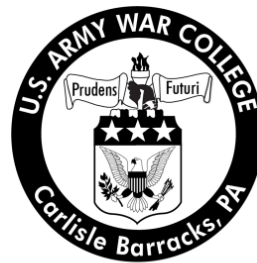


Strategy Research Project

An Evaluation of United States' Hedging Strategy with China

by

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United States Air Force



United States Army War College
Class of 2012

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USAWC STRATEGY RESEARCH PROJECT

AN EVALUATION OF UNITED STATES' HEDGING STRATEGY WITH CHINA

by

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ABSTRACT

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This paper examines China's rise by dissecting the Chinese political, economic and military factors that fuel foreign policy and behavior. As China continues to grow, the need to incorporate it into the international order to help shore up regional and world stability is becoming more imperative. However, Chinese actions during its accession have lacked transparency and have caused friction with other countries who try to maintain and abide by international world order. As such, many countries, including the United States, question the Chinese peaceful rise, which in turn has policy makers uncertain if they should "fear the dragon" or "hug the panda." In this context, this paper examines the background to Chinese foreign policy then evaluates the associated American grand strategy that welcomes a peaceful China, but hedges the United States and other Asian partners against a menacing and forceful China.

AN EVALUATION OF UNITED STATES' HEDGING STRATEGY WITH CHINA

Observe calmly; secure our position; cope with affairs calmly; hide our capacities and bide our time; be good at maintaining a low profile; and never claim leadership.¹

—Deng Xiaoping
People's Republic of China Vice Premier

No doubt exists that China has shaken off the century of shame associated with Western power and Japanese imperialism, and has emerged as the twenty-first century powerhouse.² However, Chinese actions during its accession have lacked transparency and have caused friction with other countries who try to maintain and abide by international world order. As such, many countries, including the United States, question the Chinese “peaceful rise,” which in turn has policy makers uncertain if they should “fear the dragon” or “hug the panda.”³ As China continues to grow, the need to incorporate it into the international order to help shore up regional and world stability is becoming more imperative. This paper examines China's rise by examining the Chinese political, economic and military factors that fuel foreign policy and behavior. It then discusses the associated American grand strategy that welcomes a peaceful China, but hedges the United States and other Asian partners against a menacing and forceful China.

The Asian-Pacific Rim holds great promise for both China and the United States. China now has the second largest economy and is the second largest importer of energy.⁴ Further, China's economy has taken off since Vice Premier Deng Xiaoping instituted reforms back in 1978. In fact, the Chinese gross domestic product (GDP) has increased 10 times over from 1979 to 2009.⁵ Additionally, its exports have increased significantly during the time period, and in 2009, surpassed Germany as the largest

exporter with almost 10% of the world's share.⁶ As for the United States as it transitions from its focus on Iraq-Afghanistan and the post 9-11 environment, it is looking to the Pacific Rim as an area in which it can double its exports as stated by President Obama during the 2011 Asia-Pacific Economic Cooperation (APEC) summit held in Hawaii.⁷

Of course, the unsettling aspect of China's rise is its hesitancy to act responsibly and follow guidelines established by the international order. Former Deputy Secretary of State and current World Bank President, Robert Zoellick, best packaged this challenge when he posed the question, "How do we urge China to become a stakeholder in that system and get them to go from membership to responsibility?"⁸ In particular, China has undervalued its currency and pegged its depressed wages so that its goods remain cheap on the world market, while it subsidizes its exports.⁹ It also has asserted itself in the South China Sea, where it has become the largest producer of seafood in the area. In fact, in 2009, China exported 35% of the global production with a net worth of \$6.81B.¹⁰ In addition, it has continually raised its military budget and has increased its weapon platforms, with no clear endstate in sight.¹¹ Its lack of transparency has caused great agitation for the United States, as well as countries in the region that question China's true intentions.

