting in previously unforeseen intersecting global interests.¹⁵ What is clear today is that these intersections in Africa, Latin America, and the Pacific Rim will become more important, and if mishandled, much more problematic with respect to US interests as China's burgeoning need for resources begins to compete with America's. As China grows, policy makers can strengthen US interests as they carefully craft decisions which encourage China to peacefully share, along with America, the burdens of responsibility that come with growth and global leadership. As Il Sa Kong, a well-known South Korean economist stated, "It is very important for China to become globalized...Let China engage...then they will have no choice but to be peaceful."¹⁶ When viewed through a pragmatic policy lens, China appears to have potential as a global partner.

The US can best approach China with a new perspective of assertive, purposeful engagement. Hachigian, Shiffler, and Chen assessed that one pragmatic view holds that America must retain its capability to respond to potential outcomes from both a strong and aggressive China, as well as a weak and unstable one. But it should also maintain the durable multilateral norms, rules and institutions that have proven useful over the past decades of international relations.¹⁷ The key will be to creatively seek new ways to discover and work bilaterally towards shared interests. The United States can work to include China as a more engaged and responsible global partner, give China a greater stake in the current system, and further bind China to the success of these

efforts.¹⁸ Cooperation, however, can only be achieved through interaction with a Chinese government willing and open to shared efforts.

As the character Michael Corleone advised in “The Godfather”, a wise policy is to “keep your friends close but your enemies closer.”¹⁹ Regardless of how closely the Obama administration chooses to hold China, a thorough understanding of who the decision makers are within the Chinese system is a crucial first step in projecting how US policy decisions will be received and perceived. Based on power struggles evident within the Chinese power structure, it is clear that two separate camps exist: hardliners on one hand who hold an ultra-nationalistic view, and reformers on the other who support the universal values of a Chinese form of democracy and human rights. Prudent US policy makers will understand that differing views within China’s “good-cop-bad-cop” leadership composition will shape perceptions and reactions to any US decision. Therefore, it is in America’s best interests to foster the best possible working relationships with those in China who may be most receptive to US efforts to find common ground. Recognizing that hardliners in China are realists, it is essential for policy makers to remember that China’s influence is primarily security related in that it wins its way because it can pose a threat, economically, militarily, or politically to many countries.²⁰ The key to the most successful interest-based US policy implementation will be to develop productive and supportive relationships with reformist leaders within the party, while maintaining a wary eye towards China’s ultra-realist “hardliners”. China and the United States, more than any other two nations in the world, are becoming increasingly similar in that both nations share a maturing global view of engagement, each one possessing an extensive array of resources, personnel, operations, and

opportunities in locations scattered throughout the globe. Although any work on this subject could easily identify areas across the world at which to hedge US advantages, this project is intentionally focused on securing opportunities for shared wins through increased cooperation on areas of shared interests. Therefore, the remainder of this paper will cover opportunities for bilateral growth within emerging areas in which the US should interject a particularly cooperative influence to counter divergent momentum.

Economic Engagement

Perhaps the single most important factor in any discussion of joint US-Sino dialogue is the shared global economy. Over the past two decades, China's economic ties with the US have skyrocketed from \$5B in 1980 to a staggering \$387B in 2007.²¹ The global recession which surfaced in late 2008 highlighted the remarkable interconnectedness with which both nations experience growth or decline, and former Treasury Secretary Paulson strongly emphasized the power of economic engagement with China as a means to achieve a progressively beneficial mutual relationship. Writing in *Foreign Affairs* in September 2008, Paulson highlighted the 'inextricable interdependence of China's growth and that of the global economy.'²² China's continued growth is its singular focus, and indeed a source of great pride as it continues to bring millions of citizens out of poverty and into a growing number of middle-class consumers. As Secretary Paulson encouraged during the Bush administration, a careful policy of engagement will remain a critical cornerstone of effective economic partnership between the two countries,²³ For long-term success, however, the US should immediately begin to increase its pressure on China in three key economic areas:

exchange rate reform, intellectual property rights, and encouragement of increased consumerism within the Chinese middle class.

