

Cato Institute Policy Analysis No. 248: The Sweet-and-Sour Sino-American Relationship

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Executive Summary

Relations between the United States and China are becoming frayed, with serious risks for both countries. A containment policy directed against China could easily provoke a military crisis in East Asia. Although the Clinton administration has wisely resisted the most reckless proposals, its policies have been inconsistent and sometimes inept.

Domestic developments in the United States, China, and Taiwan are converging to create a dangerous mixture. Those developments include the increasing influence of "China bashers" in Congress, the growing independence movement in Taiwan, and an insecure Chinese political leadership that plays the nationalism card to deflect domestic criticism.

Hard-line U.S. policies based on the assumption that China poses a strategic, economic, and cultural threat could create a tragic, self-fulfilling prophecy. The military threat is exaggerated; although China is modernizing its antiquated forces, military spending remains relatively modest, and Beijing's strategic policies (while sometimes troubling) do not pose a credible threat to America's security. The notion that China represents an economic or cultural threat misconstrues the complex roles of trade and culture.

Instead of adopting a confrontational policy, the United States should intensify economic relations. Those relations have a liberalizing influence that increases the likelihood of additional economic and political reforms. U.S. officials should advise the Taiwanese not to provoke a crisis by declaring independence and make it clear that the United States will not intervene militarily to protect Taiwan. Finally, the United States should encourage the development of a balance-of-power security system in East Asia, with Washington playing a low-key, supportive role.

Introduction: Pacific Blues

With the collapse of the Soviet Union, the strategic cooperation between the United States and China, pursued for 25 years by Democratic and Republican administrations in Washington and by a succession of communist leaders in Beijing, is foundering. The end of the Cold War has melted the realpolitik glue that held the two Pacific giants together to contain Moscow. Dramatic political changes in both China and the United States are making it difficult for either Washington or Beijing to forge cohesive foreign policy goals and strengthening the hands of Americans and Chinese interested in replacing a mostly cooperative Sino-American relationship, based on a perception of mutual economic and diplomatic interests, with a new policy of confrontation.

Signs of Tension

A series of disputes over human rights, nuclear nonproliferation, and trade has provoked the worst slide in Sino-American relations since secret diplomacy brought the two countries together in 1971. Contributing to the growing

tensions have been U.S. accusations that China has been transferring arms to Pakistan, Iran, and Burma; violating the rules governing intellectual property rights and counterfeiting American-made computer software, films, and video games; continuing to perpetrate abuses of human rights and arrest dissidents; engaging in a massive military buildup, including the purchase of arms from Russia and collaboration with Israel on military production; conducting new nuclear tests and refusing to endorse a permanent halt to those tests; and threatening regional stability by using military force to assert its claim over the oil-rich Spratly Islands in the South China Sea.[1]

In Beijing officials and analysts have expressed concern over congressional support for denying China the 2000 Olympics, the Clinton administration's attempts to keep China from joining the World Trade Organization (WTO), signs of growing U.S. diplomatic and military ties with Russia and with such traditional regional rivals as India (an undeclared nuclear power China has long regarded as a potential threat) and Vietnam (China's historical enemy), and indications that Washington has hardened its position on Chinese policies on the South China Sea and Hong Kong.[2] Even an obscure academic study sponsored by the Pentagon's Office of Net Assessment (in which the majority of a 13-member panel predicted the disintegration of China) has led to Chinese criticism.[3] Chinese leaders have suggested that all those developments are part of a U.S. plot to "encircle" China and to "'Westernize' and 'divide'" it and have indicated that they are reversing a long-standing policy of welcoming the American military presence in the Pacific as a stabilizing factor.[4]

A watershed event in the Sino-American relationship was the Clinton administration's decision to issue a visa to Taiwan's president Lee-Teng-hui to permit him to attend a class reunion at Cornell University in the summer of 1995. That action raised serious questions in Beijing about the U.S. commitment to the "one-China" policy and was seen as the culmination of a series of American moves violating existing agreements on Taiwan. China's severe reaction to the visit--including the recall of its ambassador to Washington; the delay in the approval of Clinton's selection for American ambassador to Beijing, former senator James Sasser; the arrest of American-Chinese human rights activist Harry Wu; the cancellation of bilateral military talks; and the dramatic test firing of Chinese missiles into waters off Taiwan--has created a crisis atmosphere in Sino-American relations. The recent developments are more profound in their long-term implications than the problems that followed the Chinese massacre of pro-democracy students in Beijing's Tiananmen Square.

Concerns about Deteriorating Relations

Indeed, as former secretary of state Henry Kissinger, the architect of the Sino-American collaboration, has warned recently, "The United States and China are on a collision course." [5] Other U.S. analysts are similarly concerned that the relationship is on such a downward spiral that there is a risk of eventual military confrontation between the two countries over Taiwan or China's territorial claims in the South China Sea.[6] Even if the current turmoil eventually blows over, most experts fear that more run-ins between Beijing and Washington are inevitable and that Sino-American relations, set adrift by the end of the Cold War and buffeted by domestic forces in both countries, "are headed for rough waters." [7]

Overall, Clinton administration officials, led by the government's top "China hand," Assistant Secretary of State Winston Lord and backed by American businesses operating in China and by the majority of recognized China experts (including several key Republican figures like Kissinger and former U.S. ambassador to Beijing James Lilley), have emphasized a "comprehensive engagement" approach, aimed at expanding economic ties and initiating a long-term security dialogue. The Clintonites have resisted the anti-Beijing posture adopted by many members of Congress as well as by some leading experts and columnists, who have proposed that Washington project a clear policy of "containing China as it tries relentlessly to expand its reach" and of "undermining its pseudo-Marxist but still ruthless dictatorship." [8]

Growing Sentiment for a Containment Policy

A noisy and diverse coalition of "China bashers" has emerged in Washington. It includes liberal human rights activists and veteran conservative anti-communist figures; members of the aggressive "Taiwan lobby"; representatives of the governments of Vietnam, India, Indonesia, and the Philippines; protectionists concerned about the "threat" of cheap Chinese-made textile imports; "realists" warning of the "hegemonic" ambitions of China in the Pacific; the "green

lobby" citing the "danger" to the global environment posed by massive Chinese industrialization; arms control buffs portraying China as a global nuclear menace; and the "clash of civilizations" messianists focusing on China and Confucianism as a target for a new global crusade.[9] That loose coalition is exerting a growing influence on the debate at a time when Clinton's China policy has been undermined by his many flip-flops on crucial issues. The president's weakness in face of the current Republican Congress, interagency conflicts over trade and China policies, pressures from interest groups, mixed messages to the Chinese coming out of various U.S. government agencies, as well as Beijing's policies and rhetoric have played into the hands of the proponents of a second cold war--in which China is slated to play the role of the Soviet Union.

Indeed, the buildup of anti-Beijing momentum in Washington has been reflected in the various schemes to "contain the Chinese dragon" that are being proposed by editorialists and think tank analysts. Those proposals aim at isolating China through global economic warfare; at forming a regional, U.S.-led "anti-China Club"; or at unilaterally projecting U.S. military power in the Pacific.[10] A "combination of American ineptitude and Chinese paranoia [is] creating the fiction of a new U.S. containment strategy against China," warns Karen Elliott House, vice president of Dow Jones. "And, however ironically, it could become a self-fulfilling prophecy." [11]

Clinton's China Policy: Read My Flips

When one examines the Clinton administration's rhetoric, the basic premises of its China policy seem sensible. "Our [China] policy is engagement, not containment," asserted Lord, who realistically described the Sino-American relationship as a complex balancing act. "The relationship is inevitably going to have a certain sweet-and-sour aspect to it," he explained.[12] "The challenge for both of us is to make sure our common interests outweigh our differences, and to address those differences and manage them as best as we can." [13]

Although some elements of the Clinton policy agenda on China seem to correspond to the principles articulated by Lord, there has frequently been a wide discrepancy between the reasonable rhetoric and the reality of the policies. That discrepancy has produced one crisis after another in the Sino-American relationship.

