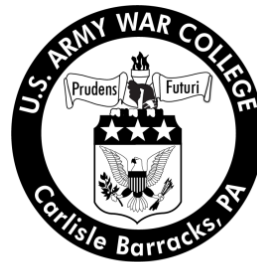


The Dragon and Uncle Sam:  
Shaping the World for Prosperity or  
Destruction?

by

Lieutenant Colonel Thomas Hays  
United States Army



United States Army War College  
Class of 2012

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**THE DRAGON AND UNCLE SAM: SHAPING THE WORLD FOR PROSPERITY OR  
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by

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## ABSTRACT

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China is a complex rising power with whom the United States should develop closer ties and mutually shape the world economy and global security. Economic prosperity and global security are not zero-sum games that the United States and China must compete and win individually. If they have the will, together both nations can flourish economically and strengthen global security. Only through constant engagement, mutual cultural understanding, an appreciation of strategic encirclement (*wei qi*) and Chinese views of deterrence and compellence (*weishe*), continued economic interdependence, and the willingness to compromise on key issues, can the US and China charter a course for global security and positively shape global economic prosperity and security.



## THE DRAGON AND UNCLE SAM: SHAPING THE WORLD FOR PROSPERITY OR DESTRUCTION?

"Certainly there are many challenges facing both China and America, but if our people, our business people, our scientists, our students, can really join together, we can solve not just the challenges and the problems facing each of our countries, we can actually solve many of the problems facing the entire world."<sup>1</sup>

—US Ambassador to China Gary Locke

China is a complex rising power with whom the United States should develop closer ties and mutually shape the world economy and global security. Economic prosperity and security are not zero-sum games that the United States and China must compete and win individually. If they have the will, together both nations can flourish and strengthen global security. In this paper, we will explore cultural differences between the US and China, the interdependence of our economies, areas of friction and cooperation, the implications for regional and global security, and the development of the path to mutual prosperity and security.

### BACKGROUND AND CULTURE

When viewing the Chinese actions and understanding the Chinese world view, the US should consider Chinese culture. "China is not only the world's most populated country, it also boasts the oldest civilization" of over 5,000 years old.<sup>2</sup> Its rich history, both in peacetime and in turmoil, should not be forgotten and dismissed when it comes to current Chinese international relations. America and China both consider themselves exceptional, but have different means of perpetuating their exceptionalism: the US is "missionary...[it has] an obligation to spread its values to every part of the world. China's is cultural, [but] it does not proselytize"<sup>3</sup> by trying to force its values on others. The Chinese belief is based on the Chinese Middle Kingdom view that saw China as the geographical and cultural center of the universe and saw other states as "various

tributaries” of China.<sup>4</sup> Chinese politics, culture, and language were all “hallmarks of civilization” and even rivals attempted to adopt Chinese practices.<sup>5</sup> Chinese origins are ancient and there is no clear beginning of Chinese culture: China sees itself as always having existed, but requiring renewal occasionally to “reinvigorate the principles of harmony.”<sup>6</sup> This aspect of perpetual existence is necessary to comprehend China’s extremely long view of time. In their mind, China has always existed and will always exist and is culturally superior because of it.

The most important influence on China is Confucianism.<sup>7</sup> The basic Confucian teachings are summarized as:

- Observe and respect unequal relationships.
- Family is the prototype of all social organizations. Chinese are members of a group, not individuals.
- Chinese must behave in a virtuous manner toward others. Everyone’s “face” must be maintained.
- Education and hard work must be prized.
- We should be moderate in all things. Save, stay calm, avoid extremes and shun indulgence.<sup>8</sup>

Many in the West view individualism and individual rights above all else. In stark contrast to these typical western ideas, Chinese “stability is based on unequal relationships between people,”<sup>9</sup> as mentioned above. Chinese ethical behavior is guided by these unequal relationships and there is inherent responsibility to protect and show kindness to those who are obedient.<sup>10</sup> Those unequal relationships are: ruler-subject, father-son, older brother-younger brother, husband-wife, and senior friend-junior friend.<sup>11</sup> These unequal relationships help explain how China was subjugated to Mao Zedong’s rule for so long under deplorable conditions. While conditions are better

today than they were under Mao, the western perception of China's lack of basic human rights and representative government can be partially tolerated by the Chinese populace because of the Confucian, unequal relationship, and members-of-a-group paradigm. The Chinese population is not completely homogenous, of course, and "traditional Chinese suspicion of Westerners (the result of exploitation in the nineteenth and twentieth centuries) is gradually giving way to a more open minded acceptance of some Western views."<sup>12</sup> The influence of Western trade and diplomatic contacts, university students travelling to foreign universities, and an increase in foreign travel have opened China's aperture not necessarily for better or for worse, but have exposed Chinese to additional experiences and cultures that is leading to acceptance and some change. So while Chinese culture is strong, it is not static.

As Chinese culture changes, the US should continue to view Chinese actions and perceived intentions through Chinese eyes as they change, not through western or US eyes. Chinese thinking is typically long-term, measured in centuries, and is reflected in their 5-year plans, their long tenure of senior government officials, and the seemingly perpetual existence of China discussed earlier. In contrast, the typical American view is that of near-instant gratification, encouraged partially by US four-year election cycles and one to two year budget cycles.

