

US-China Relations: Engagement or Talking Past Each Other?

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US: *We are tired of your refusal to protect intellectual property rights. You must do something to address this problem.*

China: *Have patience. We are working on it.¹ The Chinese government has always been firm in IPR protection and its achievements are for everyone to see.²*

China: *the US has shown insufficient flexibility in dealing with North Korea. It is the main obstacle to any settlement.³*

US: *Beijing has not exerted enough direct pressure on North Korea, in fact continuing to prop up the North Korean regime with supplies of food and fuel.⁴*

US: *We do not support Taiwan independence.⁵*

China: *We appreciate the US stand opposing Taiwan independence.⁶*

China: *China is a friendly elephant. We want only time to develop our economy.⁷*

US: *we are concerned about the rapid increases in your defense budget, and wonder about your motives. We would like to see more transparency.⁸*

US: *While we understand your need for oil, you are supporting rogue states with scandalous human rights records in order to get it.*

China: *Remember what happened when we tried to buy the American oil company UNOCAL? Nationalist hysteria in your country forced termination of the deal.⁹*

China: *US sanctions reflect demands that the PRC use catch-all clauses in its export controls more vigorously to block any transfers that the White House might find objectionable. This unilaterally lowers the threshold of what activities are sanctionable and substitutes US judgments for international standards.¹⁰*

US: *We are not aware that the Chinese government has taken any action to halt [these firms'] proliferant behavior.¹¹*

The United States and China have been talking past each other on a wide array of issues for many years. The more important among these include balanced trade, intellectual piracy, the Chinese military budget, the theft of technology, human rights, and Taiwan. While it is rarely, if ever, mentioned as such, the Chinese desire for a multipolar world runs directly counter to the Bush doctrine that reserved for America the right “to dissuade potential adversaries from pursuing a military buildup in hope of surpassing or equaling the power of the United States,”¹² and to take pre-emptive action against any state or other entity it perceived as dangerous to its security¹³

A Relationship Founded On Differences

America’s rapprochement with the People’s Republic of China (PRC) can be said to have been based on a tacit agreement to disagree. Although the process of coming together was fairly protracted, it took place in utmost secrecy, so that the announcement that the two had been negotiating was totally unexpected. As a way to soften the shock to the publics of the respective countries, who had been accustomed to having the other portrayed as an evil enemy, Chinese leader Mao Zedong reportedly told US President Richard Nixon that it would be alright if the two sides continued to curse each other a bit from time to time.

While each side wanted to enlist the support of the other against their common enemy, the Soviet Union, the disposition of Taiwan proved the most formidable of obstacles, far overshadowing the ideological divide between communism and capitalism. Eventually, a formula was agreed upon and enshrined in the Shanghai Communiqué of 1972: “the United States ‘acknowledges’ that all Chinese on either side of the Taiwan

Strait maintain that there is but one China and that Taiwan is a part of China. The United States Government does not challenge that position.”¹⁴

The formula did not satisfy the PRC leadership. America’s chief negotiator, Henry Kissinger managed to convince his Chinese counterparts that this was as far as US conservatives would allow him to go; hence they had better accept this compromise. Whether this was a clever ruse or an accurate description of his perception of the politically possible in Washington is known only to Kissinger. But transcripts of his conversations with the Chinese give the impression that he saw the agreement as temporary, and that Taiwan would indeed be absorbed into the PRC at some indefinite date. Meanwhile, the establishment of full diplomatic relations between the US and PRC remained in abeyance.

Kissinger’s view of the strength of the opposition to PRC absorption of Taiwan seemed corroborated by bipartisan congressional reaction to the agreement. Supporters of the Republic of China on Taiwan railed against what they saw as a Kissinger scheme to acquiesce in termination of the country’s existence after a ‘decent interval.’ Assuming that either the American or the Chinese side or both had a clear understanding of how long this decent interval would be, it was to be interrupted by factors that could not have been predicted. In 1975, Washington’s decision to ‘Vietnamize’ the Vietnam War by devolving responsibility for the fighting to its client state of South Vietnam had the expected result: the north conquered the south, unifying Vietnam under a communist government. American media, most of whom had strongly opposed US involvement in the controversial conflict, now reported stories of the internment and torture of many Vietnamese who had worked with Americans. Influential Washington policymakers felt

that the United States could ill afford to jettison Taiwan, lest confidence in the US as a security partner be seriously weakened. In the words of a senior Senate staff member, “we can only afford to kiss off one small ally at a time.”

When full diplomatic relations were established nearly four years later, in the Carter administration, the formula again left both sides dissatisfied. And again each talked past each other. The two parties affirmed the principles of the Shanghai Communiqué and stated their desire to reduce the danger of international conflict. The United States acknowledged China’s position that there is but one China and that Taiwan is part of China. But more insight into the division between the US and the PRC can be gleaned by examining the accompanying statements issued by each side.

The American side averred that “the United States is confident that the people of Taiwan face a peaceful and prosperous future. The United States continues to have an interest in the peaceful resolution of the Taiwan issue and expects that the Taiwan issue will be settled peacefully by the Chinese themselves.”¹⁵ The Chinese side stated that “As is known to all, the Government of the People’s Republic of China is the sole legal government of China and Taiwan is part of China. . . .As for the way of bringing Taiwan back to the embrace of the motherland and reunifying the country, it is entirely China’s internal affair.”¹⁶ It cannot be assumed, of course, that everything agreed upon between the contracting parties appears in either the normalization communiqué or their separate statements. According to unnamed diplomats in Hong Kong, what they termed the vital breakthrough had been Beijing’s willingness to ignore future arms sales to Taiwan.¹⁷ This was nowhere publicly stated.

