48. *Dealing with a Resurgent China*

The U.S. government should

- end the annual turmoil and acrimony over the trade relationship by granting China most-favored-nation trade status that does not require annual certification;
- press Beijing for more serious enforcement of the intellectual property rights of American companies and individuals;
- inform Taiwan that the United States will not intervene militarily if a conflict breaks out between the People's Republic of China and Taiwan;
- allow Taiwan to purchase the weapons it believes are necessary to defend itself from possible coercion by Beijing;
- encourage the development of a balance-of-power security system in East Asia, managed by the East Asian powers, with Washington playing a low-key supporting role; and
- reject suggestions to adopt a confrontational "containment" policy directed against China; instead, pursue maximum economic relations to have a liberalizing impact on China's political, economic, and social systems.

Relations between the United States and the People's Republic of China have become increasingly testy in recent years, with acrimonious disputes over a variety of issues, including human rights, trade, and the status of Taiwan. There is growing sentiment in Congress and elsewhere for a more hard-line U.S. policy toward Beijing. In its extreme form, that sentiment favors the adoption of a full-blown containment policy, treating China as the Soviet Union was treated during the Cold War.

It would be a mistake for the United States to embrace a containment policy. Such an approach could produce a self-fulfilling prophecy, as a cornered China lashed out against its superpower adversary, thereby

becoming the aggressor that the containment policy was designed to prevent.

One cannot ignore, however, the fact that some of Beijing's actions are cause for concern. From the standpoint of American interests, the PRC's casual export of nuclear and ballistic missile technology to Iran and other countries ruled by unpredictable, unsavory, and rabidly anti-American regimes is troubling. That action clearly does not improve the global security environment. Similarly, Beijing's belligerent behavior toward Taiwan and other neighbors in East Asia raises serious questions about what kind of great power China intends to be.

The challenge for an effective U.S. policy toward the PRC is to avoid either provoking needless confrontations or allowing to develop a strategic environment in which Beijing can threaten important American interests. That goal requires Washington to establish clear priorities in its China policy—something that the Clinton administration has generally failed to do.

Trade Issues

U.S. policymakers need to understand that no country, even one as powerful as the United States, can dictate to other great powers. Washington's relations with China in recent years, however, seem to consist of a lengthy series of demands with little hope that Beijing will respond positively to any of them. Perhaps the least constructive aspect of the relationship has been the annual controversy about whether the United States should extend China's most-favored-nation (MFN) trade status for another year. Beijing's critics in Congress and elsewhere use the recertification requirement to mount campaigns to condition extension on improvements in the PRC's human rights record, reductions in the multi-billion-dollar bilateral trade deficit, greater protection for the intellectual property rights of American firms, and a host of other issues.

The annual spectacle does little except cause needless friction in U.S.-Chinese relations. The temptation to link trade and human rights is understandable, since Beijing's systematic brutality toward political dissidents offends anyone who values individual freedom. Such repression is all too common in the world, however, and the United States cannot allow moral outrage to govern its trade relations with foreign countries. Moreover, as noted in Chapter 54, the freedom to buy or sell products and services without arbitrary government interference is itself an important human right—for Americans as well as Chinese.

Conditioning MFN status on a reduction in the trade deficit is even less justified. The obsession with eradicating deficits with such countries as China and Japan is one of the more unfortunate features of Washington's trade policy. The notion that trade deficits injure the American economy while surpluses strengthen it is unsupported by either contemporary or historical evidence. Indeed, the United States ran sizable trade surpluses during much of the Great Depression in the 1930s, and the last surplus occurred in 1975, a recession year. The bilateral trade deficit should be a nonissue in U.S.-Chinese relations.

Concerns about Beijing's apparent indifference to the pervasive piracy of American intellectual property in China are more substantive. Yet it would still be a mistake to condition MFN status on a resolution of that problem. Instead, U.S. officials should redouble their diplomatic efforts to pressure the Chinese government to take action against such theft. Some progress has been made in recent months, and this is one issue on which the authorities in Beijing appear willing to respond to American concerns.