Demographics will also play a key role in China's internal affairs with a low fertility rate, the one child policy, and cultural preference for boys. With the Chinese fertility rate of 1.5 children per woman, that rate is below the replacement rate of 2.1, which means that China is "racing to get rich before it gets old," because more workers are needed to provide for pensioners.<sup>13</sup> The social system is such that children care for

their aging parents. With fewer children to take care of their parents, more of the children's resources will go toward their parents' retirement and medical care or the parents will have a decreased standard of living, increasing social unrest. Therefore, social pressure exists for individuals to earn more so that they can not only increase their own standard of living, but to provide for their parents' needs as well. In 2011, the median age in China was 35.5 years and with a life expectancy of 74.5 years,<sup>14</sup> so the consequence of the one-child policy has shifted from slowing the population growth rate to changing the workforce structure and social requirements on that labor force. With the aging population, it is also likely that instead of just taking care of their two parents, children may have to take care of their four grandparents, known as the 1:2:4 paradigm.<sup>15</sup> The one-child policy is also lowering the Chinese army's readiness because in order to have the fewer number of children available to help their families through farming or other business ventures, conscription time has been reduced to two years.<sup>16</sup> Fewer years in service translate into less training time and military readiness for the conscripted force.

As a result of the cultural preference for boys and the one child policy, the overall population ratio is 1.06 males/female. For the over 65 years category, the ratio is 0.93 males/female,<sup>17</sup> which means the younger generations have significantly more males than females. These numbers are critical because they will likely lead to changes in immigration or the change the relatively homogeneous ethnic makeup as males seek females elsewhere, potentially causing social unrest.

Additional social unrest is fermenting in China. Social pressures include rare fair trials, little protection from government abuses, lack of free press, government

ensorship of the internet, and some prisoners of the state are victims of torture.<sup>18</sup> As the middle class in China grows, it is likely that they will want a stronger voice in their government, creating additional pressure on the government.

China's turbulent past and many potential enemies, due to its geography and borders with many countries, have shaped its view of strategy and diplomacy. China typically relies on long-term, incremental relative advantage rather than quick victory from masterful knockout blows.<sup>19</sup> The contrast between the two views is reflected in strategy games favored by the West versus those favored in China. In the West, chess is favored and the object is total victory through destruction of the king. In contrast, Chinese *wei qi* is about strategic encirclement over a protracted period of time to gain relative advantage over the adversary.<sup>20</sup> Each player has 180 pieces and the balance of forces and power changes over time as players react to one another incrementally. While *wei qi* and chess are just games, the concept of strategic encirclement is strongly tied to China's view of potential threats and mechanisms for countering the perceived threats. As the world's fourth largest country, China shares borders with 14 other countries.<sup>21</sup> Historical threats from its vast land borders, as well as sea lines of communication, have strongly influenced Chinese thinking to mirror thinking required for *wei qi*. While chess teaches Clausewitzian thinking about centers of gravity and decisive points, *wei qi* teaches strategic encirclement and mitigating adversary strategic potential by moving into open spaces.<sup>22</sup> Chess breeds single mindedness, but *wei qi* teaches strategic flexibility.<sup>23</sup> When viewed through the lens of strategic encirclement, what signal does the US send by keeping US forces in South Korea and Japan and by occasionally sending US naval forces into the Straits of Taiwan? China certainly viewed

our invasion of Vietnam as an element of strategic encirclement. In November of 2011, the US announced United States Marine Corps deployments to Australia<sup>24</sup> and President Obama expressed support for India to become a permanent member of the United Nations Security Council.<sup>25</sup> President Obama also announced “the United States is a Pacific power, and we are here to stay.”<sup>26</sup> The US also has treaty alliances with the Philippines and Thailand and the US is increasing naval vessel visits to the Philippines.<sup>27</sup> These policy statements and decisions will enrich US partnerships in the region, but are also a sign to China of additional strategic encirclement.

The Chinese may be transmitting their own strategic encirclement intentions with their infrastructure projects in Africa and with “multibillion dollar loans and investments in Latin America, creating a rapidly expanding presence of Chinese companies and workers in the region in such sectors as construction, logistics, manufacturing, telecommunications, and retail.”<sup>28</sup> These actions may be just to gain access to natural resources or they may be a component of Chinese encirclement of the US. China has, as an effort to improve China’s image and extend its interests, “cancelled \$3.6 billion in debt from 49 of the world’s poorest countries between 2004 and 2008” and provides \$30 billion in aid to those same countries.<sup>29</sup> These actions are placing more *wei qi* pieces on the global board.

Another influence on modern Chinese thinking is the ancient view of non-Chinese populations or states as “barbarians.” In China’s past, they maneuvered politically and militarily in such way as to pit “barbarians against barbarians,” reducing their adversaries’ strength and will by putting competitors to China in competition with one another. This method was necessary because of China’s vast borders with multiple

adversaries. China is also unlikely to engage in many formal treaties because of their past perception of “unequal treaties” and relationships with the British, French, Russians, Japanese, and Americans in the eighteenth and nineteenth centuries.<sup>30</sup>

The Chinese view of negotiation is somewhat different than that of the people in the US. They Chinese may invoke personal relationships as part of their effort to influence, but they do not think that those same personal relationships can impact their judgments. They also consider deadlocks in negotiation as the inevitable mechanism of diplomacy and are not discouraged by them, since they take the long view of time.<sup>31</sup> Americans, by contrast, typically feel failure or frustration if there is a stalemate. Americans then feel the need to introduce new proposals as a means to break a deadlock, thus inviting new deadlocks to their new proposals, which in turn can be used as a stalling tactic by an adversary.<sup>32</sup>

The Chinese political and military thought is influenced by the great Sun Tzu who merges psychological and political positions to make a “the outcome of a conflict a foregone conclusion” and therefore makes armed conflict unnecessary.<sup>33</sup> In a strategic competition, everything is dynamic, linked and must be viewed in context and in relation to events and shifts of power.<sup>34</sup> The Chinese typically incorporate military, diplomatic, economic, psychological, and cultural imperatives into web of strategy, rather than distinct phasing of elements. Although the US government is getting better at integrating military force and diplomacy, many see those as separate phases of action, often using the military when diplomacy fails.