If concession this were, Taiwan's supporters were either unaware or unimpressed with it. Congressional ire was aroused because President Carter had disregarded both established practice and prudent regard for inter-branch relationships within government by failing to consult with the legislative branch. Additionally, the announcement of normalization was made on December 16th a day after congress had adjourned for winter recess, doubtless to blunt its ability to express contrary opinions. It was later learned that the text had been agreed upon in October. Countermeasures included the passage of the Taiwan Relations Act in April 1979, which explicitly mandated the United States to provide such defensive arms to Taiwan as were needed to maintain a military balance in the Taiwan Strait, declared that the decision to establish diplomatic relations with the PRC rested upon the expectation that the future of Taiwan would be determined by peaceful means; and stated that any effort to determine the future of Taiwan by other than peaceful means, including boycotts or embargoes would constitute a threat to the peace and security of the Western Pacific area and of grave concern to the United States.¹⁸

This, Chinese sources noted, directly contradicted Deng Xiaoping's explicit words that the PRC had not and would not commit itself to "use no other means than peaceful means to achieve the reunification of the motherland. We cannot tie our hands in this matter. If we tied our hands, we would obstruct the realization of the good intention to solve the matter peacefully."¹⁹ Foreign Minister Huang Hua met with US Ambassador Leonard Woodcock to protest, arguing among other things that the bill constituted interference in China's domestic affairs and gave official status to future U.S.-Taiwan relations.²⁰

A similar kind of talking past each other occurred three years later at the time of the signing of a third communiqué, the so-called Shanghai II, in August 1982. In it, the U.S. Government

...states that it does not seek to carry out a long-term policy of arms sales to Taiwan, that its arms sales to Taiwan will not exceed, either in qualitative or in quantitative terms, the level of those supplied in recent years since the establishment of diplomatic relations between the United States and China, and that it intends to reduce gradually its sales of arms to Taiwan, leading over a period of years to a final resolution.²¹

American critics pointed out that this language contradicted provisions of the Taiwan Relations Act, which was the law of the land and, as such, held precedence over executive agreements. In sworn testimony, U.S. Assistant Secretary of State John Holdridge replied that the Chinese had given assurances that their peaceful policy on the resolution of the Taiwan question was “fundamental” and that, moreover, no date had been set for the termination of arms sales. The communiqué was “completely consistent” with the Taiwan Relations Act, and that arms sales to Taiwan would continue to be carried out in accordance with the Taiwan Relations Act.²²

Chinese sources denied they had ever agreed to a peaceful resolution of the Taiwan issue. This is plausible, since to have done so would vitiate the PRC’s consistent refusal to foreswear the use of force as well as Beijing’s insistence that resolution was the PRC’s affair alone. Indeed, parsing Holdridge’s carefully worded statement, he did not quite say that the Chinese had agreed to foreswear the use of force, although he appeared to hope that his words would be interpreted that way. PRC spokespersons further

indicated their belief that the 1982 communiqué superseded the TRA, thereby implicitly indicating that the PRC believed that there were contradictions between the TRA and the communiqué.²³ Chinese anger must have been still further aroused when the US State Department's legal adviser testified that the communiqué was not binding.²⁴

Other US actions must have added to the PRC's feeling of deception as well: it was later revealed that on July 14 1982, a month before the communiqué was announced, Taiwan was notified "through appropriate channels" of what became known as the Six Assurances: that the US had not agreed to set a date for ending arms sales to Taiwan; had not agreed to hold prior consultation with the Chinese communists on arms sales to Taiwan; would not play any mediation role between Taipei and Beijing; had not agreed to revise the Taiwan Relations Act; had not altered its position regarding sovereignty over Taiwan; and would not exert pressure on Taiwan to enter into negotiations with the Chinese communists.²⁵

Other actions had a similar effect in attenuating the provisions of the 1982 agreement: the US did reduce the quantity of weapons sold each year but measured the sales in dollars rather than in items of equipment. It then exercised sleight-of-hand accounting through such means as reducing the unit price of each item and selling newer and higher quality items on grounds that the inventory of original models had been exhausted. Also, because the communiqué said nothing about the transfer of military technology, Taiwan received American assistance in constructing warships and fighter planes. George H.W. Bush's 1992 decision to sell 150 hitherto forbidden F-16 fighter planes to Taiwan was undoubtedly done with an eye to obtaining votes from the economically depressed aerospace sector in the electorally crucial states of Texas and

California, but was rationalized with reference to the Taiwan Relations Act: the PRC's agreement to purchase Sukhoi-27 fighter planes from the Soviet Union had, it was stated, changed the military balance in the Taiwan Strait.

And Beyond Taiwan...