Moreover, the Chinese lack of support in helping to fight the war on terror, as seen in their pressing of Central Asian allies to force the United States to withdraw from Uzbekistan and Kyrgyzstan, and its backing of weapon proliferation has caused further ripples in the international order.¹² For example, Chinese entities supported work on a zirconium production facility at Esfahan, Iran that could produce cladding for reactor fuel.¹³ It appears China has taken this action to preserve its reliable source of oil; Iran is

currently China's third largest supplier of crude and its loss would have a dramatic impact on China's economy and its people.¹⁴

Understanding China: Chinese Political and Economic Factors

Any discussion of China must include its current five-year plan and socialist market economy (socialism with Chinese characteristics), as it firmly believes that its stability is based primarily on its ability to sustain healthy and steady economic development versus just growth.¹⁵ A good reason for this is to help keep internal pressures in check. The Chinese accomplish this by balancing privatization where the market has the primary focus, within limits set by the CCP, and central planning with state owned enterprises, in which the government aims to secure its vital sectors such as power generation, oil, and telecommunications.¹⁶

Of course this philosophy developed in response to one of the most compelling times in recent Chinese history, the Cultural Revolution. After the failure of the Great Leap Forward in which 30 million peasants died from famine and malnutrition, liberal ideas started to permeate China.¹⁷ Fearful of these affects and maintaining a desire to get back to socialist orthodoxy within the Chinese Communist Party (CCP), Mao Zedong set out with a new purge to remove the capitalist, traditional and cultural elements from Chinese society. The net effect was to constrain China's growth, and place fear in its citizens for broaching reform as half a million people were killed or committed suicide and 100 million Chinese were persecuted.¹⁸ It was not until Mao's death in 1976 that political and economic reform was really discussed again, and then only because the CCP realized that it had to make changes in order to stay in power and to keep their country functioning. However, there remained a fear of making too

much change as China was, and still is, wary of bringing in liberal ideas that could undermine its ideology. This internal conflict could best be seen in the recalling of two successive heads of the CCP, Hu Yaobang and Zhao Ziyang, due to their excessive enthusiasm for political reform. As such, any dialog with China must keep this survival interest in mind.¹⁹

China has come a long way since 1978 when Vice Premier Deng Xiaoping, survivor of two purges during the Cultural Revolution, convinced the Communist Party of China's Third Plenary Session of the 11th Central Committee to adopt policy reforms with the ultimate goal of becoming a moderately developed country by 2050.²⁰ Deng is considered the architect of the socialist market economy that led to foreign investment, limited private competition, and the Chinese entry into the global market. In fact, it is through studying Deng and his leadership that a better understanding of Chinese decision making is obtained. Deng learned the hard way during the Cultural Revolution that quick reform without building consensus can cause you to be detained and labeled as the "number 1 traitor following the capitalist road."²¹ As such, when Deng became vice-premier, he implemented incremental finance reforms that solidified his support base as seen in with his work with Chinese farmers that doubled their incomes.²² This is extremely important since 80% of the populace lived in the countryside when Deng began his reforms.²³ While understanding the need to raise living standards, Deng was even slower implementing social reform such as loosening travel restrictions and allowing the exchange of ideas between intellectuals and students. Deng became extremely concerned about the pace of social reform and tried to get the "genie back in

the bottle” with his military-directed response to protestors at Tiananmen Square in 1989.²⁴

Due to this incident and subsequent backlash by the rest of the world, China realized that it must carefully balance internal pressure for reform inside its borders with the need to engage with the outside world for needed resources for its economic growth. In fact, it is crucial for any country dealing with China to understand how it struggles with this proverbial Gordian knot of opening itself to commerce to keep the economy growing and people satisfied while trying to shut its borders to freedom and ideas that the Chinese people desire. In this endeavor, the Chinese implemented a strategic plan in which they sought to avoid waste and corruption, avert a clash of ideologies that could lead to war, and develop means to handle potential social forces within its country. Zheng Bijian, Chairman of the China Reform Forum Think Tank and former deputy to Chinese President Hu Jintao contends that this strategic plan for a peaceful Chinese rise has three facets.²⁵ These tenants include advancing economic and political reforms while promoting a socialist market economy and socialist democracy; drawing on resources outside China while favorably shaping world opinion so that they do not fear a strong China; and balancing the different factions within China to create a strong social environment.²⁶