Americans who believe that obstructing trade relations will coerce the Chinese government into being more cooperative and democratic advocate precisely the wrong policy. Sanctions would injure primarily the sectors of China's economy that are the most dynamic and have the most extensive connections with the outside world. Those sectors are dominated by younger, cosmopolitan Chinese who view the aging communist autocrats in Beijing with thinly disguised distaste and impatience. We should want to strengthen the new centers of power and change in China, not weaken them by disrupting trade relations. Although there is an outside chance that a worst-case scenario—a powerful Chinese economy exploited by an authoritarian government with an aggressively expansionist agenda—will materialize in the coming decades, it is more likely that economic liberalization will be followed by political liberalization, as we have seen in South Korea, Taiwan, and other East Asian countries. Maintaining, indeed increasing, our economic relations with China maximizes the probability of that benign outcome.

Washington should end the annual squabbling by granting China unconditional and indefinite MFN status—which should be renamed "normal trade relations" to better reflect what MFN actually gives any nation so designated. To the extent that we want to address such issues as the treatment of political dissidents and the protection of intellectual property rights, those matters should be handled through diplomatic channels.

Beijing's Security Behavior

While Washington should defuse the confrontation over trade issues, U.S. officials need to express greater concern about other aspects of Beijing's behavior. For example, the PRC has increasingly exported sophisticated weapons, ballistic missile components, and even nuclear-related technology to a number of countries, including states with virulently anti-American agendas, most notably Iran. There are indications that the civilian authorities in Beijing may not be fully in charge of policy and that some of the sales were free-lance initiatives by the People's Liberation Army. Washington needs to press President Jiang Zemin and other leaders about those sales, especially since some of the transfers may violate Beijing's commitments under the Nuclear Nonproliferation Treaty and other international agreements. If the sales were made with the approval of the civilian leadership, Washington should clearly express its view that such actions are destabilizing and could pose a threat to America's security. If the PLA is operating on its own, there are even more serious concerns.

Another troubling aspect of Beijing's political and military behavior is its increasingly aggressive conduct toward its neighbors. Beijing's belligerent actions toward Taiwan in late 1995 and early 1996 received a considerable amount of attention in the United States, but the PRC has also engaged in a distressing amount of saber rattling on other issues during the past two years. It has shown a willingness to use its growing naval power to press territorial claims to the Spratly Islands in the South China Sea, which led to a serious confrontation with the Philippines, another claimant, in 1995. More recently, the PRC made threatening statements and gestures (including military exercises) toward Japan in the territorial dispute between the two countries over eight islands—known as the Diaoyu islands in China and the Senkaku islands in Japan.

The point is not that the United States has important interests at stake in such disputes. Whose claim to islands in the South China Sea is most valid ought to be a matter of indifference to Washington, and under no circumstances should the United States allow itself to be drawn into that multisided dispute if armed conflict erupts. Similarly, whether China or Japan has the better claim to the Diaoyu (Senkaku) islands should have no relevance to the United States. (Unfortunately, because of America's affiance with Japan, this country could become entangled in such a petty squabble—yet another reason to terminate the U.S.-Japanese security treaty.) Even Taiwan's continued de facto independence, while certainly

desirable, does not constitute an interest sufficient to justify America's willingness to risk war.

The pertinent point for the United States is what Beijing's aggressive posture may be indicating about China's prospective behavior as a rising great power in the international system. If Beijing intends to pursue an aggressively expansionist agenda, that is a matter of concern to Washington. China's intentions become all the more important because of the government's concerted effort in recent years to build up its military power. Beijing is clearly modernizing its forces and seems determined to have both a first-class air force and a blue-water navy. Although one should not overstate the magnitude of that buildup—the PRC's expanded military spending started from a low base and is still only an estimated $30 billion to $40 billion a year—the trend bears watching. China is already a major power with a modest but potent nuclear arsenal and ICBMs capable of reaching American territory. Washington, therefore, cannot be indifferent to Beijing's conduct in the security realm.