The controversy over the 1982 communiqué soon settled down. The 1980s were a good period for Sino-American relations. Mao Zedong's successor, Deng Xiaoping, declared the PRC open to the outside world, and that he welcomed foreign investment and technology that would enable the PRC to industrialize and become prosperous. Under his *gaige kaifang*, reform and opening up, economic decentralization would replace the rigidly state-controlled policies of the past. The PRC would move toward a market-based system. American businesses relished the opportunities to invest in China and sell their products to it. Though there were complaints from each side, most businesses stayed despite the difficulties.

Civil liberties were also expanded under Deng, who believed that the repressive policies of his predecessor had stifled the masses' enthusiasm to produce. So-called democracy walls gave ordinary Chinese the opportunity to express their views freely. The most famous of these, in central Beijing, was mobbed with big-character poster writers, their readers, and representatives of the foreign media. Foreign reporters wrote glowingly of the new mood of tolerance. Deng declared his intention to allow more candidates to run for office in lower-level elections, and it seemed likely that the practice would work its way up to the higher levels of party and government selection.

Deng's radically innovative policies, colloquially but frequently referred to as cuddly communism, engendered American hopes that the PRC would become

democratic. Economic pluralism would lead to political pluralism and demands for guarantees of civil liberties. Democracy, or at least a more tolerant society that respected the rule of law, would inevitably follow. There was also room for optimism that this new, tolerant society would be able to reach an amicable resolution of differences with Taiwan. Having reached economic takeoff in the late 1960s, the now prosperous island republic was also looking to expand its markets. China, by virtue of its geographic and linguistic proximity, held immense appeal. Here again social science theory predicted a bright future: economic integration would lead inexorably to political integration.

At the same time, the United States was working to improve the PRC's military. These efforts included instituting exchange programs for Chinese and American officers; making the PRC eligible for Foreign Military Sales (FMS); and announcing a \$550 million project for upgrading China's Shenyang F-8 air defense interceptors, the so-called Peace Pearl program.

Setbacks did occur, such as the closing of the democracy walls and the imprisonment of some of the more outspoken critics of party and government. But in general these were regarded as minor and inevitable regressions: two steps forward, one step backward. China's system would converge, or at least mesh, with that of the United States. Amicable Sino-American relations seemed assured.

The Best-Laid Plans...

There followed a series of unpredictable events, only tenuously related to one another, that would challenge these optimistic views. First in the sequence was the brutal suppression of unarmed demonstrators at Tiananmen Square and almost a hundred other Chinese cities in spring 1989. With virtually every major media outlet already in Beijing

to cover the first visit of a Soviet leader to China since the Sino-Soviet split two decades earlier, coverage of the suppression was comprehensive. American viewers, as well as those elsewhere in the world, watched in horror. Cuddly communism, many of them concluded, was a velvet glove hiding a cruel and repressive hand.

President George H.W. Bush's response to the inevitable cry to do something fell far short of what American public opinion wanted. Declaring that quiet diplomacy would achieve more than noisy recriminations, Bush expressed his regret at the situation and urged the Chinese leadership to exercise restraint. Beset with criticism from human rights groups, congress, and the media, Bush reluctantly imposed limited sanctions, including a suspension of sales of military items and visits between US and Chinese military leaders. He agreed to "look sympathetically" on requests by Chinese students for asylum.²⁶

At first President Bush tried to avoid criticism of Deng Xiaoping, stating that it was not clear who in China was in charge and therefore responsible for the bloody incident. But his position was quickly undercut when Deng was shown to have been instrumental in the crackdown. The chagrined president also admitted that he had tried to telephone Deng, who did not take the call. An angry congress imposed greater sanctions. The administration, arguing seemingly contradictorily that the US could do nothing to change China but that the Chinese system would soften through further contact with the United States, found ways around these.

Barely a month after the massacre, the administration announced its decision to sell three Boeing jetliners to China, with a fourth added in August. The items had been halted as part of the post-June 4th sanctions, since their navigational systems could be used for military purposes. Responding to criticism, White House Chief of Staff John

Sununu stated that there had been an indication that the Chinese leadership was going to make conciliatory gestures to the demonstrating students. Human rights advocates responded that they had noticed no such gestures.²⁷ In October, the forty-two Chinese military officers who had been assigned to the Peace Pearl project were permitted to return to work, and in December, Bush waived a congressional ban on the export of three communications satellites to China. Secretary of State James Baker explained the sale, which was prohibited under the sanctions imposed earlier by Bush himself, as being in America's national interest.

US public opinion reacted sharply against the dispatch of a delegation led by National Security Adviser Brent Scowcroft in December, where they were photographed in what the media described as clinking glasses with the butchers of Beijing and exchanging compliments with them. The mood became even angrier when leaked information revealed that Bush had secretly sent his envoys to Beijing just days after the Tiananmen incident, in contravention of his own strictures on high-level visits. Undersecretary of State Lawrence Eagleburger defended the trips: frank exchanges of views had preceded the champagne toasts, and the earlier visit in particular had been "neither easy nor pleasant."²⁸

After the December Scowcroft mission, administration officials announced that he had won assurances from Beijing leaders on the sale of medium-range missiles to the Middle East, and that they would not sell the M-9, a medium-range missile of particular concern to American arms controllers, to Syria. This was, officials said, a victory for the Bush administration's quiet diplomacy. When evidence surfaced that the Chinese might be selling the missile anyway, it transpired that the Chinese had never agreed to the

American definition of medium-range missiles. A follow-up meeting failed to obtain an agreement on the definition.²⁹ This is yet another example of talking by each other. In this case, as in Holdridge's testimony, the administration appeared to be talking past the American people as well, by giving a false impression of what was actually promised.

