



防止重蹈冷战覆辙

**PREVENTING THE
NEXT COLD WAR**

A VIEW FROM BEIJING

ANDREW SMALL

The Foreign Policy Centre



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Andrew Small

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Disclaimer

The views in this paper are not necessarily those of the Foreign Policy Centre.

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Executive Summary

- 2005 has seen the emergence of political dynamics and shifts in thinking in both Washington and Beijing that risk tipping US-China relations over into a state of open geopolitical rivalry unless there are concerted attempts at conflict prevention.
- The ramifications of this would run far beyond the damage inflicted on both countries – which at its worst could ultimately involve a ‘hot’ war in the Asia Pacific. It would be felt across virtually every other area of policy, as a world order characterised by increasingly unleavened great power competition weakened or unravelled most of the global rules, regimes and institutions that have emerged since the end of the first Cold War, from free trade to non-proliferation regimes, from development policy to the UNSC.
- While there may be a single flashpoint, such as Taiwan, or catalysts, such as major developments in China’s naval or strategic nuclear capabilities, it is as probable that there will be a ‘grey’ period where there is substantial indeterminacy and disagreement about how to describe the state of relations. This essay argues that we have already reached this point – sufficiently white that things could still go either way; sufficiently black that, if they go the wrong way, 2005 is, in retrospect, more likely to be described as the first year of the Cold War than as a prelude to it.
- Economic interdependence and deft diplomacy are no longer going to be sufficient to keep the Sino-US relationship on track. The fragile balance of cooperative and competitive elements, by which it has been characterised since the end of the Cold War and Tiananmen fractured the old Kissingerian relationship-rationale, is starting to unravel; virtually every conflictive factor is likely to intensify in the years ahead; and no stable long-term relationship framework, within which these underlying conflict drivers can be managed and defused, has been put in place in preparation for these challenges.

- The stakes are so high that the case for ‘early intervention’ should be compelling, even for those who take a more upbeat view of prospects. Freedom of manoeuvre for both sides will be reduced sharply in the years ahead and this is being exacerbated by the fact that differences between the two sides are assuming an increasingly ideological quality, making them less and less amenable to negotiated resolution.
- The multidimensional quality of the problem and the difficulty of securing an internal consensus on some of the most important moves that will be required from both sides – from substantially greater Chinese transparency to a hard-headed look at the application of principle of US primacy, from active cooperation on building an economic and security architecture for East Asia to a *modus vivendi* on the democracy agenda – mean that there is no pat solution or single mechanism through which a conflict prevention agenda can be addressed. But there must at the very least be a serious drive to use the many structures that already exist – bilateral visits, the newly established global issues dialogue, track-two channels, and other official and unofficial talks – to thrash out a new settlement that can stably encompass these issues. Complacency, procrastination or active missteps now could haunt the world for decades to come.

The roots of the next Cold War

- Not only is China’s economic weight increasingly being felt but a shortening of the odds on the ‘best case’ scenarios for China’s polity and economy has translated into a rapid growth in China’s power well ahead of the established fact, augmented by an increasingly sophisticated approach to power accumulation that has often left the US looking flatfooted. The sheer speed and tangibility of this is increasing the scope for misunderstanding and miscalculation on both sides.
- Unprecedented levels of cooperation after 9/11 saw Colin Powell speaking of the ‘best relationship that the United States has had with China in over 30 years’. But 2005 has seen growing anxiety about China’s military modernization; about the US being shut out of the Asia Pacific; about China’s thirst for resources, and the

political ramifications of the ensuing relationships with countries such as Iran and Sudan; about Chinese acquisition of advanced technologies; and about China's shift from being a close partner during the first phase of the Global War on Terror to a natural opponent of the longer-term 'ending tyranny' strategy. This has coincided with a ferment in Congress, induced by the size of the bilateral trade deficit and growing anxiety about the implications of China's economic development for American jobs, all of which has dovetailed closely with these mounting security concerns.