The first cracks in the security and diplomatic connection between the two powers were already evident during the presidency of George Bush. The Tiananmen Square massacre in June 1989 eroded the romantic infatuation of many Americans with the opening to China. At the same time, Bush's decision to approve the sale of F-16s to Taiwan, a move that violated previous American commitments to Beijing, raised doubts among Chinese leaders about the credibility of Washington's support for the one-China policy. Those two crises highlighted the major dilemma that would face the Clinton administration: with the collapse of the Cold War basis for the Sino-American strategic partnership that had developed between 1971 and 1989, U.S. policies would tend to be more and more "domesticated," reflecting, not a clear concept of America's national interest, but the influence of various interest groups.

Clinton's policy has ended up as a diplomatic potpourri that reflects countervailing pressures from various interest groups operating inside the administration and Congress, especially the human rights lobby interested in linking trade policies toward China with progress in Beijing's human rights policies and the so-called "new China lobby" representing U.S. companies operating in China that oppose such linkage. The result has been Clinton's numerous policy flip-flops, one of the most dramatic of which was his reversal on normalizing trade relations with China--the granting of Most-Favored-Nation (MFN) status.[14]

The president ultimately decided that Washington would separate trade and human rights issues and address China's human rights conduct by "other means," which amounted to placing the issue on the back burner, even though that action directly contradicted the position he had advocated as a presidential candidate and antagonized the influential human rights constituency in his party. Although the final outcome of the MFN issue seemed to correspond to Lord's China principles, Clinton's apparent confusion through the entire affair only helped to create a sense of disarray.[15]

Chaos as Foreign Policy

The Clintonite motif, chaos as foreign policy, was evident in several other incidents that reflected significant interagency disagreements over the management of U.S. policy toward China and Clinton's failure to resolve them. For example, Secretary of State Warren Christopher and his human rights aides threatened Beijing with trade sanctions if it

refused to release dissidents just days after top Commerce Department officials had bombarded the Chinese with new U.S. trade and investment proposals. Similarly, after John H. F. Shattuck, the State Department's top human rights officer, attacked the Chinese for their human rights abuses, Secretary of Defense William Perry and other Pentagon officials announced their plans to pursue contacts with the Chinese military, described as prime villains in the 1989 Tiananmen Square killings.[16]

The bureaucratic disarray during the final stages of

the MFN debate was mainly the result of conflicts between the State Department, which stressed human rights considerations, and the Treasury and other economic agencies (led by Robert Rubin, formerly Clinton's top economic adviser and currently secretary of the treasury), which supported economic engagement. Other major bureaucratic players in the China policy game included the Defense Department, which supported a "dialogue" with the Chinese military and was interested in gaining Chinese cooperation on the North Korea crisis; the arms control agencies, which pushed for a tougher U.S. posture to counter alleged Chinese arms sales to "rogue" nations; and Clinton's political advisers, who advocated closer cooperation with a Congress that was increasingly hostile toward Beijing.[17]

Mr. Lee Goes to Cornell

While Clinton's policy on China's MFN status and other issues was baffling to many and had the potential to weaken relations between the two countries, his mishandling of the decision to allow Taiwan's president to travel on an unofficial visit to the United States carried the risk of involving Washington and Beijing in dangerous diplomatic, and even military, confrontations. Again, a lack of presidential leadership, pressure from domestic groups, and bureaucratic rivalries helped to produce one of the most serious disputes in the Sino-American relationship.

According to press reports, only a few days before the Clinton administration decided to allow President Lee of Taiwan to visit the United States, Secretary Christopher was reassuring Beijing that the trip would never take place. Not surprisingly, when U.S. policy changed, "stunned Chinese officials felt betrayed." [18] The decision to grant a visa to Lee probably also came as a surprise to officials and members of Congress, who had been informed in the preceding weeks that a visa would not be issued. Just days before the decision to issue Lee a visa was announced, a State Department official had confirmed that Sino-American agreements barred visits, including private visits, to the United States by Taiwanese government officials. "A visit by a person of President Lee's title, whether or not the visit were termed private, would unavoidably be seen by the People's Republic of China as removing an essential element in the U.S.-Taiwan relationship," the official stated.[19]

Most of the China experts in the State Department, including Lord, advised Clinton to reject the visa request. But the president and his political aides worried that a rejection could lead to a public showdown with both Republican and Democratic legislators who supported Lee's visit. "We saw a compelling, overriding sentiment in Congress," according to a State Department official. "We knew that if we didn't act, they would compel us to act in a worse way," such as passing a binding resolution to invite Lee for an official visit.[20]

Beijing's Reaction

Since the administration had stressed on several occasions its commitment to an "engagement" policy toward China and had accentuated that position in its decisions to separate trade from human rights and to make only "cosmetic" changes in relations with Taipei, one could not fault officials in Beijing for being confused and angry about Clinton's decision. China's immediate cancellation of its participation in U.S.-sponsored missile control talks and other military-to-military contacts was an unsurprising, proportionate response to Clinton's move and did not indicate, as one columnist suggested, that the Chinese were rejecting "comprehensive engagement" with Washington.[21] The decision to allow Lee to enter the United States was, according to one Western diplomat, "a fundamental shock wave for China." Not only was Lee going to the United States, he was going ahead of China's president Jiang Zemin and premier Li Peng. "This represents a loss of face" for the Chinese.[22]

From the Chinese perspective, the American decision to withdraw recognition from Taiwan as an independent state and to adhere to the one-China policy agreed to in the 1972 Shanghai communiqué has been the core of the relationship with the United States. The United States stated in the Shanghai communiqué that it acknowledged that

"all Chinese on either side of the Taiwan Strait maintain there was but one China and that Taiwan is part of China." Moreover, the United States "does not challenge that position" and "reaffirms its interest in a peaceful settlement of the Taiwan question by the Chinese themselves." [23] After Washington established diplomatic relations with Beijing and suspended them with Taiwan in 1979, another joint communiqué stated that the United States would maintain formal relations with Beijing and merely "cultural, commercial and other unofficial relations with the people of Taiwan." That position was also reflected in the Taiwan Relations Act adopted by Congress in 1979 and in a third Sino-American communiqué issued in 1982. [24]

China's political and intellectual elites regard Taiwan as a renegade province that is expected to be reunited with the mainland sometime in the future. The issue remains sensitive for most Chinese, since the occupation of the island by the Japanese is still regarded as the first stage of Imperial Japan's strategy for dominating China. Similarly, Hong Kong's return to Chinese rule in 1997 has a profound symbolic meaning for the Chinese, since it is seen as the final stage in ridding their country of the remnants of British colonialism. In recent years, the Chinese have been promoting the concept of "one country, two systems" as a basis for eventual unity with Taiwan (and Hong Kong), sticking to it without deviation under several leaders. According to China watcher William H. Overholt, "The strategy is working." Despite Tiananmen Square, "Taiwan investments in China and trade with the mainland, formerly negligible, are now measured in billions of dollars, and millions of Taiwanese tourists have visited China." Even Taiwanese officials visit the mainland, and Taiwan has been "vigorously inventing legal channels for all this trade, investment and tourism to follow." [25]

Preserving an Ambiguous but Useful Relationship

The present relationship between China and Taiwan stands in marked contrast to the bellicose policies that Beijing and Taipei pursued from 1949 through the 1970s. That China and Taiwan have abandoned their more aggressive policies in favor of a rapprochement based on growing economic and diplomatic ties is a testament to the success of the U.S. approach. The nuanced, if not ambiguous, U.S. policy of managing the complex triangular relationship has been based on the recognition that the issue should not be framed in black-and-white, good-vs.-evil, moralistic terms. Instead, balancing U.S. security and economic interests (the need to accommodate China) as well as moral considerations (respect for Taiwan's evolving democracy) has produced a policy the long-term goal of which is the emergence of an economically integrated "Greater China," consisting of China, Taiwan, and Hong Kong. The influence of Taiwan, Hong Kong, and the West would help accelerate the trends toward economic and political pluralism on the mainland and promote its integration into the global economic system. "The impact of Taiwan's contact with the mainland will be profound and pervasive," predicts Overholt. "Taken together with the parallel examples of Hong Kong and neighboring countries, this will raise the aspirations for comparable freedom in the mainland." [26]

American policymakers have also rightly assumed that rising military and diplomatic tensions across the straits would strengthen nationalist and authoritarian elements on the mainland and could lead to a Chinese invasion of Taiwan, with disastrous consequences not only for Taiwan but for Beijing's global position and domestic transformation.