The dilemma facing the United States is how to avoid becoming embroiled in China's disputes with its neighbors without having a power vacuum develop in East Asia that might prove irresistibly tempting to Beijing. The latter development could lead to China's domination of the region and the emergence of a serious security threat to the United States. Nowhere is the dilemma more acute than with regard to the chief flash point in U.S.-Chinese relations, Taiwan.

The Most Dangerous Issue: Taiwan

Beijing's missile tests and military exercises in the Taiwan Strait in early 1996 underscored the danger that the United States may someday be pressured to defend Taiwan, at considerable peril to the American people. Although the crisis has temporarily eased, my conversations with officials of the Republic of China on Taiwan suggest that the long-term trend is ominous. Beijing insists that Taiwan is merely a renegade province of the PRC, and communist officials brusquely refuse to renounce the use of force to achieve reunification. Leaders of the ROC, although officially endorsing the concept of one China, seek expanded international recognition of their government and exude the confidence that comes from Taiwan's burgeoning economic power and successful democratization.

Yet it is doubtful that Taiwan could successfully defend itself against a PRC attack. Although Beijing probably does not have the airlift and sealift capacity to launch a successful invasion, it does possess sufficient

air and naval power to blockade and bombard Taiwan—unless the U.S. Seventh Fleet intervenes. American intervention, however, would risk a clash between two nuclear-armed great powers.

Taiwan's de facto security dependence on the United States is dangerous for all concerned. Instead of pledging to intervene in the event of a PRC attack on Taiwan, as suggested by the ROC's "friends" in the United States, Washington should allow Taiwan to buy the weapons needed to become militarily self-sufficient.

Unfortunately, the Clinton administration continues to drag its feet on Taipei's requests. ROC policymakers stress that Taiwan urgently wants to upgrade its military capabilities. Although Washington has been responsive to some requests—F-16 fighters and Stinger anti-aircraft missiles—administration officials have thus far declined to approve sales of other crucial items. Specifically, the Taiwanese want to buy attack submarines and develop, with U.S. assistance, an anti-ballistic-missile system. Submarines are considered especially important, because, unless the ROC has at least a modest fleet of subs, Beijing's navy could easily dominate the Taiwan Strait.

Washington contends that approving the sale of submarines would violate agreements with Beijing under which the United States promised not to provide Taiwan with "offensive weapons" or to alter the military balance. That rationale is misplaced on two counts. First, the distinction between offensive and defensive weapons is largely fictional; much depends on the objectives of the regime using the weapons. An F-16, for example, can be used for an unprovoked attack or to repel aggression. Second, the PRC's military capabilities have expanded dramatically since the early 1980s; approving the sale of submarines and anti-aircraft missiles to Taiwan would arguably restore, rather than disrupt, the military balance.

Administration leaders ought to recognize that the alternative to Taiwan's military self-reliance will be growing pressure on the United States to shield the island from attack. Since Beijing has nuclear warheads mounted on ICBMs capable of reaching American cities, a commitment to defend Taiwan would be extremely dangerous.

It would also be a commitment with shaky credibility. The credibility of a promise to defend an ally or client from a nuclear-armed adversary depends primarily on the relative importance of the issue at stake to the guarantor power and to the challenging power. Lessons drawn from America's Cold War experience with the Soviet Union may lead us to make overly optimistic assumptions about the outcome of a confrontation with the PRC over Taiwan.

The Kremlin considered it reasonably credible that the United States would risk nuclear war to keep such strategically and economically important prizes as Western Europe and Northeast Asia out of the orbit of a totalitarian superpower. A threat to incur the same grave risk merely to keep the PRC from absorbing Taiwan—a political entity the United States does not even officially recognize—is less plausible. In December 1995 a PRC military official bluntly told a prominent American visitor that Beijing did not fear U.S. intervention because "American leaders care more about Los Angeles than they do about Taiwan." Perhaps that comment is mere bluster, but we must consider the consequences if it is not.