Subsequently, Chinese ire was kindled when in February 1990 Bush voided the sale of Mamco, a Seattle aerospace supplier, to the state-owned China National Aero-Technology Import and Export Corporation, better known as CATIC. The PRC's official *Xinhua* news agency pointed out that the purchase was entirely legal and did not pose any threat to the United States; CATIC officials added that the acquisition did not involve any leakage of high-technology, nor did it impair or threaten the security of the United States.

Bush's decision, which ran counter to his expressed preference to keep Sino-American relations on an even keel despite the Tiananmen incident, was made after a unanimous vote by members of an eight-agency board, in accordance with the provisions of the Exon-Florio Act of 1988. This act permits the US government to review purchases of American companies by foreign investors and to nullify those which it deems likely to have adverse affects on American security. The inter-agency board's decision was said to have been based on classified information involving CATIC's past activities. This information purportedly stated that CATIC illegally appropriated metallurgical technology from two General Electric CFM-56 aircraft engines in purchased in 1984.³⁰

In May, Beijing announced its decision not to proceed to the development stage of its Peace Pearl contract with the US government. The PRC's embassy in Washington refused comment, as did the US Department of Defense. There was speculation that the PRC decision had been made in retaliation for the voiding of the sale of Mamco. Sources

at the Grumman Corporation, the prime contractor for the project, cited cost overruns, saying that Chinese officials wondered whether sharp increases represented “some sort of capitalistic trick due to the general deterioration in relations,” and would not believe that cost overruns were the norm in military contracts.³¹

At about the same time as the Tiananmen sanctions were causing difficulties for Sino-American relations, Admiral Liu Huaqing visited Moscow to discuss resumption of Soviet military deliveries to the PRC after a three-decade long gap. This decision was to have far-reaching consequences for US-China security ties, or the lack thereof. As for Bush, his efforts to hold together Sino-American relations made him vulnerable to his challenger in the 1992 presidential election, Bill Clinton, whose denunciation of his rival for “coddling dictators from Beijing to Baghdad” became a rallying cry in Clinton’s ultimately successful campaign to replace Bush.

Second in the sequence of unpredictable events derailing the optimistic prognosis for Sino-American relations was the disintegration of the Soviet Union. This removed the original *raison d’être* for the Sino-American rapprochement. The Beijing government had been quite successful at playing Washington off against Moscow, and understandably was not comfortable with having only one remaining superpower. While Beijing continued to cultivate good relations with Moscow, Russia, particularly in the years immediately after the USSR splintered into 15 component republics, faced difficult economic problems and was at least partially dependent on the United States for help. From the point of view of Chinese diplomacy, the Russian card was not as potent as the Soviet card had been.

The third unpredictable event was the Gulf War of 1991. Beijing's view saw US actions in forging a coalition to force Iraq to disgorge its conquest of Kuwait as the sole superpower taking on the role of international bully. In addition, the performance of the American military in the Gulf War came as an unpleasant surprise: neither civilian leaders nor officers of the People's Liberation Army (PLA) had realized that the Chinese military was so far behind. Two parallel courses of action presented themselves: the PLA needed to be improved as quickly as was feasible, and the PRC needed to work on creating an alternate world order. The first engendered a string of annual double-digit increases in the country's defense budget. As for the second, since the country was still relatively weak economically and militarily, Chinese strategists opted in favor of creating a multipolar world order.

The conviction that both were needed was reinforced by the conflict in Kosovo in 1999. Whereas the war with Iraq had at least been sanctioned by the United Nations Security Council, albeit with China abstaining, and had the purpose of undoing one sovereign state's conquest of another sovereign state, China saw the Kosovo conflict in a much more ominous light. The United States chose to work through the North Atlantic Treaty Organization (NATO), which it dominated. And it attacked a sovereign state, the Republic of Yugoslavia, over its policies toward ethnic cleansing in Kosovo.

The rationalization advanced by the United States, that human rights took precedence over issues of sovereignty, had ominous implications for Beijing. It saw its treatment of restive ethnic minorities such as Uyghurs and Tibetans, or perhaps efforts to coerce Taiwan into unification, being used as excuses for an invasion of China. These concerns deepened when, in May, a United States plane bombed the Chinese embassy in

Belgrade, killing three people. The United States apologized, blaming an out-of-date map. Chinese officials were suspicious: how could such a technologically sophisticated country have a faulty map? Further, the bomb had hit the code room: in the United States, rumors circulated that the Chinese had been helping the Yugoslav military track incoming planes. Mobs, some of them apparently encouraged by the government, trashed the US embassy in Beijing in retaliation.

A fourth unpredictable factor that profoundly affected US-China relations was that Taiwan became a democracy. Since Chiang Kai-shek's Kuomintang (KMT) government had taken control of the island in 1945, a largely mainland clique had ruled the island's majority Taiwanese population. As Chiang's hard authoritarianism gave way to the softer authoritarianism of his son, Chiang Ching-kuo, the native population began to gain power.

