

Summary: China's foreign policy is undergoing a set of tensions that are directly related to the U.S. pivot. These tensions have deep internal roots that are grounded in the new balance of power in the region. Depending on the way China resolves these internal tensions, there are two different paths that the U.S.-China relationship could take: an improved and much less tense one, or another more ominous path that reflects the current state of tensions between the two countries.

China's New Leadership, Prospects for Foreign Policy, and for the China-U.S. Relationship

by Shi Yinhong

Balancing Domestic and International Tensions in Formulating Foreign Policy

China's new leaders will need to shape Chinese foreign policy in a context very different to that of their predecessors. While Chinese national power is much stronger than it was, the international environment is both more complicated and less beneficial to the country's goals. The new leaders have to contend with two internal tensions that are affecting the creation and implementation of foreign policy. First of all, the leadership needs to balance China's different strategic goals, especially those that are military and economic in nature, against the country's diplomatic interests. Secondly, and more importantly, it has increasingly become the case that national strategic requirements are at odds with domestic and international constraints. As usual, the prospects for Chinese foreign policy are uncertain.

As of yet, there is no grand strategy that can provide answers to the fundamental questions facing China's policymakers. How can China deal with the tensions that have resulted from increased national strength, rising popular nationalism and

other complex domestic forces? What should China's response to the military and geo-strategic rivalry with the United States look like? How can China respond to the territorial and maritime disputes with its Asian neighbors? Is there a way to make "China the Giant" acceptable to its neighbors both strategically and diplomatically? How can the further aggravation of the China as military threat thesis and the corresponding arms race be prevented in the context of a dramatic buildup of power-projection capabilities of the Chinese military? Over the longer term, considering the vigorous expansion of China's overseas economic presence, how can China avoid "forced imperialism" resulting from a protection of legitimate interests but pursued through arms and coercion? How can China's leaders simultaneously contribute to global governance as well as to China's domestic governance? And how will China deal with the e-world, NGOs, and various other issues of soft-power?

There is also a more immediate issue to tackle: the nature of the operational mode for managing intensive and protracted confrontation (particularly in the present situation with Japan)

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with the potential to escalate into military conflict. How can China execute its new preference for “pushing (vigorously) toward the bottom line” while managing the risk of increased military conflict and the weakening of China’s influence in its periphery that new leader Xi Jinping himself referred to? China faces a dilemma between managing its “theatre of operations” and its broader strategic preferences.

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Predictors of China’s Foreign Policy Direction

In attempting to predict where Chinese foreign policy is headed, there are two major reference points that should be considered. First of all, and most significantly, in the foreign policy section of his report to the 18th Party Congress, then-President Hu Jintao reflected on China’s sense of its national strategic requirements over the longer term in highlighting the oft-repeated principle of “peaceful development.” A less important, but more immediately relevant, reference point is the current emphasis on maritime power, sovereign rights, and sustained dramatic military build-up, which, while partially reflecting domestic pressures including militant opinions from the public and armed forces, is also a response to the U.S. “pivot” to Asia, and the East and South China Sea disputes. If the strategic outlook that President Hu put forward prevails, then the U.S.-China rivalry will be mitigated and well-controlled, but if domestic and international pressures prevail, we can expect an increasingly tense bilateral relationship between the two powers.

The strategic outlook that Hu outlined could be seen as a soft fist to be used against the hard fist of the U.S. strategic “pivot” and military preponderance. The intention would be that over time, the hard fist would be softened as a result of this asymmetrical interaction between the soft and the hard. If China were to instead deploy a hard fist, this thesis would suggest that the outcome would be a mutual hardening, making conflict inevitable. However, the problem is

that the opposite thesis — that China’s hard fist could, in due course, press back against the United States, or force it to become softer if the U.S. “bottom line” was not too seriously challenged — is also plausible and, at the moment, is a more popular line of thinking in China.

The experiences of the last few years suggest that the former prospect is not very likely, as do the main developments since the 18th Party Congress. On the latter, one can refer to:

1. Xi Jinping’s repeated use of the theme of “the great resurgence of the Chinese nation” (referred to more officially as “China’s Dream”);
2. A shift in the driving aim of the People’s Liberation Army (PLA) from an effort to only build up a modernized force to the simpler but more comprehensive and forceful aim of “being capable of fighting, and fighting victoriously.” On the eve of the opening session of the Chinese National Congress in March 2013, *The New York Times* reported rather convincingly that “the chief of China’s Communist Party, Xi Jinping, is emphasizing his role as a champion of the military, using the armed forces to cement his political authority and present a tough stance in growing territorial disputes in the Pacific region.”¹
3. Extraordinarily frequent official reports of breakthroughs in China’s advanced weaponry, military technology, and the increasing capability of the PLA’s combat readiness, mainly in the months around the 18th Party Congress and in the context of intense confrontation with Japan;
4. The further hardening of China’s posture toward territorial and maritime disputes with neighboring countries, especially Japan and the Philippines;
5. The remarkable decline, especially in recent months, in the number of references to the principle that used to guide Chinese foreign policy: “peaceful development.” “Taking a low profile,” another traditional principle in contemporary Chinese foreign policy, is no longer referred to.