Also important to note is that while the Chinese strategic plan has served as a catalyst to the Chinese economy, it has also increased social tensions for the Chinese populace. Bloomberg, a Boston Consulting firm, reports that China has the fastest growing number of millionaires in the world, 1.11 million in 2011, which is up 31% from 2010.²⁷ At the same time, China reported in November 2011 that 128 million were living

in poverty. Worth noting, the Chinese have put the poverty line at the equivalent of \$1.00 per day, which is lower than international standards.²⁸ As such, the number officially living in poverty is much higher. The World Bank estimates that 36% of the Chinese population lives on \$2.00 a day or less.²⁹ While the Chinese have a rising middle and upper class that has raised the demand for goods, China must also contend with the poor who are struggling and see this disparity of wealth.

Without a doubt, these contradictions are raising internal pressures that the CCP must, and is attempting to, address. For example, China has problems with unemployment and housing shortages that its current five-year plan, passed March 14, 2011, is attempting to alleviate.³⁰ The plan also attacks the rising inequality and explains how the Chinese are attempting to create an environment for more sustainable growth by prioritizing equitable wealth distribution, increased domestic consumption, and improved social infrastructure.³¹ The end result is a Chinese obsession with ensuring their economy continues to grow at a healthy rate so that they can make necessary improvements and quell any potential harmful internal forces. To the Chinese, the economy is their most important instrument of power, and all efforts revolve around it.

A good case in point is the Chinese relentless effort to secure energy sources for its growing economy, of which 80% is fueled by coal.³² The use of coal has caused numerous problems for China to include smog, regional blackouts due to inadequate railroad tracks, and over 2,000 deaths from mining a year.³³ The driving force is the Chinese relentless growing demand for energy, which they no longer can support from within Chinese borders. According to a recent study by the International Energy Agency,

China “consumed 12.9% more crude oil, 18.2% more natural gas and 13.1% more electricity in 2011 than in 2009.”³⁴ In 2009, China became a net importer of coal taking in an additional 20 million tonnes.³⁵ As for oil, China became a net importer in 1993 and is expected to equal the U.S. demand by 2030.³⁶ The end result is that China is now the second largest importer of energy, and CCP leaders realize that they must secure additional energy sources to meet their growing demand to keep their growing economy on track.

While the Minister of Rail is planning upgrades in its infrastructure between the north and south so that it can move 1.2 billion tonnes of coal in 2013, the CCP realize that these measures will only slightly affect the cost of coal and that they still need to find reliable sources of energy.³⁷ To help meet this demand, the China National Nuclear Corporation (CNNC) alone is planning to invest the equivalent of US \$120B in new plants and technology with the goal of producing 80 gigawatts of energy, around 15% of the projected national energy supply, by the year 2020.³⁸ Complementing this goal is the desire to reduce carbon emissions to 40% of the 2005 totals, which will greatly increase the quality of life for the Chinese.³⁹

Of course, a new challenge for China is to ensure its nuclear energy is safe, especially after the March 2011 Fukushima incident in Japan. Currently, China has construction of 27 nuclear reactors on hold until new safety standards are created.⁴⁰ Moreover, Credit Lyonnais Securities Asia, Asia’s leading and largest running independent broker, claims that China will reduce this target to 55 gigawatts per year as a result of the Japanese disaster and to the growing scarcity of water.⁴¹ In particular,

China has a rapidly declining water supply level in which different segments of the energy industry compete.⁴²

On a positive note, the Chinese are also increasing wind power, which they expect to increase from 3% of the energy capacity in 2010 to 12% in 2020 to finally 18% in 2030.⁴³ While wind and nuclear power help offset China's growing demand in the long term, and because of the concerns with nuclear power, a greater than expected increase in demand for coal, oil and gas has resulted for the short to midterm. This in turn has led China to sign energy contracts with countries and companies around the world, including actors that strain the current international world order.