Ching-kuo died in office in 1988, being succeeded by his Taiwan-born vice-president, who increased the pace of democratic reforms. Inevitably, democratization involved Taiwanization. A lively two-party system formed in the late 1980s; in 2000, the candidate of the Taiwanese-dominated opposition party assumed the presidency in a peaceful transfer of power. Native born Taiwanese typically had few emotional ties to China and had no wish to unify with it. This complicated matters for both Beijing and Washington: Beijing would have to work harder to convince Taiwan that it should voluntarily become part of the PRC, and Washington, already given some measure of responsibility for the defense of the island by the Taiwan Relations Act, would find it harder to divest a thriving democracy.

After US Secretary of State Warren Christopher unwisely gave Beijing his assurances that Taiwan president Lee Teng-hui would never receive a visa so that he could receive an honorary degree from his alma mater, Cornell University, in 1995, congress deemed otherwise. A triumphant Lee traveled to the US, after which Beijing staged nearly a year of war games, including missile firings into the Taiwan Strait, with the apparent aim of disrupting the island's 1996 presidential election. US President Clinton, seeking to preclude more drastic actions being contemplated by congress, dispatched two aircraft carrier battle groups to the waters off the Strait, thereby calming the situation. Beijing, either genuinely in high dudgeon or reacting sharply in order to exact concessions from the United States, succeeded in achieving the latter. President Clinton wrote a letter, not made public at the time, promising Beijing what would become known as the "three nos": no support for Taiwan independence, no support for two Chinas or one China, one Taiwan, and no support for Taiwan's entry into international organizations for which sovereignty was a criterion. Later, visiting China in 1998, Clinton stated the three nos, albeit informally, in answer to a question posed on a radio show in Shanghai. Responding to the predictable domestic uproar, administration spokespersons replied that the statement represented no change in past policy. Presumably the reason for the secrecy of the 1996 letter was to avoid such an uproar in a volatile situation, particularly one in which Beijing was clearly the aggressor.

China Becomes a Great Power

After a brief retrenchment to damp down the inflation that had been an important contributing factor to the Tiananmen demonstrations, the Chinese economy began a period of growth that was impressive for both its annual increases, averaging 9 percent

per annum, and its longevity---currently fifteen years and counting. These were accompanied by even larger increases in the PRC's military budget from 1989 onward. In the only year when these increases were not double-digit, 2003, the figure was 9.6 percent; that for 2007 is 17.8 percent. The Beijing government argued that this could be accounted for by inflation. However, the double-digit increases not only exceeded the inflation rate but occurred at a time when other countries were drastically cutting their defense budgets . Moreover, foreign defense analysts believe that, since many important big-ticket items are not included in the PRC's defense budget, the actual figure is likely to be two to three times the announced budget. If so, the true figure for 2007 would be between \$90 and \$135 billion.

Assisted by large purchases from Russia, which found itself with excess inventory and huge financial problems attendant on the disintegration of the Soviet empire, and aided as well as by a series of alleged espionage operations in the United States, the PLA obtained state-of-the-art military platforms and technology. Initially, these advances appeared to be primarily directed against a threat to Taiwan---worrisome enough from the perspective of both the United States and Japan, not to mention Taiwan. More recent evidence suggests that the PRC is also generating capabilities that could apply to other regional scenarios, including disputed territories and the resources in and around them.³²

Meanwhile, China's rapidly growing economy generated demand for massive quantities of raw materials and energy resources. The Beijing government successfully sought out new markets in Southeast and Central Asia, Africa, and Latin America, often in areas that had been dominated by the United States and the former colonial powers of those regions. Producers of these resources were typically pleased to provide them,

although traditional importers, including the United States, worried that there would not be enough left to meet their needs. Others, particularly in smaller states, became concerned that their economies would be swallowed by the sheer size of the China market: caught in a pincer between the PRC's economic lever on the one hand and its rapidly growing military might on the other, their autonomy could be severely compromised.

The United States, though not a small state, began to view these developments, which it saw as potentially disruptive to the international balance of power, with concern. Washington officials spoke frequently of the need to integrate China into the world order and, later, of making it a stakeholder therein. In essence, this replaced the common fear of the Soviet Union as a basis for Sino-American relations. Little thought would seem to have been given to whether the PRC would accept integration passively or seek to change the already fluid norms governing interactions within the world order. Should a new stakeholder not be allowed to modify the stakes?

Initially, it would seem, American policymakers believed that integration into the world community would lead automatically to greater freedoms and a pluralistic, more democratic society. In the course of persuading congress to agree to the PRC's accession to the World Trade Organization (WTO) in March 2000, President Clinton referred to the organization as a "poison pill for China," arguing that the opening up of China's markets would undermine the control of the communist party.³³ According to a recent assessment, Clinton thought that China's presence in the WTO would change China faster than China would change the world.³⁴ In retrospect, this did not happen, and does not seem to be happening.

Meanwhile, the US trade deficit with China became greater rather than smaller after the PRC's accession to the WTO. Violations of intellectual property rights reached figures exceeding 90 percent. Businesses that had been eager to trade with China now found themselves unable to compete with 'the China price.' Some went bankrupt; others transferred their business to the PRC to take advantage of low wages and lax enforcement of environmental standards. US companies had hoped to market their American goods to China; instead, Chinese goods, and increasingly higher-technology goods, were being successfully marketed in the United States. As jobs migrated to the PRC, American factories closed or drastically curtailed their work forces. Unions became angry. There were charges that China was not playing fair: its currency was undervalued, thus enabling the PRC's goods to be sold in the United States at far lower prices and, at the same time, overpricing American goods in Chinese markets.