Exchange rate reform will become an increasingly critical aspect of any plan to enhance US-Sino shared economic gains. China's exchange rate is currently managed carefully by the government, rather than flowing naturally with the global market. China's economy is the world's 126th freest economy, with a government which severely restricts many areas of its economy.²⁴ "If Asian nations, including China, permitted their currencies to rise with market forces, that would help reduce imbalance ... an appreciation of the Yuan would reduce the direct subsidy given Chinese exports and make imported consumer goods less costly, helping to stimulate consumer demand. More important, it would reduce a major cause of bilateral friction with the United States."²⁵ Although experts point out that in the short term, exchange rate liberalization may weaken the dollar, a freer exchange rate is in America's interests.²⁶ Today, the Obama administration has a unique opportunity to generate shared benefits by emphasizing Sino exchange rate reform. As a result, China's consumers could begin to buy more goods, from China and America alike, and America's economy would surge at the same time.

Likewise, China's policy of intellectual property rights is another area in which to improve joint economic gains and enhance a cooperative financial relationship over the long term. Today, China continually fails to implement its World Trade Organization commitment to protect intellectual property, which is a practice deemed unfair and harmful to a variety of US economic sectors.²⁷ According to Cassie Duong, a US Trade Representative Special Report cited weak enforcement of intellectual property rights as

one of China's "greatest shortcomings as a trading partner."²⁸ If an increasing amount of pressure on this key area can be applied by the Obama administration, both nations could experience a dramatically increased level of economic growth, fueled by an increasingly consumer-minded Chinese public purchasing a greater number of US made products.

It is precisely this growing level of Chinese consumerism which President Obama's team should focus on. As Derek Scissors has noted, "more trade and inward investment would be a step toward domestic economic freedom, but foreign investment has faced mounting barriers since economic nationalism began to intensify in late 2005."²⁹ In order for China's economic engine to become most productive, a healthy financial sector must exist within China to help reduce its citizens' excessive savings and translate those funds into an increasingly growth-oriented economy.³⁰ Despite recent financial troubles within the American financial system, US organizations can collaborate with Chinese institutions to foster investment and spark the engine of sustained economic growth within China that will ultimately serve the interests of both US and Chinese citizens for decades to come. The economies of the US and China are and will remain intertwined as both seek sustained long-term growth within their respective spheres of influence. Therefore, it is critically important that US policy makers seize pivotal opportunities now to shape promising Chinese economic practices to pair bilateral economic gains later.

Energy

Hand in hand with the shared global economy, decisions within the realm of energy policy offer unique challenges and phenomenal opportunities for both nations.

Beijing has an insatiable appetite for resources, because they are foundational to China's consistent growth, and its social stability built on this cornerstone growth is critical to the survival of the Chinese Communist Party.³¹ Throughout the world, China is on a hunt for energy resources. Its widespread efforts to secure resources, especially oil, within Central Asia, Africa, and Latin America are remarkable in scope and planning. Projecting an exponential rate of growth in oil consumption as its middle class becomes more mobile, China sees resource acquisition as a keystone of its long-term growth strategy. Opportunities exist, however, which go far beyond simple acquisition of resources. Remarkably, China is horribly inefficient in using the oil it currently has. Secretary Paulson colorfully pointed out that "if China today were as efficient as the United States was in 1970, it would save the equivalent of 16 million barrels of oil a day, or almost 20 percent of the world's daily oil consumption."³² Cong Cao notes that energy cooperation tops the list of areas in which China and the US could join forces for shared benefit. Technologically, America is uniquely capable of providing expertise to the Chinese government at a time when energy is China's chief concern. Policy makers chart a clear win-win scenario when cooperative engagements in support of energy initiatives can be seen as methods to strengthen mutual support between two great nations while simultaneously reducing environmental pollution, reducing energy costs, and eliminating potential friction points across the globe. Furthermore, economic partnerships which would spring from such ventures would strengthen both nations.