This list also includes Iran where China has deals for gas and oil that reaches \$120B.⁴⁴ According to the international Energy Agency, China was Iran's biggest customer in 2011, taking in 20% of the oil supply, which equates to roughly 550,000 barrels a day.⁴⁵ What is disconcerting is how China has side-stepped the international world order in order to maintain its source of energy. For example, in 2010, the United States and the west tried to implement sanctions and limit the import of refined gasoline to Iran in order to curb its nuclear ambitions. Despite this, and to secure their import of crude oil, Unipet and Zhenrong, two Chinese companies, turned around and increased the sale of refined gasoline to Iran.⁴⁶

Many analysts have noted how China has decreased their percentage of crude oil imports from Iran since 2010, but two factors need to be considered. First, Iran tried to raise the cost of a commodity to an uncompetitive price resulting in many countries to look elsewhere, to include Japan who decreased its purchase amount by 14%.⁴⁷ Second, Iran alone cannot supply the increasing Chinese thirst for oil. As such, China is

looking to diversify its suppliers and has reached out to Saudi Arabia, Russia and Angola to increase its sales of crude oil.⁴⁸ Moreover, it appears that China is gaining a respect for the international world order as it realizes that it relies on other countries such as the United States to keep the commercial lines of communication open. Without this support, China's economy would be severely crippled. Of course, it does not hurt that Saudi Aramco, the Saudi Arabian national oil company, has decreased the price of oil and assured the west that it would increase its output to meet international demands.⁴⁹ As such, even though self-interest appears to be at play, mainly to secure its future demand of oil, it now appears that China is willing to help the international world order. This was clearly seen when Premier Wen Jiabao actually condemned Iran publically by exclaiming, "China adamantly opposes Iran developing and possessing nuclear weapons."⁵⁰ China also decreased its daily imports in January of this year from 550,000 barrels to 285,000 barrels.⁵¹

By understanding the importance of the economy to China and the resulting internal security, policy makers can better predict Chinese behavior on the world scene. This paper has shown how China went from publically supporting Iran to now helping to place economic sanctions on Iran. However, China still does not abide by international norms, especially when it comes to trade. China is a relative new player in the World Trade organization as it just joined in 2002.⁵² However, Chinese breaches of established trade practices have been a topic of hot discussion almost from the start. In fact, the United States 109th Congress held hearings in 2005 to examine the impact of Chinese practices and to develop recommended courses of action. In the end, Congress sought for the executive branch to file a complaint with the World Trade

Organization and to further examine the placing of tariffs on Chinese imports.⁵³ It is also important to note that other states have also formally complained about the Chinese.⁵⁴

The unfair trade practices, coupled with previous arms sales and nuclear technology proliferation, raises serious questions about the Chinese true intentions. While it is easy to see that the economy is a critical driving force behind the Chinese behavior, their lack of transparency raises questions if there is other motives that behind these initiatives.

Chinese Military Factors

The epigraph of the now famous 24-character phrase located at the beginning of this paper was made by Vice Premier Deng Xiaoping and represents the direction that the People's Republic of China maintained in regard to foreign policy. Military reform was one of the "Four Modernizations," the others being agriculture, industry, and science and technology, which Deng championed when he took over informal leadership of the Chinese Communist Party.⁵⁵ Of course, all reforms would be based off the "economy first" as seen in General Secretary Jiang Zemin's closing speech to the Central Committee of the 14th Party Congress in October 1992,

National defense construction and the construction of the military must rely on economic construction, and be subordinate to the overall situation in the construction of the national economy. Only when the national economy has developed can we provide the necessary material and technical basis for national defense modernization.⁵⁶

As such, one can understand the importance the military leaders place in preserving the Chinese economy.