ROC officials also seem skeptical about the willingness of the United States to risk war with Beijing to defend Taiwan. They understand that there is no treaty commitment from the United States nor are there American troops stationed on Taiwan to guarantee U.S. entanglement in any conflict that might erupt. Most of the Taiwanese realize that only their own strong military forces can provide a reliable guarantee of the ROC's security.

A promise to risk the lives of millions of Americans to defend Taiwan is not credible to the PRC or the ROC, and it is a promise that rational Americans would never want their government to fulfill. We can avoid the odious alternatives of either honoring a perilous commitment or of abandoning a defenseless Taiwan in the midst of a crisis. A far better option is to let Taiwan buy the weapons it needs for its own defense.

America as East Asia's Lone Ranger

America's dominant position in East Asia has contributed to the region's stability, but the tensions between the PRC and Taiwan in late 1995 and early 1996 demonstrated that the policy has an alarming drawback. In essence, the United States has volunteered to be on the front lines of every regional military crisis. That is an exceedingly dangerous strategy.

Although the most recent PRC-Taiwan crisis has receded, there is a high probability of similar imbroglios in the coming years. Not only could the United States find itself entangled in a perilous military confrontation, it might have to wage the ensuing struggle virtually alone. Taiwan would undoubtedly contribute to its own defense, but the reaction in various East Asian capitals to Beijing's menacing behavior indicated that assistance from Washington's other "friends" would be problematic, at best.

Indeed, virtually all of the East Asian governments made a concerted effort to distance their policies from that of the United States as the Clinton

administration dispatched two aircraft carriers to the western Pacific to demonstrate concern about the rising tensions in the Taiwan Strait. South Korea and the Philippines both stressed that their "mutual" defense treaties with the United States did not cover contingencies in the strait. Such countries as Malaysia, Indonesia, Thailand, and Australia contented themselves with the banal response of urging restraint on all sides, conspicuously declining to endorse Washington's moves. Indeed, they echoed Beijing's position that Taiwan is a renegade province. Even Japan, the principal U.S. ally in the region, merely expressed "understanding" of the Seventh Fleet's deployment.

That glaring lack of support demonstrates that Washington's encouragement of dependency on the part of the noncommunist East Asian countries has created a most unhealthy situation. Those nations seek the best of both worlds: they want the United States to protect them from Chinese aggression, if that problem should arise, but they do not want to incur Beijing's wrath (or even jeopardize their commerce with China) by allying themselves with a hard-line U.S. policy. That may be a good, albeit cynical, deal for them, but it puts the United States in a terrible position. If China does make a bid for regional hegemony at some point, there is literally no power other than the United States that is positioned to block that bid. That is a blueprint for a U.S.-Chinese war in which China's neighbors conveniently remain on the sidelines.

Instead of continuing to foster the dependence of Japan, South Korea, and other East Asian nations, U.S. policymakers should make clear that America will not risk its very survival to defend them and preserve the stability of their region. Since they have far more important interests at stake than we do, they ought to incur the costs and risks of that mission. Washington's goal should be the emergence of a reasonably stable balance of power in East Asia. China might well be the single most powerful nation in that setting, but Japan and an assortment of midsized powers would have the capability—and the incentive—to counterbalance China and put a limit on its ambitions. The United States should play the role of balancer of last resort in the unlikely event that the PRC or some other country disrupted the regional balance of power and achieved a "breakout" that threatened vital American security interests.

Such a policy would materially reduce the likelihood of a military collision between the United States and China. It would even reduce the number of occasions on which contentious issues between the two countries were likely to arise, thereby maximizing the chances of a cordial bilateral

relationship. Eliminating some of those sources of friction would clear the path for continued economic and cultural engagement, a strategy that is most likely to promote the evolution of a more tolerant and democratic China.

Suggested Readings

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