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on
U.S.-China Relations
in the Era of Globalization
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Thank you for this opportunity to testify on U.S.-China relations in the era of globalization. This is a critically important subject. It is no exaggeration to predict that the U.S.-China relationship will, more than any other, influence international relations in the twenty-first century.

That said, the basic contours of the new century are already visible. Unlike the twentieth century, which started out as a multipolar world dominated by a few, became after World War II a bipolar world dominated by two countries, and ended up mostly a unipolar reflection of American primacy, the twenty-first century is nonpolar. Ours is a world characterized not by the concentration of power but by its distribution. The United States is and will remain first among unequals, but there are and will be many more independent actors, state and non-state alike, possessing meaningful power in one form or another than at any other time in modern history.

But if the structure of today's world is clear, its character is not. A nonpolar world is already a reality, but it is not certain whether it turns out to be the sort of world where most people live in peace, enjoy prosperity, and experience freedom. Again, the trajectory of the U.S.-China relationship will help determine how this century unfolds.

The signature challenges of this era will be posed by globalization. Globalization is the increasing volume, velocity, and importance of flows within and across borders of people, ideas, greenhouse gases, manufactured goods, dollars, Euros, television and radio signals, drugs, guns, emails, viruses, and a good deal else. The challenges that result from globalization are many, and include the spread of nuclear materials and weapons and associated delivery systems, climate change, impediments to trade and capital movement, pandemics, drugs, and terrorism.

The notion that challenges derived from globalization will dominate the century represents a considerable departure from much of modern history, which more than anything else was shaped by great power competition and conflict. But such competition and conflict between and among the great powers of this era – the United States, China, India, Russia, Japan, and Europe – is not and need not become the defining dynamic of this century. This is a tremendous development, as the United States is spared the cost and risk of engaging in such conflicts.

It is as well an opportunity. The absence of automatic great power competition and conflict opens up considerable potential for cooperation among the major powers of the era, including between the United States and China. Ideally, this cooperation would be centered on those pressing global challenges that no single country can manage much less master on its own. What the United States and China choose to make of this opportunity to shape the world of the 21st century is a different question.

There are a number of possible futures for the United States and China and the relationship between them. Two stand out. The first would be a U.S.-China relationship marked mostly by competition, Cold War, or, worst of all, conflict. History suggests this is possible, if only because of the natural tendency for friction to arise between the prevailing power of the day and a rising power that could challenge its status. Concerns about this prospect exist in the United States given China's economic dynamism, its growing military strength, and aspects of Chinese policy, including its stance vis-à-vis Taiwan and its emphasis on securing access to energy and raw materials. Not surprisingly, concerns in China about U.S. intentions are no less intense, with many believing that U.S. foreign policy aims to thwart China's rise and deny China its rightful place in the world. Many also believe that the United States regularly and unjustly interferes with what many Chinese see as internal matters, including Taiwan, Tibet, and the nature of China's political system.

A far more optimistic and positive alternative is a U.S.-China relationship that could best be described as selective partnership. This would be fundamentally different from and considerably less than an alliance, something that involves a commitment to act together, normally on the most fundamental matters of defense and security. Rather, selective partnership is just that: a willingness and ability to work together when interests coincide. North Korea is a case in point. The United States and China have cooperated to a degree to manage, i.e., place a ceiling on, the nuclear problem. This is not the same as solving it. Nor is it to be taken as a precedent. Cooperation between the United States and China thus remains limited in frequency and scope; the relationship shares and will likely continue to share elements of both competition and cooperation. The obvious challenge for statecraft is to steer the relationship toward the cooperative end of the spectrum and to manage areas of disagreement so they do not spill over and preclude partnership and cooperation where otherwise possible. We need to work to bring about a bilateral relationship in which China increasingly sees it in its own interest to work with us – and where both countries eschew linkage on those occasions when cooperation proves impossible.

A cooperative U.S.-China relationship will not just happen. There is no invisible hand at work in the world of geopolitics. Still, it is critical that it does come about. The stakes are great. Slowing the spread of nuclear materials; controlling climate change; managing pandemics; maintaining an open world economy: these and other challenges will be far less difficult to contend with if the United States and China work together. Indeed, it is next to impossible to imagine how these challenges could be met if China

and the United States fail to cooperate or, worse yet, actually work to frustrate collective efforts.

What then is required? There is no single or simple fix, but one place to start is with regular, high-level consultations. Consultations are to foreign policy what location is to real estate: not everything, but a great deal. Consultations offer an opportunity for officials to share views on emerging and existing challenges and on what needs to be done about them. The scope of such exchanges should run the gamut, from bilateral political and economic matters to regional and global issues. When it comes to global concerns, consultations provide a setting to establish rules that would shape international relations and to design institutions for buttressing those rules. Consultations have the potential to be the creative exchanges that set the stage for successful negotiations. The United States and China have helped themselves by establishing consultative frameworks in the political and economic realms. These should be continued at a high level by the next administration and held as frequently as is productive.

It also warrants mention that the time when bilateral economic ties could provide ballast and protection for the entire bilateral relationship is largely over. In part this is because economic ties themselves have become something of a source of friction given the large bilateral trade imbalance and China's managed exchange rate. The criticism this situation generates is overstated – the trade imbalance would remain high even if China allowed its currency to appreciate, and U.S. exports to China are growing rapidly – but the political friction in the United States is real all the same. This situation calls not simply for addressing (in the WTO and bilaterally) legitimate concerns about China's economic behavior, but for establishing rules and procedures that encourage the flow of Chinese investment into the United States.