The Chinese realized after its effort against Vietnam that it was unable to project force under Mao's Doctrine of a People's War.⁵⁷ The ensuing military reform has

occurred at two levels. The first was the modernization and professionalism of the armed services that called for massive personnel cuts that focused on quality not quantity. The Chinese now have technical training centers, military academies, and a National Defense University.⁵⁸ The second level dealt with structure and weapon platforms. Instead of having the military produce its weapons and run companies to help offset the military budget, the CCP reorganized the military-business complex so that civilian expertise would complete the task so that the military could focus on its primary duties.⁵⁹ President Jiang Zemin's directive to the People's Liberation Army (PLA) in 1998 paved the way for the army to "divest itself of more than 15,000 ventures with revenues of approximately \$18B in areas as divergent as telecommunications, pharmaceuticals, real estate and illicit arms deals," which paved the way for corruption and "diminished the effectiveness of the PLA."⁶⁰

The Chinese has also made a concerted effort to skip a generation of weapon systems and focus informational warfare and antiaccess/antidenial weapons to become a regional power since it realized it could not compete with the United States. The ensuing efforts focused on four areas: information warfare, asymmetric warfare, nuclear weapons, and space.⁶¹ The Chinese also observed Desert Storm with great interest and quickly surmised that it needed to focus on this revolution of military affairs to remain relevant. As such, the Chinese strategy shifted from Mao's "People's War" to Deng's "People's War under Modern Conditions" to the present strategy of "Active Defense" that calls for "forward positioning, frontier defense, and engagement of the enemy at or over the border."⁶² In fact, Admiral Liu Juaqing, former Vice Chairman of the Central Military Commission, established a goal of controlling the Pacific out to the first island

chain which runs from Japan to Taiwan and down to Borneo and eventually control the second island chain which runs all the way down to Guam.⁶³

The end result of the above efforts is a Chinese military that has sophisticated antiaccess and antidenial weapons and is on the fast track to acquire the latest technological weapon platforms, such as the fifth-generation Chengdu J-20 that have similar capabilities to the newest U.S. weapons such as the F-22 Raptor.⁶⁴ This new capability has also caused great tension for China's neighbors as well as the United States. While China claims that its military is for only defensive reasons, its recent military expenditures and activities seem to indicate an ulterior motive. In particular, even with the PLA "contending with a growing array of missions, Taiwan remains its—main strategic direction" and China has continued to equip its forces for the Taiwan contingency despite improved relations.⁶⁵ This behavior alludes to a desire to reunite all China. In fact, a recent RAND study summarized China's goals as "modernity, stability and sovereignty."⁶⁶ Obviously, U.S. support of Taiwan interferes with this desired endstate. In the end, this explains why the United States is the only country mentioned by name in a 2008 Chinese Defense White Paper. Mainly, the United States has been important for China at a grand strategic level. On one side, the United States has served as a catalyst to the Chinese economy by providing for security and stability in the world; however, at the same time, it has served as an obstacle to China's greatness by interfering with sovereignty.⁶⁷

Due to China's lack of transparency, many leaders wonder how far China will go to achieve its sovereignty goal, especially since there is a growing sense of Chinese nationalism. This becomes more relevant when the Chinese actions involving the

Taiwan contingent are examined. For example, starting in October 1999, the Chinese increased their military exercises with Russia that included utilizing the SS-N-22 Moskit supersonic anti-ship cruise missiles, which are designed to take down U.S. aircraft carriers.⁶⁸ They have since acquired these antiaccess weapons.⁶⁹ Moreover, the Chinese now are in the process of developing its own missile, the DF-21D that is armed with a maneuverable warhead and capable of sinking an aircraft carrier over 1,500 miles away.⁷⁰