Taipei: The Rise of the Independence Movement

That sophisticated and delicate policy has been threatened by domestic changes in Washington, Beijing, and Taipei and the Clinton administration's lack of a clear strategy for dealing with them. The crisis over Lee's visit to Cornell has become a metaphor for the domestically induced disarray in the Sino-American relationship. In Taipei, a quasi-totalitarian political system evolved gradually into, first, a prosperous authoritarian system and, more recently, a prosperous democracy. Taiwan has emerged as the region's most successful economic tiger, piling up \$98 billion in foreign reserves and becoming America's seventh largest trading partner. The country has also adopted many aspects of political pluralism and will hold its first direct elections for president in 1996.

Taiwan's Lobbying Offensive

Taiwan's leaders have launched a more aggressive campaign for world recognition, while maintaining publicly their commitment to the one-China concept. That campaign has been motivated in part by the Taipei leadership's desire to test the country's ability to translate economic power into diplomatic might and in part by pressure from the democratic opposition, especially the Democratic Progressive party, which espouses the separatist view of a large percentage of

native-born Taiwanese who want the government to declare Taiwan's formal independence from the mainland.[27]

Key to that campaign has been the remarkable lobbying effort by Taiwan in Washington, using the growing power of the Taiwanese-American community and Taiwan's huge financial resources to court the support of both liberal Democrats and conservative Republicans on Capitol Hill. That strategy has succeeded in pushing through Congress a variety of pro-Taiwan and anti-Beijing measures and laying the groundwork for Lee's visit to the United States. (Resolutions supporting the visit were adopted by a 97-to-1 majority in the Senate and by a 396-to-0 vote in the House.)[28]

Dangers to America

Some members of the Taiwanese government as well as the opposition in Taipei seem intent on declaring Taiwan's formal independence and obtaining Washington's support for such a radical step. The view of most American military experts, however, is that, despite Taiwan's modern and strong military force, the country could not withstand a long war with China and would need U.S. military backing to prevent an invasion.[29] A Taiwanese declaration of independence would, therefore, not only mean an end to that country's economic miracle and its rapprochement with China; it would also force the United States to make a choice between two very unpleasant policies: making a diplomatic deal with China that would be tantamount to selling out Taiwan and going to war against China to support Taiwanese independence. In either case, Taiwan would be the main loser-- although both China and the United States could also suffer big losses. The Taiwanese may have enjoyed their president's 15 nationalist minutes of fame at Ithaca, but the visit reactivated China's military threat to the island, created instability in Taipei's financial markets, disrupted its economic relations with the mainland, and endangered its fragile relationship with Washington.

Although many Americans are genuinely impressed with Taiwan's economic and political development and sympathize with its growing desire for formal independence, they should recognize that supporting that desire will almost certainly lead to conflict with China. Warns China expert Doak Barnett, "U.S. national interest and the need for peace and stability in the region demand that we not support steps that lead toward conflict" with Beijing. Most Americans have not thought through the implications of backing Taiwan's independence, argues another expert on China. "We're talking about the possibility of war, brought on by a Taiwanese declaration of independence. Beijing will not compromise."[30]

Washington: The Rise of the Republican China Bashers

Taipei's growing influence in Washington is not surprising since the domestic changes in Taiwan were intertwined with the dramatic developments in the United States that culminated in the November 1994 Republican takeover of Congress, which has led to the adoption of a more hostile attitude toward Beijing. Indeed, it was pressure from leading congressional Republicans--including two presidential candidates, Sens. Robert Dole and Phil Gramm; the chairman of the Foreign Relations Committee, Jesse Helms; and Sen. Frank Murkowski of Alaska--that forced Clinton to make the earlier "cosmetic" changes to improve ties with Taiwan and eventually to reverse his decision on Lee's visit. That pressure was also responsible for the decision to harden the U.S. position on China's territorial claims in the South China Sea. Washington moved from a long-standing policy that "the U.S. takes no position" on the legal merits of competing claims in that area to one that asserts that Washington would "view with serious consequences" any maritime claim that is not consistent with international law. In a major policy change that received almost no coverage in the American media, the administration and Congress have essentially agreed to commit American diplomacy and military power to deter China from asserting its claims in the South China Sea.[31]

GOP Policy Objectives

The congressional elections brought to prominence a number of people with strong views on Chinese issues, from human rights to nuclear proliferation. Noted one analyst, "For the Republican majority, China has become a stick with which to beat the Administration." [32] Through tough rhetoric and proposed legislation, the Republicans quickly moved to punish Beijing and reward Taipei in a variety of ways.

The initiatives have included demands that the United States deny China MFN trade status and elevate the diplomatic status of Taiwan and invite its leaders to take part in various events in the United States.[33] The Republicans have

also proposed "energizing" the Association of Southeast Asian Nations, a dormant security group, and using it as part of a strategy for containing China (the United States and Southeast Asia should work as "equal partners" to contain China, proposed one Republican lawmaker).[34] Other initiatives have been to arm the Philippines to contain Chinese military threats in the South China Sea (among other things, by delivering to the Philippines 11 of 28 Lockheed F-16 fighters originally bought by Pakistan but undelivered because of Islamabad's nuclear program); to extend some form of diplomatic recognition to Tibet; and to prevent Hillary Clinton from taking part in the women's conference in Beijing. House Speaker Newt Gingrich even proposed that Washington reinterpret the one-China policy by suggesting that there was "currently one China with two sovereign governments who currently represent two different political entities." He further urged the administration to "recognize Taiwan as a free country and tell the Chinese that they have to live with the reality." [35] (Gingrich withdrew his proposal after a private lecture by Kissinger on the dangers of that step.) The China-bashing mood among the GOP members of Congress has provided more leverage to the human rights forces in the Democratic party led by Rep. Nancy Pelosi (D- Calif.), who are also opposed to Clinton's China engagement policies.[36]

In a July 1995 hearing of the House International Relations Subcommittee on Pacific Affairs, reflecting the hard-line view that is popular among many Republicans, the chairman, Rep. Doug Bereuter (R-Neb.), called on the administration to adopt a cohesive strategy for containing China, given "an expansion of Chinese military power and arrogance on the issue of human rights." We see China "acting belligerent in the solution to regional problems, like the Spratly Islands, and all of these things to me spell danger," Bereuter said.[37]

An Asia-First Policy?