¹ Chris Buckley, “New Chinese Leader Shores Up Military Support,” *The New York Times*, March 3, 2013, http://www.nytimes.com/2013/03/04/world/asia/xi-jinping-chinese-leader-burnishing-his-military-support.html?pagewanted=all&_r=0, last accessed: March 3, 2013

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How can China strike the difficult balance between its different strategic requirements? And how can those strategic requirements overcome the domestic and international pressures and restraints? These will be the primary challenges for China's new leadership as it grapples with shaping policy toward the United States and its neighboring countries. While the challenge is already acute, China's response remains under-prepared.

On a New China-U.S. Great Power Relationship

There is a lesson to be learned from having taken the abstract, or even romantically philosophical, notion of "mutual strategic trust" as the central concept for China-U.S. relations over the past few years. The concept has reduced the effort made by both sides to respect the other's vital interests and concerns in dealing with concrete major issues. It has also reduced the scope for the more practical approach of consulting with one another and managing concrete disagreements and rivalries. The next phase should be one where there is a relatively more traditional, and therefore more realistic, relationship between China and the United States, in the direction of preventing, controlling, and reducing substantial rivalries.

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On the assumption that China's peaceful rise continues for a sufficiently prolonged period, the United States may come to consider China's economic, diplomatic, and even strategic roles much more seriously. The United States may even eventually adopt a peaceful final settlement with China. This would require an understanding of the different balances of strength and influence that each side has in various functional and geographical areas, as well as the adoption of the rationale of selective preponderances or advantage distribution instead of comprehensive superiority.

This will mean not only accepting the leading position that China could obtain in terms of GDP, volumes of foreign trade, and economic and diplomatic influence in Asia, but also accepting the idea of mutual strategic deterrence — nuclear and conventional — between China and the United States, regulated by arms control mechanisms and confidence-building agreements. Mutual strategic deterrence may include Chinese and U.S. military parity, or even a marginal Chinese superiority in its offshore area (with the waters adjacent to Taiwan's east coastline as the approximate demarcation line) and a peaceful (or basically so) reunification of the two sides of the Taiwan Strait, as well as in a narrow but still substantial span of the western Pacific. The U.S. system of alliances in Northeast Asia would need to become less military-centric and less targeted at China.

Meanwhile, the United States, with China's acceptance, would retain over-all military superiority — in particular in the central and the larger part of the western Pacific, including Okinawa and Guam. It would also be assured that China would always exclude war as an instrument in solving major disputes with neighboring countries if the latter could assure the same, thereby guaranteeing the United States' vital interests in the fundamental peace of the Asia-Pacific region and the security of its allies. Meanwhile, the United States would remain the predominant diplomatic actor in some regions, while China would exert influence in others. The distribution of formal influence between these two powers in global financial and security institutions would roughly correspond to their objective strengths and the contributions made in related functional areas. As a result, China's contribution in international affairs would have to increase proportionally to its increased strength. All of this would necessitate power-sharing and close consultation between China and the United States. It would also require 1) that the United States accept a peaceful and constructive China as a world power, and 2) that China respect the vital interests and legitimate international concerns of the United States as another world power (perhaps still the number one world power).

The Issue of Strategy: The Path to a "Final Settlement"

In order to arrive at a final settlement based on the notion of selective preponderances or advantage distribution, the political leadership and highest-level policymakers in both countries (especially those in China) will need to change the following diplomatic practices that have characterized

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the discourse between the two sides in recent years: “small gives” and “small takes”; “small takes” without “gives”; and even “big takes” without “gives,” a practice that the Chinese perceive to be more commonly pursued by the United States. Instead, the two sides should overcome the many domestic and international interferences and pursue the more strategic practice of “big gives” and “big takes.”

This sort of strategic endeavor has its preconditions. It demands that both sides not only respect the real vital interests of the other, but also that they obtain a base of domestic support and the consent of international allies and friends. Otherwise, domestic and international forces will either passively resist or even actively undermine the efforts. A final settlement will be difficult to reach through quick grand bargaining, but it has even less chance of being achieved through multiple accumulative piecemeal arrangements.

An Ominous Alternative

In light of the present situation, the more ominous alternative is, unfortunately, the more likely one. The structural rivalry between China and the United States is becoming more comprehensive, profound, and pronounced. On one hand, China’s continuing dramatic military build-up (especially in strategic power projection through oceans, air, and even outer space) is becoming an increasingly prominent concern for U.S. strategists and even the U.S. public. On the other, the U.S. “pivot” to Asia, its diplomatic gains in east and southeast Asia, a military revolution driven by diminishing financial resources and a desire for fewer combat casualties, and the increasing perception of China as a threat have put Beijing at odds with the United States. These increasing tensions, along with the rising possibility of armed conflict with the United States’ strategic partners in Asia has, in turn, further spurred China’s military buildup.

Since the Reagan administration, the United States has been resolved in its maintenance of unquestionable military superiority, perceiving it to be the most significant strategic asset of a superpower. At the same time, China has resolved to modernize its military for the sake of what it believes to be its vital national interests, for its self-respect, and because of the wishes of its people. This dissonance

is surely not absent of the possibility of future paralysis in China-U.S. relations. If it is only to prevent this outcome, the two great powers across of the Pacific should do much more and much better in the future years.

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