- Viewing China as facing a 'strategic crossroads', the US has started to rebalance its policy closer to the containment end of the spectrum in order to 'mitigate against' China's internal evolution 'taking a bad turn'. This has included increased efforts to prevent third parties from selling arms to China; heightened constraints on China's access to strategic resources and technology; strident attempts to encourage Taiwan to increase its military capabilities; the stepping up of the US military presence in East Asia; and attempts to develop a balancing coalition of democratic allies in the region, led by Japan.
- These developments have increased already-high nationalist tensions between major powers in the region, and pushed military thinking and preparations in Beijing further beyond the prospect of war in the Taiwan Strait alone. Chinese leaders, already apprehensive about the spreading 'Colour Revolutions' in the former Soviet bloc and the US 'democratisation' strategy, have put the brakes on domestic political reform and pursued a 'hedging' strategy of their own: putting pressure on US relationships with even some of its closest allies; establishing and consolidating new power blocs through which China's voice can be multilaterally multiplied – such as the SCO, which has demanded a timetable for the withdrawal of US military bases from Central Asia; hugging like-minded allies closer – such as the scaled-up strategic partnership with Russia, with whom it recently conducted joint military exercises on a huge scale; sanctioning the massive accumulation of dollar reserves, China's so-called 'financial nuclear weapons'; and, through the active pursuit of relationships with US-designated

'rogue' states, positioning itself to act either as key global broker or leader of the awkward squad if the political temperature rises.

- While neither side has any real desire for a 'new Cold War' to start, deep suspicion and an unwillingness to break the mould of relations are leading to the emergence of these increasingly robust hedges. While they might seem prudent to their initiators, their effect is ultimately pernicious, creating a downward spiral of mutually reinforcing and self-validating policies and a steady weakening of moderate forces on both sides.

The necessity and impossibility of reaching a settlement

- Until now, neither the US nor China has been fully prepared to face up to the underlying divisions that are propelling this, largely because they imply some difficult choices which it has previously been unnecessary to make. In the days of the Cold War, the presence of a common enemy largely submerged the issues and the 1990s saw a China that was a major new commercial opportunity, while still far short of the power to represent any sort of a challenge, though even then tensions were sometimes severe.
 - There is a quartet of major conflict drivers – Taiwan, energy, disagreement over the future of the Asia Pacific, and trade relations – on which a substantial degree of accord would drastically mitigate and possibly eliminate the risk of conflict. But there is another quartet of deeper-rooted factors, sited more unequivocally at the level of 'ideas and identity' which make it improbable that any grand bargain over these conflict drivers – or preparedness to let economic forces gradually transform the context – is really feasible, as they touch on underlying attitudes towards the global role that each side should assume; regime threats and ideological conflict; fundamental trust in the other side's intentions; and basic understanding of what major shifts in the global and regional balance of power imply for policy.
- I. *US Primacy* China represents the first serious challenge to this doctrine – not by virtue of its power but because it poses difficulties for the belief that maintaining US primacy and maintaining US security are coterminous. China wants to establish a military that is

at least capable of dealing with key regional threats, such as state collapse or serious instability on its borders or major disruption to sea-lanes. But it is also unsatisfied at the prospect of contracting global security out to the US indefinitely and believes that a major power with interests across the world needs a military fit for the task and commensurate with its standing. Systematic confrontation may achieve its purpose – keeping China militarily contained – but it may not, and either way there are attendant costs on a huge scale, without even considering the disastrous ramifications if Chinese growth were completely derailed. At a time when China has been moving closer to the US on its other security objectives, such as terrorism and non-proliferation, and has little reason to move further away unless confrontation with the US becomes itself an issue of a higher order, these need to be weighed in the balance.

- II. *Democratisation dilemmas* At present, the US effectively treats China as a second-class state. It won't hold 'strategic' dialogues, is loath to allow China to join the G8 and refuses to establish a partnership on terms that it grants democratic allies. China, meanwhile, is inclined to see US democratisation efforts in the rest of the world as part of a hegemonic strategy and calls on China to press ahead with political reforms as manipulative attempts to destabilise the country. Though it has not yet upped the ante, China is showing increasing willingness to lend support to authoritarian regimes under threat.