There was a military dimension to US concerns. Purchases from Russia included items such as Sovremenny class destroyers equipped with sea-skimming Sunburn missiles that the US navy would have trouble defending against, and highly capable Su-30 fighter planes. Chinese operatives were reported to have blinded the pilot of an American plane using laser beams, and to be planning to blind US satellites in the same manner.³⁵ An unpleasant diplomatic incident in April 2001 involving a collision between an American surveillance plane and a Chinese fighter jet underscored how easily a Sino-American military clash might begin.

How to meet this perceived economic and military challenge produced a flurry of oratory that includes the aforementioned desire to integrate the PRC into the global community and to make it a stakeholder therein; the need to adjust to China's rising

power; the wisdom of engagement or conengagement; the advisability of continued dialogue; and admonitions that problems need to be “managed” and to “first do no harm.”³⁶ While these are ringing phrases and not in themselves objectionable, they are largely devoid of content and have been little help on specific issues of concern between the two states. They do not tell us how to integrate, to manage, or to adjust, for example. Nor what to do if dialogue proves protracted while frictions worsen and there is no solution in sight. And, in international relations as well as in many other fields, any policy decision will advantage some sectors of the polity while disadvantaging others. How then can one operationalize advice to do no harm?

An additional problem compounding the search for solutions is the lack of domestic consensus on what to do about specific problems. As a case in point, when two influential senators, one Democrat and one Republican, introduced the Schumer-Graham bill, stipulating the imposition of a 27.5 percent tariff on Chinese imports until such time as the PRC revalued its currency to a more realistic level³⁷, there was considerable opposition. It was pointed out that implementing this measure would make Chinese goods more expensive in US markets, which would disadvantage American consumers. And that, since the PRC had used substantial quantities of its foreign exchange reserves to purchase US treasury bills, a diminution in its foreign exchange reserves might lead Beijing to divest itself of the treasury bills and put upward pressure on the inflation rate. This would adversely affect the already depressed US housing market.

There are also disputes about how the trade deficit between the two countries is calculated. Although there is consensus that the deficit is large, some say that the US should not count goods shipped through Hong Kong as originating in China, since none

of the value added in Hong Kong accrues to Chinese firms, nor should the cost of shipping and insuring exports be included, since most of the business goes to non-Chinese firms.³⁸ Moreover, critics argue that it is incorrect to attribute the entire value of a product assembled by PRC workers to China, as is current practice, when part of it may have been made elsewhere, including the US.³⁹

With regard to concerns about the PRC's rapidly increasing military power, there is again little consensus on what to do. In response to the 2005 version of the above-mentioned Department of Defense annual report, a retired admiral testified that, within twenty years, China would have the ability to wreak havoc on US naval forces, and that such a defeat of the US navy by a Chinese force would "ruin America as we know it today."⁴⁰ In the same week, another retired admiral, reacting to the same report, described the Chinese military as having a long way to go despite having made impressive accomplishment in the past few years. The modernization of the Chinese military, he continued, would not happen overnight: the US would have time to watch its progress and take appropriate actions.⁴¹ Earlier, a Clinton administration national security appointee had stated the frequently-quoted maxim that if we treat China like an enemy, it will assuredly become one. The Chinese side continues to maintain that its military buildup is for peaceful purposes only.

Even with the absence of consensus in the United States and by talking past each other with the Chinese, there have been some successes in resolving problems. In 2003, the US Drug Enforcement Administration applauded the efforts of Chinese and Hong Kong authorities in helping to dismantle a massive heroin-smuggling operations based in Fujian Province.⁴² In the same year, Beijing acted about a dozen times to thwart

shipments of nuclear-related materials to problem states. Still, US officials added, concerns remained over Chinese firms continuing to sell items with potential nuclear uses to such countries as North Korea and Iran.⁴³ There has been a slow appreciation in the value of China's currency, from 8.3 to approximately 7.7 to the US dollar, over the past year and a half. In December 2006, China joined FutureGen, a project that will produce electricity while removing and isolating carbon dioxide, thus making it the cleanest fossil fuel production method extant and, hopefully, reducing the energy competition between the US and the PRC.⁴⁴

However, critics charge, the areas where some level of policy congruency has been obtained tend to cluster near the bottom of American's list of policy issues: avian flu, endangered species, global warming, and cultural and academic exchanges.⁴⁵ More central issues like proliferation; the aims of such an ambitious military modernization program when the PRC has so many unmet domestic social needs; the status of Taiwan; and rampant intellectual property rights violations remain unaddressed.

Prediction Is Always Difficult, Especially About the Future

That said, talking past each other on major issues seems to have worked tolerably well so far, and may be the best that can be hoped for. Conceivably, though it is a bit of a stretch, talking past each other might be considered a form of engagement: a kind of tacit agreement to disagree. There may also be a back channel of communication not available to the public, such as hinted by Mao Zedong's advice to Nixon that it would be alright for each side to curse the other for a bit, and by certain aspects of Jimmy Carter, George H.W. Bush and Bill Clinton's dealings with China as cited above. This has enabled each side to avoid confrontation with important domestic constituencies. Because the United States is

a more open society, the truth is more likely to be revealed---as it was with Carter's delaying the announcement of modernization until after congress had left for winter recess or Clinton keeping his 'three nos' a secret for two years. But, as a fait accompli, the agreement will be more difficult to undo.

