

CHINA POLICY FOR THE NEXT U.S. ADMINISTRATION

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Issue: Should the United States fundamentally alter its policy toward Beijing, given American concerns about China's international behavior, its dissatisfaction with bilateral economic relations, and its dissatisfaction with the domestic political and economic situation in China? If so, in what direction? And if not, can present policy be implemented more effectively?

Introduction

Ever since the normalization of diplomatic relations with Beijing at the end of 1978, American policy toward China has comprised four major themes.

First, a policy governing our relationship with Taiwan, often called our “*one China policy*.” Under it, Washington maintains diplomatic relations only with Beijing, but has created a non-governmental organization to represent its interests in Taipei. The United States has also declared that it would welcome any final definition of Taiwan's relationship with the mainland that occurred peacefully and with mutual consent of both parties, but would oppose any attempt by either side to impose its will unilaterally on the other.

Second, a policy of *comprehensive engagement* with China, using frequent high-level official dialogue — including periodic summit

meetings — to advance the two countries' complementary economic and security interests while resolving or managing their differences over specific bilateral, regional, and global issues.

Third, a policy of encouraging China's *integration* into the international community. Over time, the United States has helped secure Beijing's membership in such key institutions as the World Bank, the International Monetary Fund (IMF), and the World Trade Organization (WTO). More generally, it has supported China's integration into the global economy, and encouraged Beijing to accept international norms regarding domestic governance and international conduct.

Fourth, a policy of *reassuring* China that the United States wishes it well. Washington has periodically declared its interest in a "secure," "strong," "confident," "prosperous," and "stable" China. In 1997-98, the Clinton administration agreed with Beijing on the goal of "building toward a constructive strategic partnership" for the 21st century.

Since 1978, the American presidential election cycle has occasioned episodic debate about the wisdom of this mainstream policy toward China. In 1980, Ronald Reagan criticized the impact of the normalization of U.S.-China relations on Taiwan, calling for the reestablishment of some kind of official relationship with Taipei. In 1992, in the aftermath of the Tiananmen Crisis of 1989, Bill Clinton promised to condition the then-annual renewal of China's most-favored-nation (MFN) trading status on an improvement in its human rights record, suggesting that the United States wanted China not just to be secure and prosperous, but democratic as well. In 2000, George W. Bush criticized the Clinton administration for regarding China as a potential "strategic partner" of the United States, describing it instead as a "strategic competitor." Now, in

2008, several candidates for the presidency have called for a tougher American trade policy toward China, charging Beijing with unfair trade practices that restrict U.S. exports to China and produce a large and growing trade imbalance between the two countries.

But even when candidates critical of American policy toward China have entered the White House, the changes they promised during their election campaigns have been short-lived. Before his inauguration in 1981, President Reagan stopped calling for the reestablishment of official relations with Taiwan, and by August 1982, had agreed to limit American arms sales to the island. In 1994, President Clinton backed away from his threat to terminate China's MFN status, even while acknowledging that Beijing's human rights record had not significantly improved. And within a few months after his inauguration in 2001, President George W. Bush stopped calling China a "strategic competitor" and once again described the U.S.-China relationship as "constructive" and "cooperative." Once in office, presidents who were originally critics of the mainstream policy have come to appreciate the wisdom of maintaining it.

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Although the current Bush administration has, like its predecessors, abandoned the idea of a radical departure from mainstream China policy, it has redefined that policy in subtle but significant ways:

- The “one-China policy” has been adjusted to become more supportive of Taiwan’s security needs and its desire for a greater role in international affairs, while also more explicit in opposing any unilateral declaration of independence. The United States has been more willing to sell advanced weapons to Taipei and to upgrade its military-to-military links with the island. Although still refusing to acknowledge that Taiwan is an independent sovereign state, and while still opposing its entrance into international organizations where membership is restricted to such states, Washington has sought other ways of expanding Taiwan’s participation in the international community.
- Integration has been supplemented by the proposition that, having joined virtually all relevant international regimes and organizations, it is time for China to become a “responsible stakeholder” in the international system. The United States wants China to do more — through rhetorical pressure, diplomatic initiatives, and economic and military sanctions — to enforce international norms and to implement the decisions of the international organizations it has joined.
- Engagement has been complemented by a strategy of “hedging”: while trying to cooperate with China to manage differences and advance common interests, the United States also insures against the possibility that this policy might not succeed. Hedging has involved plans to relocate and strengthen the American forces deployed in the Western Pacific; reinvigorate American alliances in the region; and build more extensive political and security ties with important non-allied states such as Singapore, Indonesia, and India. This gives Washington the ability to resist Chinese initiatives that it might find objectionable.

The Alternatives

Revising the mainstream policy in this way has strengthened its political base in the United States. But it has not ended all debate. There is still much frustration in Congress and the general public with China – and with American policy toward China. Beijing has disappointed those who expected 30 years of substantial economic reform and rapid economic growth to produce Western-style democracy. China's bilateral trade surplus has led to charges that, despite its membership in the WTO, Beijing still engages in a variety of unfair trading practices. And even if China shares some key American objectives, particularly the promotion of promoting prosperity and stability in Asia and the prevention of the spread of weapons of mass destruction, the two countries often differ over concrete measures to promote those goals.

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These frustrations have become evident during the 2008 elections. Some critics have proposed unilateral economic sanctions against China, such as imposing punitive tariffs on Chinese goods or even withdrawing Beijing's MFN trade status to reduce the trade imbalance. Others have suggested replacing the policy of integration with the former policy of containment. Still, others have called for reestablishing diplomatic relations with Taiwan. Some of these proposals, if adopted, would mean abandoning some of the core com-

ponents of the mainstream China policy that has been in place since the late 1970s.