More disturbing is the fact that the Chinese have conducted attacks in the information domain. In January 2012, the Honorable William Lynn, former Deputy Secretary of Defense, reported the Chinese are conducting cyber-espionage to steal intellectual property to boost their economy.⁷¹ The Pentagon reported in August 2011 that it appeared the Chinese had conducted numerous cyber-attacks aimed at “data exfiltration.”⁷² These attacks highlight the Chinese ability to “constrain an adversary’s actions; ... which can “serve as a force multiplier when coupled with kinetic attacks during times of crisis or conflict.”⁷³ While the Chinese have historically denied these allegations, the New York-based *Epoch Times* released footage, in August 2011, showing a Chinese TV documentary demonstrating a Chinese military-launched cyber-attack on a U.S.-based entity.⁷⁴

Potential American Response

Currently, the U.S. National Security Strategy states that it will continue to “deepen its cooperation with other 21st century centers of influence, including China, on the basis of mutual interests and mutual respect.”⁷⁵ However, based on the items already discussed in this paper, the question for the United States comes down to how

to utilize the instruments of power to bring China within the international order so that prosperity can occur for all. In essence, the United States must examine its grand strategy to determine how to get China to act as a strategic partner.

Three points need to be addressed before discussing how the United States can influence the Chinese and make them a responsible leader in the international world order. First, in order to fully utilize the instruments of power in today's world, as well as in the future, the United States has to get its own house in order. In 2010, the U.S. trade deficit with China was \$252B, with the People's Republic of China holding \$895B in U.S. treasuries.⁷⁶ While this practice has kept the U.S. interest rate low and kept the recession from deepening, it has also caused the United States to outsource jobs to in order to compete; thus, the unemployment rate has increased. While some of this problem is due to the unfair trade practices already discussed, it is also due to the amount of spending that encompasses the U.S. gross domestic product.⁷⁷ Second, the United States needs to look at how it can lead an international effort to accomplish this goal and not try to do it alone. The United States simply does not have the ability to fight in Afghanistan, posture against Iran, and take this additional challenge on. Third, the United States needs a consistent strategic communication plan. Depending on the interagency, or the day of the week, U.S. leaders send the Chinese conflicting messages. For example, during a tour of the Asia-Pacific region in October 2011, U.S. Secretary of Defense Leon Panetta praised China for how they handled the news of F-16 sales to Taiwan in which they did not cut off military communication, and then later in the same day criticized China for a secretive expansion of its military power.⁷⁸

With these three points in mind, a closer examination of how the United States should “pivot” towards Asia is warranted. In late 2011, Secretary of State Hillary Clinton announced how the U.S. grand strategy was pivoting from “conflict in the Middle East and Southwest Asia” to “engagement in the dynamic Far East, shifting from an over-concentration on Japan and Korea to a more distributed posture across East Asia and throughout the Pacific and Indian oceans.”⁷⁹ Secretary Clinton further emphasized that this strategy would be obtained by focusing on “nimble and adaptive” alliances and ensuring allies of “up-to-date defense capabilities and communication infrastructure.”⁸⁰ President Obama has since reaffirmed this strategy and asserted that the United States would, “achieve this pivot towards Asia, especially China, from a position of strength.”⁸¹

As such, the current policy can be summarized as continuing to engage China to advance priorities like economic recovery, confronting climate change, and nonproliferation while closely monitoring China’s modernization military program, and hedging accordingly. Of course, this is to be accomplished while improving communications to reduce mistrust.⁸² The challenge to this approach, or any approach for that matter, is evaluating the success as there are many factors affecting the Chinese behavior. With that said, China has become more involved with international institutions, such as the World Trade Organization, to address issues such as President Obama’s tire tariff of 2009.⁸³ At the same time, progress has been slow and the trust of the international community has not developed. China is still participating in unfair trading practices and has asserted itself militarily. For example, the 2010 Pentagon report to Congress explained how China implemented a ban on rare earth metal exports in retaliation of the Japanese temporarily detaining the captain of a People’s Republic of

China-flagged boat that had collided with a Japanese Coast Guard vessel near the Senkaku Islands in the East China Sea.⁸⁴ This type of behavior does not indicate a nation trying to rise peacefully.