A back channel may also have been operative in the resolution of the incident involving a mid-air collision between a Chinese fighter jet and an American EP-3 reconnaissance plane of April 2001. Beijing, reflecting nationalist outrage, refused to release the plane and crew until it received a formal apology from the United States, as well as a promise that Washington would cease its spying. In fact, Secretary of State Colin Powell said only that he was "very sorry" that the incident had occurred rather than issuing a formal apology. The Chinese media translated this as apology *baoqian*, or very close in meaning to the *daoqian* that Beijing had originally demanded, leaving the impression that Powell had apologized in the sense of accepting responsibility for the incident occurring rather than, as presented to the American people, that he said simply that he regretted it had happened.

Apart from the unpleasant fact that each side has deceived its own people, can we hope that a continuation of occasional agreements interspersed with talking past each other will maintain the stability of the Sino-American relationship in a reasonably even fashion? As has been seen, stochastic factors have had a profound effect on Sino-American relations in the past, and unexpected, unpredictable factors may well affect the future. Among other variables are

- American willingness to continue to play the role of the dominant actor in the global system. The Bush doctrine notwithstanding, a multipolar world, or one

- dominated by some other power, possibly China, may occur not because of Beijing's efforts at creating countervailing power but through a voluntary relinquishment of primacy on the part of the United States
- the PRC may not be able to sustain current levels of economic and military growth. As the considerable efforts of many other states have shown, it is extremely difficult to transform a poor country into a major international actor. The Chinese have unquestionably done it. But it is even harder to sustain and continue to build on these accomplishments. There is a substantial degree of fragility in the Chinese system. Although improvements have been made in the country's financial system, non-performing loans and other problems pose the risk of collapse. Farmers and workers are increasingly likely to take their grievances to the streets and to government offices. The environment continues to deteriorate at an alarming rate, with pollution and shortages of potable water taking their toll on health and productivity. According to a study released by China's Ministry of Land and Resources in April 2007, the nation's amount of arable land has reached a point past which the population will not be able to feed itself⁴⁶
 - as a state expands its power, and particularly if it does so rapidly, other states may become concerned and adopt balancing strategies. While many countries resent the influence of the United States and welcome the Chinese presence as a counterweight to it, they are also aware that their economies may be absorbed by it, and their security options concomitantly narrowed. Japan requested a strengthened defense relationship with the United States as a result of the 1995-96

crisis in the Taiwan Strait. The US-Japanese security relationship has become increasingly close, and talk of revising article nine of the Japanese constitution, which bars Japan from exercising the right to collective self-defense, is now common. Australia has recently augmented its defense budget significantly: both those who approve of it and those who do not see this as directed against the PRC.⁴⁷ And India, which feels a keen sense of rivalry with the PRC, has, like China, purchased Su-30 fighter planes from Russia.

One reason that the founding members of ASEAN wanted Vietnam to join is that Vietnam's historic tensions with China could help to shore up Southeast Asian nations' ability to resist pressure from a rising China. More recently, a Singaporean succinctly summarized regional concerns as

Contemporary Southeast Asian states did not fight long and hard for their independence only to be dominated by an external power again. They are vigilant in guarding their political sovereignty...for ASEAN, the main factor shaping its attitude will be Beijing itself, that is, whether China sends clear signals that it desires win-win ties based on mutual respect and benefit. ASEAN does not want an expansionist hegemonic China.⁴⁸

Nor can China count on unstinting support from Central Asia, notwithstanding the euphonious expressions of mutual support that characterize the meetings of the Shanghai Cooperation Organization. The politics of the area have been likened to a reprise of the Great Game machinations of the 19th century in which Czarist Russia faced off against the British Empire and both were in turn

manipulated by local rulers. India, Japan, and the United States, among others, have joined Britain and Russia as players in this 21st century Great Game, with competition for mineral resources rather than territorial aggrandizement as their major goal.

The successor states of the Soviet empire do not want to fall back under Russian domination, or to be absorbed into the Chinese or any other orbit. The descendants of the 19th century Central Asian rulers continue to skillfully play off one great power against another. As a case in point, after state-owned China National Petroleum bought Canadian-run PetroKazakhstan and built a pipeline to take its oil to the Chinese border, the Kazakh government forced it to resell a third of its new acquisition to Kazmunigaz, the Kazakh state oil company and industry regulator. In addition, a local court awarded part of PetroKazakhstan to Russia's Lukoil, leaving in doubt how much oil China would receive through its new pipeline.⁴⁹ In other pipeline politics, Russia has successfully played China off against Japan for its own benefit. Additionally, Central Asian states have welcomed both American advisers to their military forces and U.S. peace corps volunteers to teach their children English.