The Chinese views on deterrence are somewhat different than those viewed in the Western world.<sup>35</sup> Much of Western deterrence theory is based on Thomas

Schelling's writings in which he differentiates between deterrence and compellence. Schelling defines deterrence as "the threat intended to *keep* an adversary from doing something," while compellence is "the threat intended to *make* an adversary do something."<sup>36</sup> The Chinese view essentially combines both Western deterrence and compellence into one concept, *weishe*, defined as "the display of military power, or threat of military power, in order to compel an opponent to submit."<sup>37</sup> Strategic *weishe* includes military power as well as "economic, diplomatic, scientific and technological capabilities, and even political and cultural unity" and includes the will to use such power, thereby giving *weishe* a significant psychological component.<sup>38</sup> The implications for the US are that understanding that when we see an increase in Chinese military activity, we should view the actions through their strategic deterrence concept of *weishe*, not through our eyes of either deterrence or compellence.

"When the Chinese view of preemption encounters the Western concept of deterrence, a vicious cycle can result: acts conceived as defensive in China may be treated as aggressive by the outside world; deterrent moves by the West may be interpreted in China as encirclement. The United States and China wrestled with this dilemma repeatedly during the Cold War; to some extent they have not yet found a way to transcend it."<sup>39</sup>

The reemergence of China as a regional power with global ambitions falls short of overt war, but is viewed as steeped in significant competition with the US. If China is following Sun Tzu's dictum of "to subdue the enemy without fighting is the acme of skill,"<sup>40</sup> then China may be at non-violent, protracted economic war with the US. This non-violent "war is a matter of vital importance to the State; the province of life or death; the road to survival or ruin."<sup>41</sup> China clearly sees its economic power as a requirement for it to reach its rightful status as global player and part of its reinvigoration to bring the world into harmony.

The Chinese have made great efforts to study history's rising powers, including positive aspects of the US after WWII and negative experiences of Imperial Japan, Weimar Germany, and the Soviet Union.<sup>42</sup> They have concluded that international stature should not come solely from military might and confronting the dominant power of the time.<sup>43</sup> Therefore, it is likely to see subtle, indirect methods, not direct conflict, for China to attempt to gain peaceful relative advantage over time. We will now discuss the economic interdependence of both countries.

### US-CHINA ECONOMICS AND INTERDEPENDENCE

The world's two largest economies are the US and China "measured on a purchasing power parity (PPP) basis."<sup>44</sup> For the last three decades, China's economy has doubled each decade, growing at a rate of almost 9% annually. In 2010, China's GDP was \$5.8 trillion, while the US's GDP was nearly three times higher with a \$14.6 trillion GDP.<sup>45</sup> China's largest export partner is the US at 18% of China's exports. Of all goods China imports, 7.3% of them come from the US. Of US export partners, China ranks third at 7.2% of US exports.<sup>46</sup> On the import side, nearly 20% of US imports are from China. Clearly the economies of China and the US are linked and the trend for globalization and interconnected markets is not a trend that is reversing.

China's economic rise is not happening in isolation. While there have been significant economic challenges in 2009-2011, the global market has been generally rising. As Fareed Zakaria calls it, it is the "rise of the rest" with more than 120 nations with growth of more than 4% in 2006 and 2007.<sup>47</sup> Brazil, Russia, India, and South Africa are also economies with strong upward movement and enormous potential. So economically we are moving to a multi-polar world, not a unipolar one with the US as the sole economic superpower, nor a bipolar world of China and the US. Chinese

prosperity is also helping US prosperity in certain sectors. For those that are apprehensive about economic parity, consider that in 2010, the US GDP was higher than the combined GDP of China and Japan, the world's second and third largest economies.

Globalization and economic interdependence "increase the incentives for not making war and it increases the cost of going to war in more ways than in any previous era in modern history."<sup>48</sup> What would be the drop in the world stock markets if the US and China went to war? It is certainly not in the best economic interest of the world's two largest economies, so intricately linked, to devalue each other's and hence their own economies, especially as a result of intentional conflict.