There are several ways of interpreting the Republican proposals. They may be part of an attempt by Congress to reassert its independence from the White House on foreign policy issues, a change that seems to be taking place as the power of the president to frame America's diplomatic agenda recedes with the end of the Cold War. As the United States enters the presidential race season, some Republicans, including Dole and Gingrich, may also be trying to embarrass Clinton on foreign policy, including his China policy. Moreover, the confrontational approach--which seems to be advanced by Pat Buchanan, Ross Perot, and some of the economic nationalists in the Republican freshmen class--may represent a new Asia-first foreign policy that advocates decoupling the United States from Europe, dismantling NATO, and redirecting U.S. economic and military power to contain Japan and China. That approach, in part reflecting the growing influence of the small-business owners in the Republican party, has resulted in such proposals as the financing of the budget deficit through the imposition of significant tariffs on Chinese (and Japanese) imports.[38]

An Asia-first policy, however, runs counter to other currents in the Republican party, represented by the more traditional, senior Republican insiders who are expected to occupy top positions in any Republican administration and by pro-free-trade figures who represent large corporations with operations in China. There also seems to be a lack of realpolitik consistency in the Asia-first agenda. After all, many of the same Republicans who want to contain China also advocate expanding NATO, a position that would make it difficult to win the support of China's rival, Russia, in a new anti-Beijing campaign. And although a logically consistent Asia-first policy could be based on trying to promote a balance of power between China and Japan, many of the economic nationalists want Washington to declare a trade war against both countries. There is no doubt that the Asia-first approach could win support among populist constituencies in both parties as America's economic problems are portrayed as a result of "unfair" trade policies by the East Asian powers.[39]

Beijing: The Rise of the Hard-Line Nationalists

The anti-Chinese mood on Capitol Hill plays directly into the hands of hard-line elements of the Chinese political and military leadership. As part of the post-Deng succession battles, the hard-liners hope to exploit the current tensions with the United States, and the growing hostilities on both sides of the Taiwan Straits resulting from the crisis over President Lee's visit, to increase both their power inside the Communist party and the military budget.

While China remains for most Americans a political and cultural enigma, and even veteran China hands have difficulties understanding the internal struggles taking place in Beijing, most observers agree that even though the 90-

year-old, reform-minded Deng Xiaoping clings to life, the power in Beijing has already passed to a clique of technocrats and military officials led by president and Communist party chief Jiang Zemin. Jiang, however, is a weak figure who appears to be facing strong pressure from nationalists and conservatives in the leadership and, as a result, finds it increasingly difficult to pursue an accommodating policy toward Washington.[40] It would be a mistake to describe Jiang and his foreign minister, Qian Qichen, as "moderates" in any Western sense of the term. It would be more appropriate to suggest that the two, along with other pragmatic members of the leadership, see Chinese national interests as best served by following the policies of the patriarch Deng--pursuing the integration of China into the international system, maintaining the opening to the United States, and continuing the rapprochement with Taiwan.

Some American analysts contend that U.S. policies have had almost nothing to do with the growing anti-American rhetoric coming out of Beijing; instead, they attribute it almost entirely to the political and economic transformation taking place in China and the need for the leadership there to target foreign scapegoats as a way of igniting nationalist feelings in the population.[41] But portraying Washington as a passive actor and blaming Beijing almost exclusively for the recent clashes with the United States and Taiwan fails to recognize that, although America's impact on Chinese policy may be limited, it is not insignificant. For example, according to various sources, Deng was interested in making a dramatic move to improve relations with Taipei early in 1995 when he issued a detailed eight-point plan on Taiwan, which many in Asia and the United States considered forward looking. Washington's approval of Lee's visit, however, seemed to have aborted that original strategy. American policy can make a difference, but not always a beneficial one.[42]

Indeed, news reports indicate that President Clinton's decision on the visit and the other hostile signals emanating from Washington have helped to weaken the position of those Chinese leaders who are interested in continuing Deng's economic liberalization policies and his rapprochement with the United States. Several analysts have speculated that China's initial, relatively low-key response to Lee's U.S. trip (recalling the Chinese ambassador to Washington and canceling bilateral talks) was Jiang's personal preference but that he was eventually forced to be more confrontational (Harry Wu's arrest) after the military establishment, which regarded the Lee visit as a first step toward a formal Taiwanese declaration of independence, objected. "Some of the more conservative, less internationalist forces have seized the opportunity to assert themselves," concludes Brantley Womak, director of the East Asia Center at the University of Virginia.[43]

According to another China expert, Ronald N. Montaperto, some in the Chinese military "had concluded that the United States had defined China as a peer competitor and possibly hostile in the future and was taking steps to ensure China did not reach that status." That line of thinking "has spread through China's decisionmaking apparatus and has apparently taken root." [44] Indeed, many China watchers agree that the Chinese leadership increasingly suspects that the United States is seeking to thwart China's emergence as a great power and to keep the country divided and weak. They warn that an economically or militarily powerful China, "deeply resentful of the United States, could be more stridently nationalistic and determined to resist perceived bullying." [45]

The Geomilitary Puzzle

One of the main problems in the current Sino-American relationship is the both sides' sense of insecurity about their respective long-term military capabilities and intentions. Chinese political leaders and military strategists confront a very basic question: now that the Cold War is over and the Soviet threat has become a subject for historical research, why are large numbers of U.S. military forces still in the western Pacific? Against whom are they protecting their former Cold War allies? "In China, more and more people are wondering: What are the Americans up to," says a leading Chinese strategist. "Quite a number of Chinese people at various levels believe that the Americans regard a powerful China as a hindrance to the United States in a bid to maintain world dominance and so are trying hard purposefully to keep China weak and even divided." [46]

The Pentagon's 1995 East Asia security strategy report, with its commitment to maintaining a force of 100,000 U.S. troops in the region, as well as the statements and actions of American officials and lawmakers--including the establishment of diplomatic ties with Hanoi, the strengthening of military ties with India, and calls for helping the ASEAN countries to "contain" China--have convinced many Chinese that China has become the main target of the U.S. military presence in the Pacific.[47] Some are also concluding that, as a report by China's National Defense

University suggested, Beijing "may be paying too high a price for Washington's favor" by refraining from taking steps to contain American "aggression." The United States is "anxious to prevent the rise of a powerful China as a new peer competitor in the region," the report concluded.[48] Washington Post correspondent R. Jeffrey Smith fears that the judgment that Washington "has tacitly adopted the view of China as an enemy clouds Beijing's evaluation of other aspects of U.S.-China policy." [49]

Although Americans tend to dismiss such Chinese concerns as misplaced and exaggerated, there has been considerable talk in Washington about China's alleged efforts to strengthen its military capabilities--including arguments that those efforts reflect Beijing's "aggressive" and "expansionist" goals. However, many military experts, including U.S. officials, have played down those worries, suggesting that China's strategy is focused on defending its interests in the region. Specialists conclude that the 3-million-man Chinese military is handicapped by outdated equipment, which lags from 15 to 25 years behind American technology, and that the increases in the Chinese budget, while substantial, have failed to keep up with inflation over the past two decades. Moreover, experts on Chinese strategy doubt that China would take action that might disrupt its economic progress and social stability unless it were pushed hard. A major military campaign would harm trade relations at a time when close to 20 percent of China's gross domestic product is intended for export. Indeed, the military itself has displayed a penchant for making money by establishing private businesses and getting involved in trade projects. "There is no credible 'China threat,'" says former assistant secretary of defense Charles W. Freeman Jr., but by "positing the existence of such a threat from China, we may now be inadvertently helping to create one." [50]

China remains unwilling to confront the U.S. military or challenge Washington for paramount power in Asia, according to Lt. Gen. James Clapper, director of the Defense Intelligence Agency. He also contends that China's continuing modernization "is not necessarily threatening; some force modernization is to be expected." Clapper, reflecting the views of many military analysts in Washington, told the Senate Armed Services Committee in January 1995 that China was primarily "developing military capabilities to enable it to more effectively protect its interests close to its own borders," which poses little threat to the United States even though it causes consternation elsewhere in the region. Included among the weapons China has recently acquired or is trying to build are sophisticated fighter aircraft, submarines, and an aircraft carrier.[51] Another report concludes that China "is far from acquiring the weaponry required to project power beyond its coastal areas." [52]

The Hazards of Geoeconomics

Even many analysts who downplay a Chinese military threat to the United States and propose that the United States begin to withdraw its forces from the region and accept the formation of a regional balance-of-power system fear China's so-called geoeconomic threat to America. Those fears have been inflamed by such intellectual bastions of economic nationalist thinking as the Economic Strategy Institute and have played an important role in shaping the Clinton administration's trade policies, especially the obsession with waging geoeconomic "wars" against Asian powers.