Latin American states are concerned that the PRC's need for raw materials will erase decades of strenuous efforts to develop indigenous manufacturing industries, in effect returning them to the sort of *dépendencia* that Latin left-wing economists began warning about in the 1970s. For example, a Peruvian government figure has said that, partly because the PRC is willing to absorb so

many of his country's primary products, it does not make sense for Lima to think about anything beside exporting commodities.⁵⁰

In many cases, Latin critics point out, investment funds that were promised do not materialize. Where they have, there have been charges that the infrastructure construction serves the PRC's needs, not those of the recipient country. There have also been complaints that the Chinese bring in their own labor rather than hire local people, and that the infrastructure projects pay no attention to the destruction that they are wreaking on the environment. In 2006, China's exports to Central and South America exceeded its imports for the first time. The imbalance in the PRC's favor is expected to grow in 2007.⁵¹

Complaints from Africa are eerily similar. In December 2006, South African President Thabo Mbeki expressed a fear that Africa would again, as in the colonial era, be reduced to a mere exporter of raw materials dependent on imports of finished goods from wealthier nations: "The potential danger, in terms of the relationship that could be constructed between China and the African continent, would indeed be a replication of that colonial relationship."⁵² Growing Chinese influence in Zambia emerged as a major issue in the country's October 2006 presidential campaign. When President Hu Jintao visited the country in February 2007, a visit to one of the more restive areas was cancelled to avoid protests.⁵³

Ironically, whereas many states at first welcomed a heightened Chinese presence as leverage against the United States, some began seeking American help against excessive Chinese influence. Brazilian farmers, for example, worry about the PRC's growing influence on soybean prices, and were annoyed when, in

2004, China rejected shipments of Brazilian soybeans on grounds that they were contaminated. To try to counter Chinese influence, Brazilian producers are working with American growers to diversify their buyers. In December 2006, American soybean producers organized a joint trade mission with Mato Grosso farmers to India, another huge potential growth market.⁵⁴

Policy Recommendations

As we wait for these variables to play out and new ones to develop, what should be done? Although it is not possible to predict the future, there are things we can do to prepare for the future. A brief summary of policy recommendations would include:

beware of the orotund cliché. It is profoundly disconcerting to hear supposedly objective government analysts begin a classified briefing with the phrase “as China regains its rightful place in the world,” or, elsewhere, “the 21st century will be the century of China.” No one would claim that any other past empire deserves to reclaim the glories of past conquest---that Italy is entitled to the possessions of the Roman Empire, or that it is inevitable that the Iranian government will someday administer the lands ruled by Cyrus the Great. Moreover, the 21st century will not necessarily belong to any nation.

be skeptical of quick-fix or silver bullet solutions to Sino-American tensions. Just as China began its post-Mao drive for industrialization through ‘crossing the river by feeling the stones,’ the United States may have to deal with its concerns with China in the same way.

listen to what the Chinese are saying to each other. Phrases such as “if we treat the Chinese as an enemy, they will surely become one” may look less convincing when one reads Chinese military journals, with their discussions of how best to defeat a

technologically superior enemy with aircraft carriers and heavy reliance on network-centric warfare. This unnamed adversary is a category of one: the United States. Also, know that Deng Xiaoping advised his countrymen to “observe calmly; secure our position; cope with affairs calmly; be good at maintaining a low profile; never claim leadership; and make some contributions.”⁵⁵ And that Jiang Zemin argued that, while it may be “...perfectly obvious that the wolf is going to attack man, we still need to dance with the world. This is the reality we must face and the diplomatic strategy we must adopt.”⁵⁶ Ponder what may happen when sufficient time has bided, and when the end of the tune concludes the dance with the wolf.

be aware of the security dilemma---in which states who are insecure about each other act militarily and diplomatically to enhance their security, which the other state then interprets as threatening. The states may be drawn into a conflict that neither actually wants.

but also be aware that the alternative may be more dangerous. Refusing to take what seem to be emerging threats seriously is a recipe for disaster. There is a natural tendency to want to believe protestations of peace, but that does not necessarily mean that these views are widely held within China’s leadership.⁵⁷

recognize that there is much the United States can do to improve its economic situation so that it is better able to meet competition from China as well as other states. American educational standards, particularly in mathematics, science, and foreign languages instruction, are far below those of many other countries. Apart from a few elite institutions, we do not adequately challenge our students, thus short-changing them in the competition for jobs with those educated abroad. More also needs to be done to

encourage innovation, and to create jobs in areas that cannot easily be outsourced, whether to China or elsewhere. The U.S. budget needs to be brought into better balance, and Americans should consider spending less and saving more. American companies could be doing more to remain competitive, and Washington could be doing more to encourage them to be more competitive. Blaming other countries for our problems when we are unwilling to put our own house in order is a self-defeating strategy.

understand that, much as we desire a democratic China, it may be a long time in coming, if it comes at all, and that ultimately pressure for change must emanate from within the PRC. There are things we can do, and are doing, to encourage this change, such as projects to help people understand their legal rights and assistance in encouraging them to stand up for these rights. But, for the moment, when party officials speak of reform, they seem to mean improving the efficiency of party and government rather than reforms that will enhance civil liberties.

Ultimately, the last word on China may be that of the PRC's ambassador to the United Nations, Sha Zukang: "China is neither heaven nor hell. It is just in the process of building a society with decent living standards."⁵⁸ The United States and China are linked together by market forces that the U.S. encouraged the creation of. To the extent that America can encourage the building of a Chinese society with decent living standards without jeopardizing its own standards, it should do so. We can get along with China without being enamored of its governmental system.

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