Environment

Along with China's remarkable growth and consumption of fossil fuels comes a complex set of environmental problems, which if addressed assertively by the US

through a policy of vigorous environmental engagement, might serve as yet another possible win-win, interest-based cooperative exchange. The extreme nature of China's environmental problems provides an opening for the United States to engage bilaterally to solve a complex set of challenges.³³

Today, China ranks 100th of 118 developing nations in terms of ecological modernization. Water pollution in lakes, rivers and coastal regions serving are its most egregious shortcoming.³⁴ As a result, environmental degradation is costing China between 8 and 12 percent of its GDP each year, and over 500 million live without access to clean water, which has resulted in over 50 million environmental refugees.³⁵ Furthermore, China's economic growth has been accompanied by spectacular inequalities between urban and rural residents,³⁶ with health concerns serving as the chief concern throughout the nation. Cities are struggling with air pollution in particular. In Beijing, for example, nearly 80% of all cancer deaths are related to pollution.³⁷

Most significant to China's government is the impact this pollution is having on social instability. Environmental woes are causing over 1,000 incidents of social unrest per week in China, well over 50,000 a year, as the number of "mass incidents" related to pollution continues to increase annually.³⁸ In fact, between 1993 and 2005, the number of protests skyrocketed from 10,000 to 87,000, with participants swelling from 730,000 to over 3.7 million taking part in over 240 demonstrations a day.³⁹ Ma and Schmitt report that "violent collective protests linked to environmental problems have left Chinese leaders increasingly worried, as they recognize that it is a major factor in social instability."⁴⁰

Herein lies the opportunity for a joint US-Sino shared win. With enthusiastic policy reform, the US could leverage its technical expertise to help Chinese corporations improve their environmental practices, resulting in dramatic reductions in global pollution which affects all nations, while helping Chinese leadership stem a growing tide of socially-threatening environmental discontent currently growing within its populations centers. Ultimately, the increase in interdependency between the two nations could enhance collaboration in other areas, and therefore reduce the potential for conflict.

Education

University Education within China is a shared common interest which provides a remarkable opportunity for a joint interest-based partnership between the US and China. Today, China's need for quality advanced education is greater than at any time in its history, yet it cannot provide adequate high-level opportunities for its citizens similar to those available to students in the US. This thirst for scholastic opportunity has the potential to become a foundation of long term benefits for both nations.

China struggles with significant educational challenges. As China's populous clamors for improved educational opportunities, demand for foreign education will continue to increase consistent with the growth of its middle class. Currently, China leads the world in foreign education, exporting over 400,000 students each year. Unfortunately, China has difficulty enticing them back home after education abroad.⁴¹ According to Joyce and Miles, "China knows that its universities...cannot compete with the West."⁴² More specifically, Chinese authorities know that students in China perform poorly in lateral and creative thinking.⁴³ Historically, China has a culture of elevating rote learning over creative thinking, and theory over practical application.⁴⁴

An opportunity is now emerging which can potentially facilitate an advanced level of educational cooperation between the US and China in a way that could potentially boost long-term reform deep within China's political system, and ultimately strengthen American interests. Because China's authorities know it needs help with its educational system, American Universities now have a fleeting window of time in which to forge foundational relationships within China which may result in profitable business partnerships within China's floundering educational system.

Significant obstacles exist which must be addressed before progress can be made towards US-Sino educational partnership reform. First, for any level of educational engagement to take place, US policy makers will need to address current Chinese governmental constraints on educational opportunities. Today, for example, in order for an American university to begin operations within China, it must develop a partnership with a Chinese educational corporation. Money can be made by both partners as a result of the venture,⁴⁵ but this required partnership is essentially a partnership with the Chinese government, since all corporations are owned centrally.

While it is feasible that American universities could overcome unusual restrictions like this with the help of assertive diplomacy from Washington, an equally important change must be made within the United States' universities to see an immediate potential for financial benefit to take part in such a potentially risky endeavor. Therefore, policy-makers should craft a monetary incentive package which makes the initial investment with facilities and programs within China more palatable to respected US universities.