The Economic Nationalist Agenda

The proponents of geoeconomics contend that it is in the U.S. core national interest to prevent China from becoming the "next Japan," that is, turning into a mercantilistic trader that runs up trade surpluses with the United States. Indeed, the expectation is that if current trends in Sino- American trade relations continue, the U.S. bilateral trade deficit with China could be the largest component of the U.S. deficit within two or three years. With Americans' growing concern about the way U.S. integration into the global economy is affecting their jobs and incomes, the China-as-the-next-Japan scenario is used by economic nationalists to justify calls for a "trade offensive" against China, including the imposition of large tariffs on Chinese imports.

In addition to calling for economic sanctions and tariffs against the Chinese for violations of intellectual property rights, forced technology transfer, and "dumping," the aggressive economic nationalist agenda includes proposals to obstruct China's entry into the World Trade Organization (WTO) and to work with the European Union (EU) to force the Chinese and other low-wage Asian economies to adhere to strict rules of "workers' rights," environmental protection, and human rights principles.[53] Clyde Prestowitz, president of the Economic Strategy Institute, suggests

that the United States and the EU establish a "set of rules of the global economy of the 21st century," which China and other Asian countries will have to follow--a development that would inevitably erode their comparative advantage vis-Ö-vis the American and European economies.[54]

The WTO Squabble

Beijing has made China's membership in the WTO a major priority, since that would enable it to gain nondiscriminatory treatment in trade relations and provide it access to the multilateral trade dispute resolution mechanism. More important, Chinese leaders see entry into the WTO as recognition of China's status as a global power. So eager is Beijing to join the WTO that it is willing to accept Taiwan's membership in the organization. But Washington has been reluctant to see China admitted to the WTO on "political terms," the way that other developing countries are admitted. U.S. officials argue that the preeminent status of China as a major world trader means that it should join according to the same rules that apply to other large members, that is on "commercial terms." American opposition to China's entry--the EU has shown more willingness to reach a compromise with Beijing--has been one of the most important sticking points in relations between the two countries and helps to fuel Beijing's suspicions that Washington is trying to impede its economic development and integration into the global economy. The U.S. position is perceived as hypocritical in light of U.S. demands that the Chinese reform their economy, since there is probably no more effective way of encouraging China to liberalize its trade practices than by allowing it to join the WTO. As one columnist put it, the "United States lectures about free trade even as it opposed China's drive to join the World Trade Organization." [55]

China's failure to enter the WTO could damage international confidence in its economy and scare away foreign investment.[56] Like other ideas proposed by the geoeconomic warriors, obstructing Beijing's membership is based on the misguided notion that isolating China economically and punishing it through tariffs and sanctions would help to "open" the Middle Kingdom's economy and help to "save" or even to "create" American jobs. Although the real goal of those proposals is to defend particular sectors of the U.S. economy (such as the textile industry) from Chinese competition, they will not help U.S. workers, whose loss of jobs has more to do with changing technology than foreign trade. Conversely, impeding free trade will hurt the high-technology and communications industries that thrive on trade with the Asian economies. And obstructionist actions will not encourage the Chinese to liberalize their economy. If anything, putting obstacles in the path of China's joining the global economy will weaken the drive toward economic reform, reduce the liberalizing influence of American companies in China, and erode the power of the Chinese professional and business class--the primary long-term engine for moving China toward economic freedom and political pluralism.

he Phony Geocultural War

The geoeconomic assault against China, Japan, and other Asian economies has acquired increasing momentum, as some U.S. intellectuals and politicians have viewed U.S. trade problems with those economies as part of a global cultural war pitting the liberal and capitalist West against the rising Asian powers led by Japan and China. Proponents of the culture war thesis contend that the mercantilistic and anti-American policies of the Asian powers reflect their societal, cultural, and religious values that, unlike individual-based Western philosophy, are supposedly based on a commitment to the group--the family, society, nation--and on notions of consensus and hierarchy.[57]

A Clash of Civilizations?

The Asians are "not like us," journalist James Fallows and other members of the revisionist school have argued in their explanation of U.S. trade frictions with Japan (their arguments apply also to U.S. relations with China and the other Asian economies). Therein supposedly lies the explanation of the willingness of consumers or businesses in Asia to subordinate their own economic self-interest to the dictates of "national economic" interests. Faced with the "they-are-not-like-us" reality in Asia and its deterministic cultural foundations, the argument goes, the United States has no choice but to abandon traditional liberal trade policies in its dealings with those economies and adopt many of the adversarial trade policies that are practiced by the Asians.[58]

Even during the Cold War, proponents of such cultural theories used them to advocate more aggressive trade policies against Asian economies. The end of the Cold War has provided some of the culture warriors with an opportunity to

transform their theories into an all-encompassing explanation of the new U.S. global condition. In the new post-Cold War version, the Asian powers, led by Japan and China, and Confucianism replace the Soviet Union and communism as the global threat to the United States and the West. Samuel Huntington, in his famous "Clash of Civilizations" article and other works, sees China and Japan posing a strategic threat to the United States. That threat takes two forms: potential nuclear military alliances between a China-led Asia and another global menace, radical Islam, and the continuing efforts by Japan to weaken the U.S. economy. William Gibson has described in science fiction terms the emergence of China as a "giant Singapore," a power that is able to adopt Western technology while maintaining its authoritarian Confucian system.[59] And Simon Winchester thinks that a military conflict between the United States and either China or Japan inevitable.[60]

Exaggerating the Importance of Cultural Differences

Like its intellectual twin, the so-called Islamic Fundamentalist threat, the Asian threat, reminiscent of that old bogeyman the "Yellow Peril," is based on the proposition that cultural, ethnic, religious, and racial differences are the main variables one should consider in explaining political and economic relationships between individuals--and between social units. Although those differences do certainly affect relations between individuals and groups that compete and cooperate in the nation-state system and the global market, they operate with other variables and are in many cases secondary rather than determining factors.

In international relations, cultural, ethnic, religious, and racial differences--the conflicts with the "other"--can be exploited by political actors to mobilize public support for confrontational policies. Protecting the interests of industries and labor groups that provide financial and political support for American politicians is the main reason for the determination of the economic nationalists to pursue trade wars with China and Japan. But it is the "cultural" component--the exploitation of the fear of mysterious and alien people--that gives Clinton, Perot, and Buchanan the opportunity to press the emotional hot button and win wider public support for what is presented as a "zero-sum" conflict.

An Asia-first policy that portrays China and Japan as dangerous adversaries can only be successful if it is marketed to the public as part of a global crusade. After all, few Americans would be willing to risk their lives to help maintain the balance of power in the South China Sea or in the Taiwan Straits or to secure some elusive U.S. "economic interest." It is easier to convince the American people to sacrifice their economic resources or to spill their blood if the confrontation is framed as defending the American way of life against the threat of Asian authoritarianism or radical Islam.

In reality, neither China nor Japan, nor for that matter the rest of Asia or the Middle East, is America's eternal enemy, engaged in a clash of civilizations. Like Great Britain, France, Germany, and Russia, China is both a partner and a competitor of the United States in the political and the economic arena. Quite often, in the various balance-of-power competitions or trade disputes, the United States may find its interests allied with those of China or other Asian powers as Washington deals with another Asian or (culturally linked) European player.

For example, during the last General Agreement on Tariffs and Trade Uruguay Round, the United States worked with China and the other members of the Asia Pacific Economic Community to pressure the EU to make concessions on agricultural issues. The United States and Japan both have been critical of China's violations of intellectual property rights rules and nuclear policies, and China, the ASEAN countries, and the United States have been critical of Japan's protectionist practices and are wary of Japan's long-term regional strategic goals. Moreover, China and the United States share an important interest in maintaining a stable balance of power in the Pacific and making sure that neither Asian powers nor a European one (Russia) pursues aggressive policies in the region. "Culture" has very little to do with the cost-benefit analyses that the U.S or Chinese governments, or for that matter Chinese and American companies, apply as they conduct their business.