As a result of China's massive economic expansion, 400 million people grew out of poverty.<sup>49</sup> But China is still, on the whole, considered a poor and developing country because its per capita gross domestic product (GDP) is only \$7,600 and China is ranked 125<sup>th</sup> in the world in 2010 in per capita GDP.<sup>50</sup>

Although Chinese workers have seen their incomes increase, many of the profits are going to the foreign owners of the multi-national companies that have only moved their operations to China.<sup>51</sup> Multinational companies have not sold their companies to Chinese owners, but instead are using cheaper Chinese labor in their factories on Chinese soil. China's growth has been primarily in manufacturing industries for export, but as the middle class grows, China's internal needs will also grow. As China builds its road infrastructure and its population has access to cars (26 million in 2003 to an estimated 120 million in 2020)<sup>52</sup>, its requirement for oil will grow significantly, perhaps passing the United States in its total requirement by 2025. China's requirement for

electricity, with its 1.3 billion people, will be immense, with 47% of its population in its cities.<sup>53</sup> Significant economic disparity exists between the Chinese rural population and the people in the cities, especially those along the coast.<sup>54</sup>

China has many state sponsored industries and businesses and local corruption is widespread. Corruption is not just in the private sector, but in the public sector. In Transparency International's Corruption Perception Index of the public sector, China scored a 3.5 (0 equals "highly corrupt" and 10 means "highly clean") and was ranked the 78<sup>th</sup> out of 178, with 1 being the least corrupted country.<sup>55</sup>

China has a challenge because of its more open Chinese market system and its closed political system. "[T]here is often a trade-off between maintaining open borders to trade and maintaining social cohesion."<sup>56</sup> China recognizes this and one of the primary reasons for opening its trade and moving toward a market economy is to minimize social unrest by increasing the Chinese standard of living through market reform, while still trying to maintain its strong, central communist government.

China's economic rise has certainly increased the US populace's ability to buy goods cheaper than they have in the past. Wal-Mart, and other consumer goods retailers, have full parking lots and crowded stores driven by low prices, with the preponderance of goods made in China. Many in the US are calling for and seeking protectionism because of manufacturing jobs going to China and the loss of these types of jobs in America. Since 2006, some senators have been pushing for a 27.5% duty on goods imported from China because the Chinese do not sell their own currency and many economists believe that Chinese currency is undervalued.<sup>57</sup> However, this protectionist tactic could backfire. A rapid increase in prices in the US as a result would

mean that Americans would buy less, slowing growth, and many of the companies located in China are still American or multinational, but are using cheaper Chinese labor. Those companies would have lower profits, hurting shareholders, and companies would likely reduce their labor pool, reducing the supply of goods, ultimately increasing prices further, again hurting both of our economies. As recent as 2011, China appears to be loosening its grip on its currency, but is careful to avoid the reason for doing so as caving to international pressure. The US should seek moderate valuation of Chinese currency over time rather than a drastic change via US protectionism or sudden market valuation of Chinese currency.

China has invested heavily in the US, buying and holding US dollars and debt. If the Chinese government desires to shake the United States financially, they could sell significant amounts of bonds, but it would injure China as well because of the interconnectedness of world economies and financial markets. A large sell off of bonds would devalue the remaining US bonds China holds, decreasing the total value of the remaining assets. China also does not want to lose the United States as its best customer, the largest in the world. With a slowdown of China's economy, many factories in China would be forced to close, leaving millions of Chinese unemployed. The increase in China's unemployment rate would expand social unrest, further challenging the government, and possibly leading to Chinese national instability.<sup>58</sup> So while China could attack the US economically by rapidly selling its US bonds, it is not in their best interest to do so.

"Chinese economic development, which is a key to domestic political stability, has critical stakes in its relations with the U.S. and Japan"<sup>59</sup> as well as with South

Korea. The US, Japan, and South Korea are significant trading partners with China and all are Pacific nations so they have vested interests in regional stability, but Samuel Huntington warns us about the challenges of economic growth: “economic exchange brings people into contract; it does not bring them into agreement.”<sup>60</sup> However, engagement typically works better than isolation, as many nations have learned throughout history and “engagement may not always produce accommodation, but it always yields information.”<sup>61</sup> This information can be used to further engagement, understanding, and mutual benefit of both of our countries and regional partners.

While written in 2007, Hormats’ statement of “a heavily debt-laden, over obligated, revenue squeezed government, highly dependent on foreign capital, creates major security vulnerabilities”<sup>62</sup> certainly rings true today for the US. It behooves the US to regain its financial stability, make the difficult budgetary choices, and ensure revenues closely match expenditures. Currently China is intricately involved in US national security because of the US debt that it holds as previously discussed. Finances are not only crucial for the economic well-being of a nation but “sound national finances have proved to be indispensable to the country’s military strength.”<sup>63</sup> Without appropriate funding, the US military will be unable to fulfill its obligations as outlined in the National Security, National Defense, and National Military Strategies. The same is true for China: its military funding and capabilities rely on sound financial backing and practices.

### FRICION POINTS

Several friction points exist in the relationship between China and the US, including cyber conflict and industrial espionage, dual use technology development,

Chinese internal issues (human rights and Taiwan), nuclear and conventional military capabilities, hegemonic intentions, and US strategic inconsistencies.

The buying of US debt, the interdependence of both of our economies (and with much of the world's economy), and increasing cyber intrusions may signal that China is at war with the US, without the US knowing it. Chinese actors, whether state sponsored or not, are the "world's most active and persistent perpetrators of economic espionage."<sup>64</sup> Private US corporations have reported substantial intrusions originating in China and the Chinese government will "remain aggressive and capable collectors of sensitive US economic information and technology, especially in cyberspace."<sup>65</sup> Under the Economic Espionage Act, six of seven cases adjudicated in 2010 were linked to China. Given China's significant attempts to control the internet in China, it seems unlikely that the economic espionage is the work of one or two free lance hackers from China's population at large. It is more likely that the intrusions and espionage are state sponsored. Is the intent malicious or is China viewing the cyber attacks as part of *weishe* (their view of deterrence and compellence)? Protecting US government cyber systems is crucial to much of our "critical energy, financial, health, commerce, and transportation infrastructure,"<sup>66</sup> so we should be wary of possible Chinese intrusions to either gain information or attempt denial-of-service attacks. If China is conducting intrusions as a form of deterrence, the US should view the actions as such but still put significant effort to protect our systems.