The danger for the US is that it may engender a situation where China not only throws up the defences internally but may also be encouraged to make efforts to stem the global democratic tide. For China, the danger is that if it cannot tell a story that it is moving forward politically, and pursues a path of providing ostentatious support to corrupt and dictatorial regimes, it risks tainting its own political system by association, weakening the hand of international supporters who are keen to point to signs of progress, and harden an across-the-board resistance to China's role in the world on the part of the US. This is an ideological dividing line that could become ever more sharply defined and is likely to be the defining

feature of a new Cold War if a stable consensus cannot be reached.

- III. *Intention signalling* There is suspicion on China's part about US intentions – most notably in its role in the 'colour revolutions' – where the US has a way to go if it does not intend the Chinese government to feel threatened. But suspicion and lack of trust about Chinese intentions is a more profound problem – the US is 'the devil you know' and has a highly transparent system in which the context of debates, the personnel and the entire backdrop of thinking are well understood. China, as the rising power, is the party that needs to give a credible picture of its intentions to people who cannot, by nature of the situation, know what China will do with power that it does not already have. But this is easier if the external world also has an understanding of the deliberations that are taking place in Beijing rather than just seeing their outcomes – providing the necessary context and depth of understanding for international policymakers to be confident to make predictions rather than having to invest so much in 'bad outcome' hedging.

Chinese government officials have suggested that their positions are more 'consistent' and 'stable' than those of the US. But without meaningful understanding of how the positions were reached, what the debates were, what degree of real consensus there is behind them, and how likely they are to stick, consistency of line leaves the outside world with a less solid basis for confident prediction than countries which change position frequently but in an explicable way. Like many political leaders, the CPC fears losing control of 'the message' but unless it is prepared to become more transparent and loosen this control, there is a risk that it will suffer from a great deal of suspicion in the coming period, which threatens to be costly during a time when China's primary interest is in being understood correctly. China also needs to be prepared to consider focusing more of its hard policy decisions on intention-signalling for this critical period – 'public diplomacy' will be as much a matter of symbolic policy initiatives that indicate the direction that China is going to take as speeches declaring these intentions in terms congenial to US ears.

- IV. *The problem of history – debating China's rise* There has been much recent discussion of previous instances of rising powers, alongside the successes and failures of international responses. While understandable, the polluting effect of certain manifestations of this on sensible debate cannot be underestimated. As there are so few examples of major power transitions in the modern era, and insofar as most of these were badly handled on all sides, instances of peaceful power shifts are few and far between. With such thin pickings, theorising about the subject is a difficult task. Even academically, although there has been some very good writing on the subject of peaceful power transition, it has remained quite sparse. With such an impoverished intellectual base, the tendency in public debate is to try to shoehorn China into occupying the role of one of the small cast of historical players that are on offer and extrapolate accordingly.

The flaws of the individual comparisons have been roundly pointed out but the fact that the debate has to be conducted in such terms is a sign of the danger. There are strong arguments that this should be viewed quite separately from the traditional rising power analysis, and rather as the first power transition of the globalised era, a world essentially unlike Europe at the beginning of the 20th century, where it is both purposeless and existentially dangerous to attempt to advance national interests vis-à-vis other major powers through the use of force; where competition largely takes place at the economic level; where the principal threats are increasingly shared ones; where a rising power with growing capacity to deal with them should be a source of strength to the system if correctly managed by all sides; and where the danger of major power warfare comes from their succumbing to irrational forces such as aggressive nationalism rather than from any rational decision calculus. Regression to a thinking and a politics of another era risks placing all of these advances in peril.

The value of pre-emption

- The various actors who have the capacity to influence thinking on these different issues are already addressing many of these points in their deliberations but are not doing so with any real sense of urgency. Aside from the natural reluctance to address difficult long-

term issues, both sides have reason to believe that there may be an advantage in waiting: the US because China's rise is not yet a firmly established fact and because it would prefer to deal with a non-Communist government; China because the more tangible its power, the greater the US preparedness to acknowledge it and the stronger its hand.

This essay argues that this is now too costly – we are already reaching a stage where mutual suspicion will make negotiations increasingly difficult; where important dimensions (such as Sino-Japanese relations) have already taken such a bad turn that they will be difficult to reverse; where ideological dividing lines are starting to harden; and where politico-military factors are rapidly assuming dominance. But aside from that, it is actually a good moment for both sides.