Indeed, the Pacific region is not a monolithic cultural and social entity. It includes the industrious Chinese- American communities and Japanese corporations in the United States, which are helping to develop the "American" culture and economy, and the American corporations operating in Japan and China, which together with CNN, MTV, and American baseball help to mold the "Chinese" and "Japanese" cultures and economies. A worker in a Japanese-owned

car company in the United States is as much a product of Japanese management practices and the Protestant work ethic (which is a Western version of "Asian values") as the cars manufactured in an American-owned company operating in China are the product of the Harvard MBA degree of its Chinese-American manager and the Confucian values of the local labor force. Moreover, the information revolution and the impact of such revolutionary technological and cultural outlets as the Internet are forcing major social and cultural changes on the Asian countries, including China. Those developments confront political leaders with the reality of the communication age: if they refuse to open their political systems to the free flow of information and ideas from the West, they will make it almost impossible for their countries to compete in the new global economy. Put bluntly, Asian despotism is not compatible with the requirements of a modern economy. For example, a China that wants to attract foreign trade and investment and to become a developed and prosperous economy will eventually have to adopt a legal code that affords reliable protection for property and contracts.[61]

Ironically, the most trusted allies of American proponents of the "Clash of Civilizations" are the cultural chauvinists in Beijing, Tokyo, Kuala Lumpur, and Singapore who in the name of "Asian values" call for containing American and Western cultural influences (at the same time that they invite American companies to invest in their countries or send their children to study in U.S. universities). In the same way that bashing China or Japan helps to secure the political and economic interests of certain players in the United States, the "Asian values" campaign with its anti- American rhetoric helps to justify Japanese or Indonesian protectionism or the authoritarian rule of governments in Malaysia or China.[62]

Historical Analogies: Resisting a Rising Power

The containment hawks and geoeconomic and geocultural nationalists in Washington and the military hawks and cultural chauvinists in Beijing are a classic case of "rival twins." They accelerate the confrontation between the two nations, as each group feeds into the other's misconceptions. The Chinese follow the debate and policies emanating from Washington and see them as part of a campaign to slow their country's rise to power; the Americans monitor the rhetoric and actions of Beijing and assume that the Chinese leadership is hostile. That creates a trail of misperceptions and a vicious circle of policies and counterpolicies that could threaten at some point to get out of hand and produce a major international crisis.

Systemic Factors

While misperceptions on both sides of the Pacific can be exacerbated by the way presidential leadership, bureaucratic factors, or domestic politics affects U.S. policy toward China, there is another, possibly more profound and systemic, dimension to the current Sino-American tensions. The end of the Cold War, like any other revolutionary change in the international system, tends to produce new confrontations between various powers that want to dominate or at least influence the new global structure. In many cases, the international competition ushered in by a new era is between rising and hegemonic powers. A rising "have-not" power usually strives to change the status quo, including the rules of the international military and economic game, in a way that will benefit its interests and help it to translate its new economic power into military and diplomatic influence. The hegemonic "have" power wants to preserve the global status quo, thereby maintaining its dominant economic and military position. Sometimes, as in the case of Great Britain and Germany during the early 20th century, the rivalry erupts into a major hegemonic war. Sometimes, as in the rivalry between the United States and Great Britain in the late 1800s and early 1900s, the tension ends in a gradual and peaceful transition of dominant status from the old to the new power. In still other instances, as in the case of the United States, Germany, and Japan in the post-World War II era, it evolves into a peaceful, albeit complex, sharing of economic and military influence.[63]

The Chinese leaders and people believe that with the geostrategic and geoeconomic changes taking place in the world, their nation should and could gain its rightful place in the ranks of global great powers. The consensus that unites "moderates" and "radicals," or conservatives and reformists, in Beijing is that, in the aftermath of the Cold War, "the world has moved from a bipolar system to a multi-polar system," according to a Western diplomat in the Chinese capital. "China intends to be a pole or significant actor" in that system. That means "defining its own sphere--and even using confrontation with the U.S. to send a signal to other countries that dealing with Taipei, for example, is courting trouble." [64]

The rhetoric of top Clinton administration officials suggests that while the United States is expecting occasional problems with Beijing, Washington is nevertheless willing to peacefully accommodate the rising power of China. "Our policy is engagement, not containment," insists Lord. He adds, however, "We're not naive. We cannot predict what kind of power China will be in the 21st century. God forbid we may have to turn, with others, to a policy of containment. I would hope not. We're trying to prevent that." [65] But history suggests that things rarely remain as simple as Lord's formulation. Maintaining a stable balance of power between an old hegemon and a new competitor is at best difficult, especially if the two powers and the system in which they operate are undergoing dramatic changes.

Post-Deng China: Post-Bismarck Germany or Post-1945 Russia?

Some analysts, including Nicholas D. Kristof, former Beijing chief of the New York Times, have drawn a historical parallel between the rise of Germany as a world economic and military power at the end of the 19th century and China's rise in the last decade of the 20th century. They suggest that, given the similar authoritarian and insecure nature of the regimes in post-Bismarck Germany the post-Deng China, China could emerge as a leading anti-status quo player, challenging the dominant position of the United States, which like Great Britain in the 19th century occupies the leading economic and military position in the world. "The risk is that Deng's successor will be less talented and more aggressive--a Chinese version of Wilhelm II," writes Kristof. "Such a ruler unfortunately may be tempted to promote Chinese nationalism as a unifying force and ideology, to replace the carcass of communism." For all the differences between China and Wilhelmine Germany, "the latter's experience should remind us of the difficulty that the world has had accommodating newly powerful nations," warns Kristof, recalling that Germany's jockeying for a place in the front rank of nations resulted in World War I. [66] Charles Krauthammer echoes that point, contending that China is "like late 19th-century Germany, a country growing too big and too strong for the continent it finds itself on." [67]

Since Krauthammer and other analysts use the term "containment" to describe the policy they urge Washington to adopt toward China, it is the Cold War with the Soviet Union that is apparently seen as the model for the future Sino-American relationship. Strategist Graham Fuller predicts, for example, that China is "predisposed to a role as leader of the dispossessed states" in a new cold war that would pit an American-led West against an anti-status quo Third World bloc. [68] Although Krauthammer admits that China lacks the ideological appeal that the Soviet Union possessed (at least in the early stages of the Cold War), he assumes that, like the confrontation with the Soviet Union but unlike the British-German rivalry, the contest between America and China will remain "cold" and not escalate into a "hot" war. That optimism is crucial. Advocates of containment may be able to persuade a large number of Americans to adopt an anti-China strategy if the model is the tense but manageable Soviet-American rivalry. However, not many Americans are likely to embrace containment if the probable outcome is a bloody rerun of World War I--only this time possibly with nuclear weapons.

The Cold War as a Dangerously Misleading Model

Trying to use the paradigm of the Soviet-American rivalry to draw historical lessons and policy conclusions for dealing with China, however, is insidiously misleading. Even if one assumes that the Soviet Union did stand formally for the radical revision of the international status quo after the Bolshevik revolution, its conduct in the post-1945 era was less disruptive. It acted more as a "challenger," a global player committed to maintaining many features of the status quo while chafing at an American-dominated system. Moscow did challenge U.S. interests, but for the most part, it did so at the margins. Moreover, by the late 1970s the Soviet Union had become a "declining challenger" whose economic weakness, resulting from disastrous domestic policies and the failure to integrate into the world system, led eventually to its demise. [69] Current U.S. policymakers need to ask themselves whether China is an anti-status quo power, or even a "challenger" trying to harm core U.S. national interests, or a competitive player attempting to join the multipolar system and the global economy--more like post-Gorbachev Russia and less like the post-1917 or even post-1945 Soviet Union. If China is a competitive player, a containment policy would be not only inappropriate but foolishly provocative.