Much of China's economic rise has been in manufacturing, but the Chinese have a formal program (Project 863 launched in 1986) of trying to narrow the technology and science gap in areas of bio- and nanotechnology, computing, military marine systems,

aerospace, clean technology, and advanced materials and manufacturing.<sup>67</sup> While products from these sectors could be used for peaceful, non-competitive programs, the possibility of dual or military use could be in direct competition with US military forces and aims.

The NMS states that “we must thoughtfully address cultural and sovereignty concerns.”<sup>68</sup> The sovereignty concerns of China include what westerners call human rights and include the Taiwan challenge. Chinese thought, culture, and politics see domestic affairs as only the business of the sovereign state, and of no importance to others. China views Taiwan as part of China, its own territory, and therefore has the right and responsibility to manage its relationship free from any outside influences. When tensions rise and the US sends the 7<sup>th</sup> Fleet through the Straits of Taiwan or when the US sells arms to Taiwan, the Chinese view this action as offensive toward China an encroachment on its sovereignty, not the US view of defending Taiwan. Taiwan is moving closer to China economically and as the economic distance narrows and interconnectedness grows, China may slowly absorb Taiwan without violence. The US should be cautious not to misunderstand Chinese intentions when it comes to Taiwan. This source of friction, coupled with cultural misunderstanding of Chinese intentions and culture, could be the largest single source of friction between the two countries.

Another source of friction is the US’ view of universal human rights. When dealing with China, the US should be cautious when trying to persuade China to become more democratic and show improvement in civil rights because “trade economists would find it objectionable to impose trade restrictions on other countries

because of differences in national practices such as labor standards,<sup>69</sup> especially those in contradiction to US national values. One of the tools in the United States' arsenal of influence is economic sanctions, but sanctions can be construed as an act of hostility. The US should seek economic trust and cooperation through negotiation, not sanctions, while understanding compromises may take a long time based on the Chinese long view of time and approach to negotiation discussed earlier.

The growth of China's economy and state coffers has enabled it to grow its military capability. With the growth in its military capability the balance of power is shifting and we must mutually guard against another Cold War and accompanying arms race.<sup>70</sup> An arms race and a miscalculation or misperception can inadvertently lead to conflict. Once armed conflict begins, it is much harder to terminate the conflict and avoid unintended consequences.<sup>71</sup> As policy, it behooves the US not to set the conditions that will make a minor incident balloon into a major regional or global conflict.

Although rarely mentioned in international relations and media, China and the US are both nuclear powers with immense capability. Both have significant numbers of weapons, but China's exact number of weapons is unclear. The Chinese may have 3,500 warheads and they've announced that they have built 3,000 miles of tunnels for their Second Artillery Corps,<sup>72</sup> the unit that is their nuclear arm. Arms control may be a way, as part of an integrated national strategy, to "induce reciprocal adjustments" in military posture and doctrine that may provide mutual benefit to reduce the probability of conflict that neither side wants, or reduce the violence if war starts.<sup>73</sup> As the US and Russia negotiate over reducing nuclear weapons, the US must not forget China, with a long history of military deception, concealment, and surprise that may, after a US

reduction claim supremacy of its nuclear arsenal.<sup>74</sup> To avoid conflict, “[s]ome congruence on values is generally needed to supply an element of restraint.”<sup>75</sup> Those shared values are economic prosperity and survival of our own nations as going concerns. Nuclear arsenals represent a friction point between our two countries, but skillful management and engagement will mitigate the risks so that we can both meet the shared goals of prosperity and security.

An increase of Chinese conventional military capability and stated US interests for the Asia-Pacific region symbolize another potential area of friction between China and the US. The 2008 National Defense Strategy discusses a strategy to engage, but hedge, against China to “enhance US national advantages over time.”<sup>76</sup> The US is hedging itself against China in many ways, but one of them is the development of the AirSea Battle doctrine and associated organizations to study China’s anti-access and area denial capabilities.<sup>77</sup> Examples of China’s developing technologies to disrupt our traditional advantages include anti-satellite capabilities, cyber warfare, and anti-aircraft carrier missiles.<sup>78</sup> Many Westerners fear the Chinese desire to have one aircraft carrier. The US has 11, so fears may be a bit alarmist. One stated mission for the Chinese aircraft carrier is humanitarian assistance and disaster relief and to work with China’s newly commissioned hospital ship,<sup>79</sup> an area of opportunity for both countries to work with one another.

In 2008, US defense spending was close to \$700 billion, while defense spending in China was only \$83 billion,<sup>80</sup> a mere 11% of what the US spent. Defense spending alone is not the only metric of military power, power projection, security, or intentions. If China were to be aggressive militarily, it would likely not pursue the same weapons that

we have to recast the tension as an update to the USSR-US Cold War construct, but rather to gain an advantage through other, non-traditional means. For example, the Chinese could pursue their interests via cyber conflict and anti-satellite capabilities mentioned above, rather than the typical force-on-force model. In light of the Chinese view of deterrence, strategic encirclement, and sovereignty claims, these weapons, along with ballistic missiles capable of targeting US aircraft carriers,<sup>81</sup> it is likely that China sees these capabilities as defensive in nature. But the uncertainty of Chinese intentions leads the US to “hedge” against known or suspected capabilities.