The likelihood of increased friction in the economic realm reinforces the importance of expanding U.S.-China diplomatic coordination. Bilateral consultations are not enough, however. U.S. foreign policy should also be geared toward integrating China into regional and global efforts meant to structure the twenty-first century world. It would help to expand the G-8 to include China on a permanent basis; better yet would be to transform the grouping into a G-10 (with India also added as a regular member) and then to involve medium powers (including such countries as South Africa, Brazil, South Korea, Mexico, Indonesia, and Australia) and other state and non-state actors as relevant. Devising a security architecture for Asia, possibly resembling in some fashion what the Organization for Security and Cooperation in Europe (OSCE) has done for that region, also deserves serious attention. A regional body along these lines could complement existing regional mechanisms as well as U.S. alliances with Japan, the Republic of Korea, and others. Asian security arrangements that involve both the United States and China are called for if the region's dynamism is not to prove too much for local governments to manage. All things being equal, China is more likely to support those regional and international arrangements it has had a hand in building than those it simply is being asked to support.

Energy and the environment merit separate mention. There are many arguments for reducing (or at least slowing the rate of increase in) demand for oil, including the impact on price, flows of dollars to producers, and climate change. The United States and China share these interests as well as a stake in the growth of supply and the stability of supplier countries. What the two countries also share is a stake in avoiding growing competition over access to energy supplies. This combination of overlapping and potentially competing interests underscores the need for enhanced consultations in this area, including on climate change, technology development and sharing, and steps to promote stability in producing regions.

The United States should be wary of institutionalizing some sort of league or cluster of democracies. Apart from the difficult and awkward problem of determining which states qualify for membership, there is the reality that the cooperation of non-democratic states, including China and Russia among others, is essential if global and other challenges are not to overwhelm us. It is also not obvious that exclusion from such a grouping would have the effect of encouraging democratic evolution in the countries that need it most. If such a group is nonetheless established, it should be limited to the purpose of encouraging reforms related to promoting democracy and not become a forum where other foreign policy matters are discussed and decided.

The principal focus of U.S. foreign policy toward China should be China's foreign policy. This may be seem obvious, although it is anything but. One contending school of thought influencing American foreign policy would emphasize and seek to change what goes on inside countries, both as a moral end in itself and for pragmatic ends. This latter contention stems from the assumption that democratic countries are likely to behave better toward their neighbors than authoritarian regimes. But given all the challenges we face in a global world, the United States does not have the luxury of making its focus what goes on inside China. Nor do we have the wisdom or ability to make China in our image. We do, though, have an interest in a stable and peaceful China that is willing and able to play a constructive role in the world. It is not an all or nothing call – there are things we can do (such as spreading the rule of law and working with the Chinese to increase the transparency of what goes on inside the government) to help encourage the emergence of a more open China. But there is the matter of emphasis, and the emphasis of U.S. policy should be on shaping what China does, not what China is.

The United States also needs to be careful not to overreact to the "Chinese threat." China's economy is large and growing rapidly, but it is doing so from a relatively low base. In addition, it is unlikely double-digit growth rates can be sustained. Moreover, China's enormous population is as much a burden as an asset. Much of its wealth will necessarily be absorbed by providing for its population, not for military investment or distant undertakings. Similarly, although China is modernizing its military, we should keep its military might in perspective. China spends roughly 15 percent of what the United States does on its military. China is not a global military competitor, much less a peer.

Some in the United Sates tend to overstate China's strength; in my experience, few in China do. To the contrary, Chinese leaders understand well just how much their country requires decades of external stability so that they can continue to focus their attention on economic growth and political reform. China can ill afford external distractions that would absorb resources and jeopardize the environment that China requires for continued economic growth. China is an emerging country, but in no way is it a revolutionary threat to world order as we know it.

But U.S. policy alone cannot determine the future trajectory of U.S.-China relations. What the Chinese do and say will count just as much. China will need to exercise restraint and patience. Taiwan is one such area. There can be no shortcuts, no use of force. History must play itself out. The United States must meet its obligations to assist Taiwan with its defense. At the same time, the United States can help here by discouraging statements and actions by Taiwan's leaders that would be viewed as provocative or worse. But leaders on the mainland must not overreact nor be pushed by domestic pressures to take actions that would prove destabilizing.

China's leaders must also be careful of nationalism. Communism and socialism do not command public support as they once did. Materialism and consumerism cannot substitute. Political and religious freedoms are severely constrained. Nationalism can all too easily fill a void. This is dangerous, as history demonstrates that leaders who allow or stimulate excess nationalism can all too easily become trapped by it. This argues not simply for keeping nationalism in check, but for allowing greater political and religious freedom so there are alternative sources of legitimacy and allegiance in the society beyond that of economic advance. This is something that the Chinese will largely have to do by and for themselves. The United States can and should make its views known, but mostly in private and not as demands or as prerequisites for our willingness to work with China when it is in our own self-interest to do so.

China will need, too, to assume a greater sense of responsibility in world affairs. China cannot hide behind its being a developing country. It is one of the world's great powers. China needs to approach specific foreign policy matters ranging from Zimbabwe and Sudan to proliferation and climate change not just through a narrow prism of what is good for its economy. It also needs to consider what is good for the world. In return, China can expect a greater role in setting the rules and building the institutions that will shape the world. In this vein, China's foreign policy analysts and its political leaders should reconsider their absolute view of sovereignty. In the modern world, what happens within borders can affect others. Governments cannot be free to commit or allow genocide or harbor terrorists or proliferate weapons of mass destruction. With sovereignty comes obligations as well as privileges.

Again, the United States can help here, by being sensitive to legitimate Chinese concerns, by consulting frequently with Chinese leaders, and by integrating China into regional and global institutions in a manner befitting a rising power. This is something we do not as a favor to China, but as a favor to ourselves in an era of history where Chinese cooperation is essential if globalization is to be managed.