Indeed, if U.S. policymakers attempt to keep China from joining the ranks of the great powers, there is a high probability that Beijing will not become a "challenger" playing according to a set of international rules as the Soviet Union did during the Cold War. Instead, China may turn into an anti-status quo power similar to Germany in the pre-

World War I era or, perhaps even more applicable, Japan on the eve of Pearl Harbor. "If you treat China as an enemy, China will become an enemy," warned Assistant Secretary of Defense Joseph Nye in July 1995.[70] Moreover, whereas the Germany of Kaiser Wilhelm II had strong lines of communication with Britain based on close political, economic, cultural, and even royal ties, China for most Americans, including many foreign policy experts, still remains an enigma, and the American political culture and policymaking process is misunderstood in Beijing. The potential for misconceptions and misperceptions in Sino-American relations, leading eventually to dangerous diplomatic and military crises that could be mismanaged, is significantly greater than that which existed in the pre-1914 German- British rivalry or even in the Soviet-American Cold War.

The Last Pacific War--And the Next One?

The historical analogy that may be most relevant to the long-term problems that American leaders face in dealing with China is the deterioration in Japanese-American relations in the 1930s. As journalist Jonathan Marshall says in a new study on the origins of the Pacific War, the conflict resulted in large part from the demand by the "have-not" power, Japan, to be recognized as the leading economic and military power in the Pacific and resistance by the principal status quo power, the United States (and its ally, Great Britain) to that demand. It was Japan's refusal to permit the United States and Britain to continue exercising total control over the mineral resources (including such industrial materials as rubber and tin) of Southeast Asia that was seen in Washington and London as a threat to the existing balance of power and was the main factor in the U.S. decision (which was made before Pearl Harbor) to go to war against Japan if Japanese expansionism continued.

"The war was about much more than resources, of course," admits Marshall. The fact that the "have" nations represented a generally liberal order and Japan presented a militarist or totalitarian challenge gave the conflict "a deeply ideological cast." And such factors as cultural misconceptions and the personality traits of leaders also influenced the events leading to Pearl Harbor. But along with the contest of political philosophies and policy miscalculations was "a baser clash of power and interests, a struggle for economic hegemony over vast stretches of the world." [71]

The violent struggle between "have" and "have-not" powers, between the United States and Japan and between Great Britain and Germany, was not inevitable. The way countries define their national interests affects the foreign policy process more than anything else. What is seen in retrospect as a tragedy, attributed to misunderstandings on all sides, a "March of Folly" to use Barbara Tuchman's term, was really the product of decisions and judgments motivated by self-interest and made by politicians, officials, lawmakers, experts, and journalists. The general public in Britain and the United States never fully comprehended that "national interest," as it was defined by the makers of foreign policy in Washington in the 1930s and in London in the first years of the 20th century, was based on the need to resist demands for changes in the international system--if need be by military force. Today, in the era of CNN-based public diplomacy, the American people have a better opportunity to determine the way the post-Cold War national interest in general and with regard to China in particular is defined. Like Americans who fought in World War II or the British who suffered the horrible consequences of the Great War, they will have to pay the high costs of policies for containing China, which are now being sketched in Washington.

Conclusion: Living in Interesting, but Not Costly, Times

China's emergence as a world power and its complex relationship with the United States are seen now by most Americans as quite relevant to the U.S. national interest. According to one recent study measuring public interest in international issues, in the last four years the number of people who believe that China is important to the vital interests of the United States has increased more than the number who believe any other country is important. Both opinion leaders and the general public believe that China's influence will grow dramatically over the next 10 years. More than half of the public and slightly less than half of the leaders believe that the emergence of China as a world power might be a "critical" threat to vital U.S. interests in the next decade. Heightened concern about China is further reflected by the fact that two-thirds of the public and more than four-fifths of the leaders believe that the United States should be spying on the Chinese government.[72] Unfortunately, despite heightened public interest in China, the fact that the two military and economic giants of the Pacific have been drifting apart has not received the attention it deserves in Washington, where the foreign policy debate has continued to be dominated by the civil war in Bosnia.

Contributing to the lack of any comprehensive discussion of the Sino-American relationship has been the haphazard and crisis-oriented media coverage of the China story and the preoccupation with Beijing's human rights conduct. Consequently, most Americans are probably not aware of the potentially very high stakes involved in the Sino-American relationship.

Indeed, the prospect the the United States might find itself drawn into a costly diplomatic and military conflict with China over the future of several tiny islands in the South China Sea or an escalation in tensions between Taipei and Beijing has not been considered by most Americans--who in all probability are not sure of the spelling of Spratly and are certainly not familiar with the distinctions between "Chinese" and "Taiwanese" nationalism. Yet China and the United States could drift toward a costly armed conflict if the containment strategy advocated by many first-term Republican members of Congress is adopted. Those Republicans propose a policy that is out of line with the aspirations of the American people and raises questions about the Republicans' commitment to the "populist" agenda they propagate. Indeed, a recent poll indicates that 71 percent of Americans do not think that the United States should defend Taiwan if China launches a military invasion.[73]

Toward a New and Constructive East Asia Strategy

The dynamic new forces in the Republican Congress, with their support for cutting the budget deficit, avoiding Bosnia-style foreign entanglements, and promoting free trade, should take advantage of the administration's failure to project a clear and sustained China policy, not by demanding that Washington adopt a costly and anachronistic Cold War II strategy for dealing with Beijing, but by proposing a policy that reflects a revised and more limited definition of U.S. national interests in the Pacific. That policy should be based on encouraging the principal powers in the western Pacific--China, Japan, the ASEAN, a united Korea (eventually), Australia, and Russia--to work with the United States to form a new balance of power.

That arrangement should not be tied to the notion of the United States serving as the regional cop, preventing China and Japan from reasserting their legitimate security interests. Instead, it should be based on the concept of the United States as the "balancer of last resort," a North American power with peripheral interest in cooperating with the regional Pacific (and Atlantic) powers in preventing, by diplomatic and military means, any single power from dominating Asia (or Europe). Only if an Atlantic power and a Pacific power became allies in an attempt to dominate the Eurasian continent would core U.S. national interests be affected directly and military intervention of some sort be required. Such a scenario, involving, say, a Chinese-Russian alliance (combined with a concerted military buildup by both powers) or a Russian-Japanese entente is highly unlikely. In any case, one of the main goals of U.S. diplomacy in the coming years should be to apply policies that discourage such developments. Unfortunately, the recent proposals advanced by the Clinton administration and the Republican Congress to expand NATO, to contain China, or to adopt an "adversarial" trade strategy against Japan are just the sorts of ideas that could create a global environment in which the use of U.S. military power would become inevitable.

Preventing a hegemonic power from controlling the Pacific, including the possible need to contain an aggressive China sometimes in the future, is first and foremost a core national interest of the other major powers of the region, including Japan and Korea. That those powers and some of the ASEAN countries are sensitive to developments in China and their implications for their long-term interests should not come as a great surprise to strategic observers familiar with the history and geography of the region.

What should be worrisome to Americans is that Washington, through its continuing strategy of deploying more than 100,000 troops and its nuclear arsenal to defend former Cold War allies such as Japan and South Korea from Chinese "hegemonism," is creating incentives for those nations to refrain from developing their own security doctrines based on cooperation with other powers in the region and building up their military power to contain future aggressors. At the same time, Washington's strategy is forcing the Chinese to regard the United States as a regional rival. While the United States should continue to offer its services as an "honest broker" to help resolve various regional disputes diplomatically and be prepared (taking into consideration its own interests) to provide nations in the area with military equipment to defend themselves, it should begin to end its military commitments in the region and thereby create incentives for the main players to protect their own national interests and to form regional security arrangements.