The statements in US strategic documents may also be a source of friction, since the Chinese are avid readers of US documents. The US National Defense Strategy discusses challenges against “would-be hegemons,”<sup>82</sup> language clearly aimed at China. The US should guard against these types of statements, since the US is the only superpower and unambiguously a hegemon. Our stated values of democracy and prosperity are counter to our hegemonic aims and send arrogant messages around the world. “Hegemonic stability theory holds that imbalanced power produces peace. A strong dominant power ensures stability, but when that strong power begins to slip and a new challenger rises, war is more likely.”<sup>83</sup> The US is still the most powerful country economically and militarily, but the rise of China, India, and others hint that the US’ relative power is declining, so it is crucial for the US to be wary of pitfalls of power imbalances and transitions. “Rapid power transitions are one of the leading causes of great power conflict and hegemonic wars”<sup>84</sup> In the world of powerful multinational corporations, interconnected supply chains and financial markets, hegemonic influence is less likely to occur. The US should not strive to hegemonic, but embrace the world

that the US helped create and seek to create institutions and partnerships that allow the US to protect its stated interests, without endangering or encroaching on others.

Another source of friction is the inconsistencies of some of the US's stated interests and actions. The United States will likely continue to have a challenge balancing its stated national interests as listed in the 2010 National Security Strategy. Our interests of security, prosperity, values, and international order<sup>85</sup> can be in direct contradiction to one another. Our stated values are: strengthen the power of our example, promote democracy and human rights abroad, and promote dignity by meeting basic needs.<sup>86</sup> But the US has shown several instances of inconsistencies by holding prisoners without trial in Guantanamo Bay, Cuba; "enhanced interrogation techniques" or torture in the conduct of operations as an element of US policy; the invasion of a sovereign Iraq on the premise of finding weapons of mass destruction but none were found; and overlooking human rights violations in countries like Saudi Arabia when other US interests override those of values of human dignity. Other nations in the world, our allies and adversaries included, see those inconsistencies and wonder what the real US policy is toward their nation. The Chinese are attuned as well. When compared to the interests of prosperity and maintaining international order, the United States must carefully consider the known human rights violations in China with the interdependence of our economies and both of our roles in the international order and in the Asia-Pacific region as well. The NSS states that "we must continue to pursue a positive, constructive, and comprehensive relationship with China,"<sup>87</sup> but we should be cautious of the differences in approach.

"Asia's style of government stems from a cultural tradition that stresses social obligations more than individual rights, and values the social good

over the interests of individuals. But these governments also say that after further social, economic, and political development there may be democratization. Thus, the relationship of the state and civil society differs from that of the West.”<sup>88</sup>

Can the US overlook, or try to peacefully persuade China to relax its grip on its people while pursuing further economic interdependence? Chinese Confucian background is such that there are no universal values to be spread and therefore in the Chinese mind, human rights are not a foreign policy issue.<sup>89</sup> This viewpoint is in contrast to the US view of freedom and individual rights for all persons. US policy and action inconsistencies and “disagreements should not prevent cooperation on issues of mutual interest, because a pragmatic and effective relationship between the United States and China is essential to address the major challenges of the 21<sup>st</sup> century.”<sup>90</sup> Therefore, the US can better serve its interests of security, economic prosperity, and a stable international order, by prioritizing human rights values in China slightly below the other three national interests as we’ve done with other critical nations.

#### AREAS OF MUTUAL INTEREST AND TOOLS OF ENGAGEMENT

While many friction points exist between China and the US, there are significant areas of mutual interest, tools of engagement, and venues for cooperation to better our mutual relationship. In the theater security cooperation and humanitarian assistance section of the National Military Strategy (NMS), it highlights opportunities to build confidence and trust between erstwhile adversaries. Areas of mutual interest include humanitarian and natural disaster assistance, non-traditional security concerns, environmental security and climate change, , education exchanges, military-to-military exchanges, the International Military Education and Training (IMET) Program, security cooperation venues, and opportunities during political transitions of both countries.

Significant opportunities for US-China cooperation, unfortunately in times of tragedy, will present themselves during natural disasters that strike the Asia-Pacific region. The United States should jointly develop US-China Combined Humanitarian Involvement and National Assistance (CHINA) teams and conduct table-top exercise scenarios to address regional earthquakes, tsunamis, and other natural disasters, as well as epidemics. Efforts should be made to include Chinese medical personnel on manifests for the US Naval Ships (USNS) *Mercy* and *Comfort* (hospital ships) during crises and conduct combined medical capability (MEDCAP) visits to regional partners.

China and the Association of South East Asian Nations (ASEAN) use the term non-traditional security (NTS) for their cooperation in meeting non-military threats such as peacekeeping, counter piracy, and humanitarian assistance.<sup>91 92</sup> NTS also includes, countering smuggling, human trafficking, drug trade, transnational criminal organizations, illegal immigration, and terrorism, all areas of interest for the US and China. As an example, since 2008, the Chinese Navy has escorted hundreds of civilian ships and conducted anti-piracy missions off the coast of Somalia.<sup>93</sup> China's interests and the US' interests to secure the global commons and ensure the safe passage of commercial vessels is an area of overlapping interest where cooperation will yield positive results and possibly reduce US military requirements in the East African region. The US should seek to leverage China's capabilities and will to combat piracy. China has economic interests in Africa and Latin America and will want to ensure the security of those interests as well.