A shortcoming of the American strategy is that it does not adequately deal with the issue of energy and the ability of all leading nations to secure reliable supplies for the future. While the overarching National Security Strategy states it will cooperate on mutual interests, it does not outline how this will be done.⁸⁵ As already discussed with the Chinese-Iranian relationship, China is headstrong on preserving its energy supply and any strategy that fails to address this could result in unhealthy competition, which could further inhibit any future success of engagement. Of course, part of this problem is that the United States does not have a viable energy program or even agree on policies to avoid oil supply disruptions.⁸⁶ The end result is that the United States cannot effectively engage on the one item and concern that propels the Chinese grand strategy.

Of course, this paper does not mean to suggest that any attempts to engage the Chinese should be halted until the United States is better position to engage. It is definitely worthwhile to establish a strong relationship from which mutual cooperation can grow. Another angle to the current policy is evaluating the usefulness of increasing engagement with the Chinese while intentionally making efforts to show military restraint.

In the current five-year plan, China stated they would welcome foreign investment to help agriculture, high-tech industry and environmental protection.⁸⁷ In this policy option, the United States could provide this aid, except for high-tech support

based on Chinese unwillingness to protect intellectual property.⁸⁸ Additionally, the United States would make a concerted effort to reduce military tensions by withholding new weapons sales to Taiwan and pushing for joint Sino-American exercises. The United States would still provide replacement parts and refurbish weapon platforms in order to provide Taiwan with arms of a defensive character as required by the Taiwan Relations Act, it just would not sell the next generation of weapons.⁸⁹ The goal of this strategy option is to reduce the tension between the strategic partners and set a cooperative tone. Once the Chinese realize that the United States fully respects its interests, then dialogue can take place on creating solutions that allow all the countries in the Asian-Pacific Rim to obtain prosperity. This would include tackling the tough question of securing future energy sources.

The key to this strategy option's success is building the foundation for further cooperation. One area that the United States could look to for inspiration is Africa. China's influence is growing as it overtook the United States as the continent's main trading partner in 2009. In fact, David Shinn, former U.S. ambassador to Burkina Faso and Ethiopia, testified to the Senate Foreign Relations Committee on African Affairs that China's trade with African is estimated to total \$127B in 2010, which is a 40% increase from 2009, compared to \$113B for the United States.⁹⁰ Obviously, China is interested in securing its oil supply, as up to 30% comes from Africa, but it has also taken on a leadership role hosting cultural and language exchanges, providing scholarships, and building medical facilities and then sending over 1,000 doctors to over 40 countries in 2009 alone.⁹¹ Further, in the last ten years, "China has participated in peacekeeping operations, antipiracy campaigns, and postwar reconstruction efforts around the

continent.”⁹² Moreover, the Chinese effort has been so remarkable that General Ham, the current U.S. Africa Command Commander, called the Chinese work helpful, and that there is not any competition with China, and welcomed their assistance.⁹³ As such, if the United States could build off this success then it is possible to break down barriers that exist in other parts of the globe and see China become more cooperative.

The risk of this strategy is, if China does not transition to a cooperative government and open dialog then the foreign aid provided to it could hasten its economic, technological, and military development. This in turn could have potentially disastrous consequences for regional security and impact the ability of the United States to compete globally. However, this risk is lowered when the agriculture aspect is factored. China only can cultivate about 450,000 square miles of land, or roughly 7% of the world’s total. Yet, they must feed over 20% of the world’s population from land in the north that receives only 20 to 25 inches of water a year. As such, food and water are going to constrict China’s economy and food supply, which in turn is going to require them to trade with the United States to keep their country viable.⁹⁴