- From China's perspective, the US, though prepared in principle to take on the burden of another debilitating global struggle, is growing weary, as the costs of the Iraq conflict grow and Hurricane Katrina forces a more thoroughgoing focus on domestic capacities. A convincing 'offer' from China would not be dismissed lightly, and would force much more widespread debate in the US about the costs of a containment strategy, even if the current Administration decided to press ahead with it.
- There are also good opportunities for the US. Although China's power position has improved substantially, it is a long way off wanting to embroil itself in a 'cold' or 'hot' conflict. While China's global impact is going to be huge, high levels of domestic poverty – two thirds the numbers of all Sub-Saharan Africa – and ongoing risks of instability mean that it is going to remain justifiably self-absorbed for some time, viewing global issues through a domestic prism to a far greater extent than most. Its main aim will still be to ensure a global environment safe for China's internal development, which means that China's leaders are largely uninterested in overthrowing the global system, far keener to extract benefit from it and extremely amenable to offers that will enable them to do so in peace.

- It is true that China's economic integration does not guarantee benign consequences – China could free-ride on the system and then break from it once sufficiently strong. But China's rise is pretty much a given. The question is whether or not China reaches a position of strength in circumstances where it has benign relationships with other major powers and is sited in an incentive structure that leaves it integral to and dependent upon the system. It has clearly signalled its preference between these two. For the US, the opportunity is both 'to lock in a strategic alliance with rising China at today's prices' and to lock China into the system of globalisation indefinitely, making it one of its central pillars. For China this is the best possible chance to eliminate the last remaining external obstacle to its rise – the willingness of the current hegemon to accept it – without meaningfully compromising its essential interests. Pre-empting any serious degeneration of relations is the best possible way to make this happen.
- Yet not enough is being done. If this were a looming conflict between two small countries in a strategically unimportant part of the world, there would be people lining up to urge early interventions and preventive measures. This is a looming conflict between the two major powers of the coming century and if leaders, officials and thinkers on both sides don't work towards finding an answer to the 'big question' – how to prevent the next Cold War – that everyone can live with, it is a century that could instead see everyone having to live again with systematic global insecurity and the constant spectre of war.

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Introduction

From the death of George Kennan to the 60th anniversary of Yalta, 2005 has been punctuated by reminders of a period of history whose decisions were to define the shape of global politics for the rest of the century. Before the anniversaries of Kennan's 'Long Telegram' and Churchill's Fulton speech spark off their present-day equivalents, we need to address the possibility that we are in a similar strategic space, which could result in a second Cold War, with China and the United States as the chief protagonists this time round. A complex, often fractious, relationship between the two countries – recently close allies in the 'global war on terror' – is now seeing the emergence of political dynamics and shifts in thinking that are liable to tip it over into a state of open geopolitical rivalry unless there are concerted attempts at conflict prevention. The ramifications of failure would run far beyond the damage inflicted on both countries, which at its worst could ultimately involve a 'hot' war in the Asia Pacific, and even at its best would still significantly hamper both China's rise and any realistic possibility of the US achieving its principal foreign policy objectives. They would be felt across virtually every dimension of international politics, as a world order characterised by increasingly unleavened great power competition weakened or unravelled most of the global rules, regimes and institutions that have emerged since the end of the first Cold War, from free trade to non-proliferation regimes, from development policy to the United Nations.

But the window has not yet closed and there are still good prospects for both sides to flesh out the contours of a long-term settlement if they are bold and farsighted enough. The prizes are as clear and as great as the risks of failure: for China, a peaceful and secure external environment in which its accession to full great power status is smoothed and supported; for the United States, a heavyweight partner prepared to invest much of its growing influence and resources in tackling US global security concerns and self-confident enough steadily to push forward with political reforms; for political leaders on both sides, the accolades for being one of the few generations in history

successfully to determine the terms and conditions of a peaceful power transition.