Accommodating Spheres of Influence

An America that renounces its own hegemonic aspirations in the Pacific and refrains from intervening in regional conflicts would probably be acceptable to the local players as an impartial diplomatic mediator. However, the more limited Asia strategy proposed here runs counter to the recent suggestions that the United States become an active party to China's dispute with Taiwan (over the political future of the islands) or with some of the ASEAN countries (over the territorial control of islands in the South China Sea). The United States should send a clear signal to Taiwan and to countries like the Philippines and Vietnam that it has no direct strategic interests in their disputes with Beijing, that under no circumstances would it involve itself militarily in a conflict in the Taiwan Straits or the South China Sea, and that it would be in their interest to recognize that reality and resolve their differences with Beijing.

Some critics would contend that such an approach implies that the United States recognizes Taiwan or the South China Sea as being in the Chinese sphere of influence and would describe such an approach as unprincipled or immoral. However, as Foreign Policy editor Charles William Maynes suggests, in the post-Cold War era it is inevitable that strong regional powers will begin exercising authority in their spheres of influence. A policy of aiming for greater regional self-reliance or local balance-of-power systems "does not mean an end to America's global role," notes Maynes. But the new global reality in which Russia becomes the strongest state in the former Soviet Union, the United States remains the strongest state in the Western Hemisphere, and China ends up as one of the two or three leading powers in Asia does mean that "the U.S. security task would evolve into one of balancer and conciliator rather than protector or guarantor." [74]

The United States has another important role, derived from its direct national interest, to play in the Pacific region in the post-Cold War era. Expanding U.S. trade and investment ties with "Greater China" and the rest of the emerging economies of Asia would not only benefit American economic interests. It would also help in the long run to bring together in a peaceful way China and its Hong Kong and Taiwan satellites and to transform mainland China into a free-market democratic country. That development would have a beneficial effect on the entire region in which China is expected to exert its influence. As Maynes notes, "The world would become more relaxed about an international order based on traditional spheres of influence if several of the great powers were democratic or moving on the path of democracy" and were willing to accept some basic international norms of behavior. [75]

Asian Anxiety about Sino-American Tensions

It is possible that the China bashers in Washington believe that their policy proposals, such as granting diplomatic recognition to Taiwan, sending a U.S. ambassador to Tibet, and arranging for a U.S. Navy port call to Vietnam's Cam Ranh Bay, could be cost-free propositions. [76] If that is the case, they are wrong in their calculations. Even without a direct military confrontation between the United States and China, the costs involved in pursuing a second cold war with Beijing are going to be very high for long-term U.S. strategic interests (and even medium- and short-term economic interests) and could affect many Americans.

Rising tensions between the United States and China are already creating enormous anxiety in Southeast and Northeast Asia and confronting the governments of Southeast Asia with an unpleasant set of options. Contrary to the impression prevailing in some circles in Washington, the countries in the region--with the exception of Taiwan and the Philippines (the latter has been lobbying hard in Washington to enlist support for its case against China's claim to the Spratly Islands)--are not interested in seeing the United States adopt an assertive containment posture against China. "The ASEAN does not want to see a Sino-American conflict," one Malaysian official told me during a recent visit to the region. "If we are forced to choose sides between you and the Chinese, there is no doubt in our minds that we would end up in the Chinese camp. After all, China is our big next door neighbor, while you are just a guest in the region who is bound to return home one day." [77]

According to Singapore's senior minister, Lee Kuan Yew, who during the Cold War was one of the loudest pro-American voices in Asia, the potential for a conflict between the United States and China is "one of the dangers to the onward growth of east Asia." Lee expects that China will be an "economic giant" with a gross domestic product larger than that of the United States by the year 2020. Arguments between the United States and China on trade, plus differences in culture and value systems, could spill over into the region. "Any such turbulence could affect the

economic growth of other countries in East Asia," says Lee, who advocates that the Asians hedge their bets and begin distancing themselves from Washington while building up alternative alliances with other, possibly European, powers.[78]

America's Economic Stake

Such a development could threaten American access to the prospering markets of Southeast Asia, an economic region whose GDP is expected to almost double in less than a decade from \$500 billion to \$1.2 trillion and whose trade with the United States could surpass U.S.-Japanese trade by the year 2000.[79] It could also accelerate the trend among the elites in the region to form "Asia-only" free-trade arrangements that exclude the United States. Moreover, a cold war between China and the United States could encourage Japan, and perhaps even a unified Korea, to adopt less hospitable policies toward the United States. At a minimum, it would provide them with an opportunity to play China and the United States off against each other and force the United States into messy balance-of-power games in the region. Finally, a cold war with China, even without the outbreak of a hot war or major geopolitical complications, would be costly for the United States. It would mean, for a start, rising U.S. defense budgets and declining opportunities for American business in the lucrative Chinese market.

China's economy is one of the fastest growing in the world, and its GDP is expected to grow by about 9 percent annually through the year 2000.[80] Rapid economic growth, economic reforms, and trade liberalization have in recent years led to the transformation of China into the world's largest trading country. The World Bank has already calculated that, based on "purchasing-power parity," China's per capita GDP in 1990 was close to \$1,950, making China a first-division economic power.[81] American companies have taken advantage of the economic boom, and the cumulative value of U.S. direct investment in China at the end of 1994 reached \$7.8 billion. By the end of 1994 U.S. firms had signed contracts for new investment in China estimated to be worth \$6 billion. Currently, the United States is the third largest investor in China; however, if one considers Hong Kong and Taiwan, the two largest investors, part of Greater China, the United States is the largest foreign investor. Total trade between China and the United States rose from \$4.8 billion in 1981 to \$48.1 billion in 1994, turning China into the sixth largest U.S. trading partner. U.S. exports to China in 1994 totaled \$9.3 billion, accounting for 1.8 percent of total U.S. exports and making China the 14th largest market for U.S. exports. Although China is currently a relatively modest market for U.S. exports, it is the fastest growing market for those exports. From 1990 to 1994 U.S. exports to China grew by 93.8 percent, whereas U.S. exports to the EU rose merely 4.9 percent, and exports to the rest of the world by 30.2 percent.[82]

But the "costs" involved in a possible Sino-American cold war will include more than just denying U.S. businesses the opportunity to participate in the ongoing Chinese economic boom. As Joel Kotkin and Yoriko Kishimoto point out, as part of their vision of "America's resurgence in the Asian era," a Pacific-facing and free-market-oriented America has a historic opportunity to play a key and winning role in the Asian-Pacific economic miracle. America's entrepreneurial "open system" and its human diversity would assure the long-term strength of the U.S. economy. Greater China and the overseas Chinese companies that dominate the economies of Southeast Asia are going to play a leading part in transpacific integration. Transpacific business and cultural ties will replace transatlantic ones as the major economic engine of the next century.[83] The question facing American political and business leaders is whether they want a new Bamboo Curtain to replace the Iron Curtain of the Cold War, or whether they want to erect a transpacific economic superhighway that will transfer information, capital, people, and products among the United States, China, and the other economies of Asia.

Notes

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- [7] Nayan Chanda, "Winds of Change," *Far East Economic Review*, June 22, 1995, p. 14.
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- [10] On economic warfare, see, for example, Greg Mastel, "Trading with the Middle Kingdom," *Economic Strategy Institute*, Washington, 1995. On the anti-China group, see Marc Peyser and Ginny Carroll, "A New 'Anti-China' Club?" *Newsweek*, July 17, 1995, pp. 30-31. On projection of U.S. military force, see "Where's the Seventh Fleet?" editorial, *Wall Street Journal*, August 17, 1995.
- [11] Karen Elliott House, "Drifting toward Disaster in Asia," *Wall Street Journal*, July 26, 1995.
- [12] Quoted in "Containing China," *The Economist*, July 29, 1995, p. 11.
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- [14] Susumu Awanohara, "Package Deal," *Far Eastern Economic Review*, May 26, 1995, pp. 15-16.
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