Other areas of potential engagement are based on a Chinese survey of concerns include: economic security, financial stability, energy security, environmental security,

freshwater security, religious extremism, small arms proliferation, information security, spread of disease, population stability, money laundering, AIDS, and environmental security.<sup>94</sup> Of these, only environmental security will be discussed in greater detail.

Environmental security and climate change are of mutual interest to China and the US. Before 2006, the US was considered the largest producer of carbon dioxide (CO<sub>2</sub>). Since 2006, China has been the world biggest emitter of CO<sub>2</sub> with the US second in emissions. In 2008, the US and China combined produced 41% of the world's most common greenhouse gas and pollution.<sup>95</sup> Thus, climate change, and environmental issues are an area that both countries should be concerned with and provide another opportunity for engagement, cooperation, and development of solutions for both countries and the world.<sup>96</sup> Chinese intellectuals and government officials have debated energy efficient means and the concept of "Green GDP" as a measure of sustainable growth. While currently not a short-term initiative, the Twelfth Five Year Plan discussed a green development principle for China's medium term development.<sup>97</sup> Clearly, green development is an area of common interest for both nations and an opportunity for joint cooperation in the development of the next generation of sustainable energy and growth. It may represent a unifying ideal for both countries to improve the global environment.

We have discussed some of the areas of mutual interest between China and the US and we'll now discuss some of the tools and venues for facilitating and enhancing cooperation. Some of the tools available for engagement are military-to-military exchanges, the International Military Education and Training (IMET) Program, Intermediate Level of Education (ILE), War Colleges, US universities, Fulbright

Scholarships, and Department of State's International Leadership Visitor Program, only a few of which will be discussed here.

A better understanding of the Chinese mind, military, and strategic options, intentions, and worldview is crucial. US Army Major Albert C. Wedemeyer, the principal author of the WWII victory plan, not only attended the German *Kriegsakademie*, but also had access and frequent contacts with key members of the German General Staff in the pre-WWII years.<sup>98</sup> His studies and relationships provided him a deep appreciation for how the German military officers thought, how German military organizations behaved, and gave him a strong baseline for developing the requirements, strategic estimates, detailed planning, and assessments for the WWII victory plan.<sup>99</sup> The US military is and should continue to strive for developing such deep understanding of not only friends, allies, and partners, but also of potential adversaries. Whether we choose to view China as one or all of those is up to us. The Chinese are certainly striving for understanding the US mind and intentions and are following Sun Tzu's "know the enemy and know yourself; in a hundred battles you will never be in peril."<sup>100</sup> The US should follow suit. The National Military Strategy (NMS) calls for deeper military-to-military relationships with China to "improve understanding, reduce misperception, and prevent miscalculation."<sup>101</sup> While the NMS recognizes the importance of mil-to-mil cooperation, the Office of the Secretary of Defense's (OSD) report to Congress on China cites that from 2005 to 2010, senior Chinese military officials only visited the United States in three of those six years.<sup>102</sup> One key reason for the lack of cooperation was the announcement of US arms sales to Taiwan in 2010. As a result of the announcement, China suspended mil-to-mil contacts with the US.<sup>103</sup> In DoD's study of

forty-one Chinese bilateral and multilateral exercises since 2005, the US was listed as a participant in only three.<sup>104</sup> In its current form, the US-China mil-to-mil program is a wholly inadequate exchange program in need of dire attention. “Military collaboration with potential enemies is not a concept that comes naturally. Tradition is against it,”<sup>105</sup> but we can overcome it. We must overcome it. *Pacific Partnership 11 and 12* are US Pacific Command (USPACOM) exercises meant to promote diplomacy, development, and defense.<sup>106</sup> China is not listed as a participant, but this exercise series is an excellent opportunity to forge professional bonds with Chinese military and medical personnel. These engagements serve as a start to “a sustained and dependable military-to-military relationship [that] brings mutual benefits that serve both US and Chinese interests.”<sup>107</sup> While many realize the importance of mil-to-mil contacts, the March 2011 Report to Congress states that “the military to military relationship remains among the least developed parts of the US-China relationship.”<sup>108</sup> The mil-to-mil relationships with other countries have borne significant fruit and the US should actively seek continual contact with the Chinese military through multiple avenues.

An effort in the right direction is the 100,000 Strong Initiative, a “high-profile public-private effort to expand the number of Americans who study in China,”<sup>109</sup> managed by the State Department. This program is a fantastic program to gain a better understanding of the Chinese; their language; their culture and world view; and allows the US the opportunity to further develop interconnectedness of our people, businesses, and governments.<sup>110</sup> However, the initiative is largely privately funded, so there is risk if private funds are not available. Congress should consider this program as a crucial

element of US policy and should fund it, possibly to the detriment of the Department of Defense funding.

The International Military Education and Training (IMET) Program provides grant funding to approximately 133 specific countries to purchase U.S. military education and training. The objectives of IMET-funded training are to: “(1) further regional stability through mutually beneficial military-to-military relations that increase understanding and defense cooperation between the United States and foreign countries; (2) provide training that augments the capabilities of participant nations’ military forces to support combined operations and interoperability with United States’ forces; and (3) increase the ability of foreign military and civilian personnel to instill and maintain basic democratic values and protect internationally recognized human rights in their own government and military.”<sup>111</sup> The Department of State allocates resources with DoD input, and Defense Security Cooperation Agency (DSCA) executes the program.<sup>112</sup> China is not listed as one of the 133 countries receiving funding under IMET, nor has it been.<sup>113</sup> If China is critical to our future, which it is, the US should use IMET to bring Chinese military personnel to our schools and we should ask for a reciprocal agreement to bring US military students to China to study with the Chinese military.