Another risk is that the U.S. openness could be perceived as a weakness by the Chinese, who could take this as a green light to assert itself militarily. As such, another school of thought has developed calling for the United States to develop a containment strategy. When considering Chinese actions in the South China Sea, it is quite feasible that China has to be pressured with heavy hands in order to comply with international order, which means the United States needs to rely on more of a containment strategy. The Chinese were taken aback when the United States and Australia announced that Americans would be placing military forces in Australia. The state-owned People's Daily

reprimanded Australia for, “relying on China for its economic interests while turning to the United States for political and security purposes.”⁹⁵ President Obama responded to the criticism by saying that the action was not containment and looked forward to “when China is playing by those rules, recognising its new role, I think this is a win-win situation.”⁹⁶

Moreover, the United States could adopt further containment options such as leading efforts to create a strong Free Trade Area of the Asia-Pacific (FTAAP), as discussed during the 2011 Asia Pacific Economic Cooperation minister meeting.⁹⁷ Additionally, the United States could alleviate Russian concerns for ballistic missile defense by jointly manning sites with them in Europe in order to get their assistance in keeping China in check.⁹⁸ Further, the United States could look to help arm the Japanese in order to protect the sea lines of communication and continue work with India to develop a very close military and economic relationship that would cause China to reevaluate their stance in the international order and cause them to come into the fold as suggested by President Obama.

The risk to this strategy option is that China could perceive these actions as hostile and maneuver to dampen the U.S. economy and move to protect its need for resources. Case and point, the Chinese are very concerned with the American pivot policy, as seen with Chinese Vice President Xi Jinping’s expressing “Beijing’s impatience with U.S. policies on Taiwan and Tibet” by saying, “History demonstrates that whenever each side handles relatively well the issues bearing on the other side’s core and major interests, then Sino-U.S. relations are quite smooth and stable. But when it is the contrary, there are incessant troubles.”⁹⁹ Another risk to this strategy is if

China was to look to further diversify its economy and marginalize the U.S., which could occur if the Euro crisis passes and China embraces the European Union. Either way, the Chinese and American economies would be severely affected by an overly aggressive containment policy.

So how should the United States respond to China? President Obama and his administration have taken some great efforts to further bring China into the international order. However, the United States should pick up efforts to engage China and treat the Chinese as a strategic partner versus a strategic competitor. The United States has publically stated that it welcomes a responsible and prosperous China into the world order, but it needs to follow up with further actions. The Chinese have many internal problems which brings into question whether it can sustain its current economic growth.¹⁰⁰ By helping China with some of these issues, the United States will further open up China for progressive reforms and set the stage for a peaceful rise. Coupled with this approach, would be a dialog on stabilizing energy sources to help reduce uncertainty in global markets. As stated before, this approach should reduce the tension between the two great powers.

However, at the same time, the United States has to bargain from a position of strength. This starts militarily with keeping Taiwan armed, but not necessarily with the newest generation of weapons. The United States should also continue to increase the Japanese, Russian, and Indian military cooperation, to include securing the lines of communication. Coupled with this strategy is the need to ensure China realizes that they are welcomed to join these alliances if they choose to act responsibly within the international order. Lastly, United States needs to examine encouraging U.S.

businesses to look to India and other countries, versus China. This effort would probably have the greatest impact on China when it realizes that its current behavior could affect its future economic output.

Conclusion

While this paper has attempted to show the important factors that drive Chinese foreign policy such as nationalism and sovereignty, political and maintaining internal order, and economic which ties everything together, it should be clear that there is no easy solution to fully bring in the Chinese to the international order. It will take a continued effort by the United States and other world leaders to stay engaged with the Chinese and open dialog that makes all actions transparent and in the interest of the many versus just one country. The United States needs to continue the pivot towards Asia and take further efforts to grow close cooperative ties with the Chinese. However, at the same time, the United States needs to bargain from a position of strength, which entails getting its own economy and fiscal policies in order while maintaining a strong military presence alongside other Asian partners. Of course, the Chinese should be fully invited into these measures and help assure them that the United States hopes to see the continued peaceful rise and not be an obstacle to Chinese growth. Only through mutual understanding, dialog, and a show of presence can the United States hope to see the Chinese as a responsible leader in the international order.

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