While the critics' frustrations with China's behavior at home and abroad are understandable, their proposals for a fundamental change of policy are either infeasible or counterproductive. Some of these proposals include:

- Withdrawing Beijing's most-favored-nation status, which would mean the termination of normal commercial relations with China. This would cause great damage to the interests of American exporters and investors who do business there, as well as American consumers who benefit from low-cost imports from China. The imposition of unilateral economic sanctions against Beijing would violate the rules of the WTO, and would risk a trade war with China that would also damage U.S. economic interests.
- Restoring diplomatic relations with Taiwan, which would produce a profound crisis in U.S.-China relations. Given its commitment to the one-China principle — which holds that other countries can recognize either Beijing or Taipei but not both — Beijing would have no choice but to respond by breaking diplomatic relations with the United States. Even more important, Beijing would conclude that the United States had decided to adopt a fundamentally hostile stance toward China. Such a development would not even be welcomed on Taiwan, whose newly elected government is now committed to resuming political dialogue and expanding economic ties with China.
- “Containing” China, which would also be difficult. Unlike the former Soviet Union, China is expanding its influence

not by military aggression or subversion, but by expanding commercial relationships, providing development assistance, creating new regional organizations in Central Asia and East Asia, and helping to manage key regional and transnational issues. Most of these initiatives are welcomed by China's partners. Although some countries object to some aspects of Beijing's foreign policy and worry about China's longer-term intentions, their concerns are not great enough to join in a U.S.-led "containment" of China. At present, a policy of hedging against the uncertainties surrounding Beijing's future intentions and capabilities is more suitable than a policy of containment.

Recommendations and Conclusions

In short, the best strategy to take toward China is not to abandon the revised mainstream policy, but rather to implement it more effectively. How might this be done?

- Washington should continue to engage China in frequent, high-level discussions, in both bilateral and multilateral forums; but with a vastly expanded agenda that includes counter-proliferation, regional stability, Third World development, and global prosperity. China and the United States share common interests in these issues, and China increasingly has the resources to contribute effectively to their solution. Increasingly, this will require bargaining: making accommodations to China in exchange for Chinese accommodations to our interests, or compromising on best how to advance common objectives.
- The U.S. should build deeper linkages with friends and

allies so that we can cooperate, when necessary, in challenging Chinese initiatives that we find objectionable. This is not best done through the creation of a formal “concert of democracies.” Defining the membership of such a grouping will be difficult in Asia, and many prospective members will be reluctant to participate in anything that appears to involve the containment of China. Instead, this strategy is better pursued through an omni-directional diplomacy that maximizes the number of potential partners that might join ad hoc coalitions to counter specific Chinese policies to which they object.

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- We should also continue to undertake the prudent strengthening of American forces in the Western Pacific, but reassure China that we do not seek, or even expect, an implacably confrontational or even competitive strategic relationship. Beijing says that its military acquisitions and deployments are a reasonable response to legitimate security concerns, including the use of military capabilities for peacekeeping and humanitarian purposes. We should say the same about our own.
- The U.S. should support the further integration of China into the international community, including Beijing’s partic-

ipation in the International Energy Agency and the Missile Technology Control Regime. In addition, China should be brought into a new grouping of major economies – either an expanded version of the G-8 or an entirely new organization that includes major emerging markets like China, India, and Brazil. And we should welcome China’s participation in creating new institutions and regimes to deal with emerging transnational issues such as energy security, climate change, and transborder investment.

- Washington should encourage China to uphold and enforce the international norms from which it has benefited so significantly. These include the norms against proliferation and against gross violations of human rights, and conditions governing development assistance to Third World governments. To do so, we need to demonstrate that these norms reflect broad international consensus, and not simply the preferences of the United States or other developed economies. We also need to demonstrate to Beijing that promoting international respect for those norms is in China’s own interest.
- Finally, we should seek greater Chinese compliance with its obligations under the WTO. Imposing unilateral trade sanctions against China is not in keeping with our preference for a rules-based international trade regime, and would set a bad example for America’s other trading partners. The better approach is a more vigorous use of that body’s dispute resolution mechanism.

Even when supplemented by hedging and enforcement, engagement and integration are not sufficient. The United States should also adopt broader policies that are necessary in their own right,

but are also appropriate strategies for responding to the rise of China. These include efforts to maintain America's economic competitiveness, rebuild public support for an open trading system, restore our international influence, avoid overstretching our military capability, enhance the legitimacy of key global and regional institutions, and ensure stability and prosperity across Asia. In combination, a strong America, effective international institutions, and a robust balance of power will increase the chances that China's rise will remain peaceful and the U.S.-China relationship will remain essentially cooperative.

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All these are long-term objectives. But what should be the immediate priorities for a new administration? Other than the situation in the Taiwan Strait, as discussed in David Lampton's contribution to this volume, three sets of issues will be particularly important to the near-term future of U.S.-China relations: reducing our differences over trade and investment, working together to secure the denuclearization of the Korean Peninsula, and reaching an agreement to meet the challenge of climate change. Economic issues presently pose the greatest risk of undermining domestic American support for the mainstream China policy, and therefore need to be addressed with some urgency. Denuclearizing the Korean peninsula

is important not only for its own sake, but as an example of the benefits that can be achieved from U.S.-China cooperation. The two countries' responses to the problem of climate change will be a key test of their ability to address difficult issues where they agree on goals but differ on solutions.

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Managing the U.S.-China relationship should be one of the most important objectives for the next administration. As soon as is feasible, the next president should reiterate the American interest in building a positive relationship with China, and reaffirm that there will be continuity in U.S. policy toward China. The new administration should establish and maintain regular high-level dialogues with Chinese leaders — and then vigorously address the core issues of commerce, Korea, and climate.