The Asia-Pacific Center for Security Studies (APCSS) is a Department of Defense academic institution providing a forum where current and future military and civilian leaders from many Asia-Pacific nations gather to enhance Asia-Pacific security cooperation through programs of executive education, professional exchange and policy-relevant research.<sup>114</sup> Since 1995, when the center opened, a total of 5,479 alumni are listed, with only 138 of those from China. Of the 138, 53 are from mainland

China, 11 from Hong Kong, and 74 from Taiwan.<sup>115</sup> Most of the participants from mainland China are from Chinese think tanks, not from the military.<sup>116</sup> While a step in the right direction, efforts should be made to increase the Chinese attendance in the APCSS. The US should pay travel costs for Chinese attendance. A small investment for the US will pay dividends for the US, China, and the Asia-Pacific region.

While elections and government transitions are affairs of the sovereign state, both the US and Chinese have transitions in 2012 that present an opportunity to better the relationship between the two countries. Chinese leadership changes scheduled for 2012 and US elections in 2012 will undoubtedly have an impact on Sino-American relations and therefore political successors should be chosen partially based on their ability to continue to improve economic and security cooperation between the US and China. The US should actively court the new Chinese administration officials and make state visits an early part of the US administration's agenda. We have discussed differences between China and the US, areas of friction and cooperation, and now the choice is ours to determine which path to take.

#### CHOOSING A PATH TO PROSPERITY OR DESTRUCTION

The National Defense Strategy states that "US government should develop a comprehensive strategy to shape China's choices."<sup>117</sup> The US government could, in cooperation with Chinese, choose a path to mutual security and prosperity or they could choose a path to destruction. Hans Morgenthau reminds us that restraint and moderate exercise of power will pay dividends with those we seek to influence rather than being arrogant and forceful in the use of power.<sup>118</sup> The US should heed Morgenthau's warning and carefully consider our policies and potential actions when it comes to relationships with China. Over-proselytizing over human rights and ideologically opposing their form

of government may actually cause the Chinese to anchor their actions to support their current positions. We should consider using more subtle methods and engagement, not creating a self-fulfilling prophecy of vilifying China. China's foreign policy will continually be influenced by US policy towards China, so the US should be careful not to make an adversarial relationship turn to inevitable conflict.<sup>119</sup> We should approach and engage them as the true global partners that they are. There is no doubt that China has the second largest economy. How can we not engage them peacefully? Weapons are expensive, engagement is not. Capitalizing on programs like IMET, mil-to-mil exchanges, the 100,000 Strong Initiative, and fora such as APCSS, for minimal investment, would bring a period of mutual understanding and closeness that we have not seen before. Publically lauding the Chinese for their progress in helping the international order, such as humanitarian assistance during natural disasters and non-proliferation of weapons, engaging the North Korean government, and sending peacekeepers to various countries (Afghanistan, Bosnia and Herzegovina, Kosovo, Liberia, Sudan and Haiti<sup>120</sup>) may go a long way in showing China that we accept them as partners. US Ambassador to China Gary Locke was previously the US Commerce Secretary, so his appointment to China signals the emphasis on economic cooperation to both the Chinese and US audiences and should be a strong basis for cooperation, even though there are challenges on both sides. Liddell Hart states: "The object in war is to attain a better peace—even if only from your own point of view."<sup>121</sup> The definition of "better" is up to the beholder to determine and China's view of a better peace is incorporated in its goals as a regional and global leader. A better peace, however, can be achieved without war. It can be achieved through cooperation on areas of mutual

interest of the US and China and through rational disagreement and compromise when interests are in conflict.

China's influence in the Asia Pacific region is rightfully growing as it engages its neighbors. "China is in the process of becoming the most important market for virtually every single East Asian country."<sup>122</sup> Those relationships in the international order will provide China more voice and more resources, but will gradually bind China to international institutions and norms. This binding will provide a mechanism of restraint for China in the international community as it pursues its national interests.<sup>123</sup> It may also present an opportunity for China to increase its share of responsibility for solving and managing international problems. Encouraging China to increase its burden of responsibility and join international institutions will help "anchor China as stakeholder in the international system,"<sup>124</sup> a goal of the National Defense Strategy. Many East Asian states view China's rise as a stabilizing factor in the region and so while not always agreeing with China's policies, they often defer to China's judgments.<sup>125</sup> The US should not seek to create a divide between China's and the US' influences over East Asian countries by asking states to take an *either-or* approach to China and the US.

If the US considers China an enemy or adversary, US policy makers should consider Nelson Mandela's words: "If you want to make peace with your enemy, you have to work with your enemy. Then he becomes your partner."<sup>126</sup> If US policy makers consider China a partner, friend, or ally, then the US should continue developing strong ties with China with the understanding that both countries have their own interests, but also many shared interests. Either way, only through constant engagement, mutual cultural understanding, an appreciation of strategic encirclement (*wei qi*) and Chinese

views of deterrence and compellence (*weishe*), continued economic interdependence without protectionism, and the willingness to compromise on certain issues, can the US and China keep the peace and positively shape global economic prosperity and security.

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