As China benefits from a population exposed to advanced educational opportunities, American universities could profit financially while America establishes a grass-roots connection with the next generation of middle-class leaders who could steer China towards an improved US-Sino global partnership.

Space

Space is another critical shared arena of potential interest-based engagement which must be addressed immediately because of its perceived strategic importance to both China and the US. As America sees its preeminence in space erode with ever-increasing Chinese efforts to dominate space in its own way, China recognizes that space offers it an asymmetric advantage which may help it counter the US during any eventual conflict. Because China depends on access to resources from sea lanes, its primary geopolitical dilemma is maritime power. Quite simply, China views the US Navy as its primary threat. But China well knows how much America's Navy utilizes space assets to perform its mission, and sees unique opportunities in space to counter the threat to its economic stability.⁴⁶ As George Friedman observes, "from the Chinese point of view, the denial of space to the United States would undermine American denial of the seas to China."⁴⁷ For this reason, China has accelerated its efforts in space; it has destroyed a satellite, conducted a manned spacewalk, and has plans to send an unmanned rover to the surface of the Moon with manned mission to follow years later.⁴⁸ Reacting to these developments, experts within the Obama team have considered removing some barriers which exist between NASA and the US Military's space program to find economies and accelerate NASA's manned space flight timetable.⁴⁹ On both sides of the Pacific, space is viewed as a key strategic arena, and both China and

the US are taking aggressive steps to gain and or maintain dominance of space to protect their individual national interests.

Faced with these developments, avoidance of a cold-war style standoff in space may become impossible unless US policy makers immediately undertake assertive efforts to find an interest-based approach towards cooperative engagement with China in the space arena. If the United States misses the opportunity to cooperate with China in a growing international space competition, it could suffer an erosion of its leadership over the long term.⁵⁰

Although such collaboration would be difficult, it would certainly be possible. Future cooperation with China in space, particularly on manned missions, could reduce the costs of lunar and planetary missions, although care would need to be taken to reduce the potential for China to gain militarily from the exchange.⁵¹ Most importantly, the benefits of an assertive effort to pair bilateral gains with China in space could enhance cooperative understanding, become a source of shared pride, and demonstrate to the world a positive partnership between two giants. Choosing an interest-based strategy of vigorous space engagement, US policy makers could shape decades of productive cooperation and dialogue with a developing space partner, and potentially defuse military flashpoints in the process.

Military Engagement and the Taiwan Issue

China's developing military will be a critical element of any US engagement policy, and its implications, particularly with respect to Taiwan, must be carefully considered. Openly, China consistently expresses an intention to develop friendly relations, enhance trust, conduct security cooperation, and maintain common security

with all countries.⁵² US policy makers, however, indicate a desire to see Beijing's actions match its words. As Secretary of State Rice expressed, "although Beijing has agreed to take incremental steps to deepen US-Chinese military-to-military exchanges, it needs to move beyond the rhetoric of peaceful intentions toward true engagement in order to reassure the international community."⁵³

Accordingly, no shortage exists of concerned analysts who predict a strengthening China which will increasingly threaten US preeminence in East Asia, with dire consequences for Taiwan. In 2005, John Tkacik reiterated to Congress the Pentagon's 2005 military assessment of China's "rapid military modernization that pinpoints coercion of Taiwan and deterring US support for the Island."⁵⁴ More recently, in 2007, Roger Cliff noted similarly in a RAND report that, "The most likely conflict between the United States and China would be over Taiwan," and that China may have the capability to defeat the US in an eventual military confrontation by using 'anti-access' strategies to prevent US employment in the region.⁵⁵ Furthering this idea, Cliff asserted that in order to prevail over China during such a conflict, the US would need to field next-generation weapons systems in the region, and simultaneously increase overall presence in East Asia.⁵⁶ Indeed, China is currently pursuing an active strategy of economic warfare against Taiwan, offering significant incentive packages to nations throughout Africa and Latin America for resource exchange with the only condition in many cases being that the receiving nation suspend all international recognition of Taiwan. Despite China's diplomatic and economic aid strategy, military strength will dominate this policy dilemma for years to come and remains a substantial piece of the equation.

In 2006, the Pentagon published a study on Chinese military capability which noted that the Chinese “remain focused on the Taiwan question ... have stationed almost 800 short-range missiles at garrisons opposite Taiwan.”⁵⁷ Although a first-strike scenario is currently unlikely, it is clear that provocative actions within Taiwan by independence-minded leaders could infuriate Chinese leaders with unpredictable results.⁵⁸ As Ester Pan noted, a Chinese military official was quoted as saying, “Taiwan choosing independence is tantamount to choosing war.”⁵⁹

Leadership of a successful yet assertive US military engagement with China remains a prickly problem for leaders in every segment of US policy. Former President Bush established during his administration a clear admonition to treat China in a way the US would like to see it develop rather than as a threat, believing that a positively-constructed US policy would have a positive effect on the developing US-Sino relationship: “If we treat china as the enemy now, it will become the enemy in the future,”⁶⁰ he said, continuing former President Clinton’s policy of viewing China as a strategic partner. Despite his hopeful presidential emphasis, both Secretary of State Rice and Secretary of Defense Gates maintained a realist and somewhat suspicious view of China’s potential as a partner. In July 2008, Secretary Rice stated that “the United States, along with many other countries, remains concerned about China’s rapid development of high-tech weapons systems. We understand that as countries develop, they will modernize their armed forces. But China’s lack of transparency about its military spending and doctrine and its strategic goals increases mistrust and suspicion.”⁶¹ Similarly, Secretary Gates followed President Bush’s engagement policy with a caveat, urging policy makers to work towards “collaborative and cooperative

relationships” and at the same “hedge against [China’s] increasing military capabilities”⁶²

Both nations have maintained a guarded pessimism about how best to approach one another from a military standpoint.

Although America’s policy is failing to reduce tensions between China and the US, American leaders can engage China over the coming decade with an assertive tone of cooperative, interest-based partnership which defuses the current practice of bilateral hedging and suspicion. One possible strategy involves an immediate move towards forthright strength-based dialogue, coupled with increased cooperative actions intended to develop a mutual interdependence with China which over the long term will reduce the potential for conflict.

Today, maintaining the peaceful status quo is the single most significant shared interest for both nations. Economic growth is currently more important (if only slightly) to China than its One-China policy with Taiwan, and since its military strength is still developing, the United States has a short window of time with which to express forthright support for Taiwan, and engage in honest talks with China about US intentions there. If carefully executed, the US may find a way through direct and careful diplomacy to convince China to cease its provocative actions towards Taiwan, both across the strait and around the world. Although this approach would not be easy to execute because of the complexities of the Taiwan dilemma, this type of engagement improves on the current policy of hopeful conflict avoidance while China builds its economic and military strength. Furthermore, the shared interdependence that can potentially be gained from this type of partnership with a growing superpower could serve to minimize the potential for conflict at other unforeseen conflict points across the world. Simply put,

a fleeting opportunity now exists for the US to develop a policy of assertive engagement regarding Taiwan, coupled with an outstretched hand of military partnership, which collectively could be an effective method for long term stability in US-Sino relations.

Conclusion

China is not an inevitable enemy⁶³, and Americans will continue to disagree about the best way to approach China over the coming decade. What is clear, however, is that the consequences of the developing relationship between two global superpowers will shape the dynamics of the international environment for decades to come. Policy-makers, realizing the inevitable economic and military potential within China can find new and creative ways to build ties throughout all elements of interaction, with an eye towards identifying and strengthening points of shared national interest. Time is short, however, and the opportunity with which America can engage a growing China more productively is a fleeting opportunity. And as China continues to develop in strength and stature, the tone set by the US over the near term is certain to lay a foundation for a dynamic century of bilateral interaction. As President Obama so colorfully encouraged hostile actors around the world during his powerful inaugural address to unclench their fists towards America, perhaps he can lead the US with a newfound capacity for engagement, to unclench one of its fists and extend a firm hand of careful partnership towards the world's next great superpower.

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