It is closing quickly though. For the last thirty years, the many ups and downs of the US-China relationship have been navigated successfully by leaders and officials on both sides who have placed a premium on stable and constructive relations. But this year marked the beginning of a critical new phase, in which an unprecedented international focus on China's global role and the sheer speed at which that role is changing have increased the scope for misunderstanding and miscalculation, and threaten to unravel the fragile balance of cooperative and competitive elements by which it has been characterised since the end of the Cold War and Tiananmen fractured the old Kissingerian relationship-rationale. The US has embarked on a hardened containment policy, escalated economic confrontation and toughened its political line, pushing an apprehensive Beijing to start hedging its bets on developments taking a serious turn for the worse. Perhaps most dangerous of all, differences between the two sides have been assuming an increasingly ideological quality, making them less and less amenable to negotiated resolution.

It is time to stop trusting that economic interdependence and deft diplomacy are going to be sufficient to keep Sino-US relations on track. Virtually every conflictive factor, from the battle over East Asia's long-term future to the status of Taiwan, from divisions over democracy to global energy competition, is likely to intensify in the years ahead and freedom of manoeuvre for both sides will be reduced sharply. The stakes are so high that the case for 'early intervention' should be compelling – even for those who take a more upbeat view of relationship prospects. With the conflict drivers so closely intertwined, it will require an across-the-board effort to flesh out a durable long-term framework for relations, anticipating the likely clashes and establishing the conditions for, at least, a stable *modus vivendi* and, ideally, a comprehensive partnership within which they can be managed and defused. Complacency, procrastination or active missteps now could haunt the world for decades to come.

Overview

At a time when the risks of non-traditional threats and internal conflicts are receiving the lion's share of attention, this essay puts the case for an equally intensive focus on the dangers of major power conflict, even a conflict that falls short of war. The first section details the stakes – what a new Cold War would look like and the damage it would inflict on the wider policy goals of the US, China and the rest of the world.

The second section shows that it is not a distant prospect – the elements are already in place. Illustrating this, it gives a perspective from Beijing on the recent developments that have so transformed 'the best relations in 30 years' in such a short space of time, from the Colour Revolutions and intensified energy competition to the substantial rebalancing of US policy and China's response. It argues that the next Cold War is now an imminent threat, not because of any real desire on either side for it to happen but because deep suspicion and an unwillingness to break the mould of relations are leading to the emergence of increasingly robust 'hedging' strategies. While they might seem prudent to their initiators, their effect is ultimately pernicious, creating a downward spiral of mutually reinforcing and self-validating policies and a steady weakening of moderate forces on both sides.

The third section argues that this would actually be a propitious time for both sides to reach a lasting settlement, as well as being potentially one of the last moments during which relations are still healthy enough to do so. The essay goes on to set out the major underlying conflict-drivers that both sides need to address in any new relationship framework. It suggests that for of the principal factors, the goal of both sides should be to provide space for economic forces to drive political outcomes rather than allowing the growing prominence of politico-military factors to lock both countries into a series of zero-sum games. But it also suggests that some of the most difficult issues lie in the realm of ideas and identity rather than narrow economic and political interests, making them far less tractable. Not least of these will be the way in which the debate over 'the rise of China' is conducted in the

public sphere. The limited repertoire of historical analogies on which it currently draws, of which the 'Cold War' is itself one, creates a distorting prism through which the issue is viewed and provides a thin basis for more thoughtful analysis of how to ensure a peaceful power transition.¹ If current political leaders fail to get to grips with the issue, either by refusing to act when their freedom of manoeuvre is greatest or by uncritically precipitating the return of pure power politics, it will be another classic example of a needless and mishandled conflict. But it would also represent a failure on the part of the intellectuals and foreign policy thinkers to cast the debate in terms that deal with the sharp edges and genuine difficulties that China's rise presents while making global conflict unthinkable.

¹ One recent instance prompted Fareed Zakaria's quip that 'those who only remember the past are condemned to misread the future', 'Mishandling the China Challenge', *Newsweek*, August 15 2005

What would a new Cold War look like?

It is clear that the United States cannot expect in the foreseeable future to enjoy political intimacy with the Soviet regime. It must continue to regard the Soviet Union as a rival, not a partner, in the political arena. It must continue to expect that Soviet policies will reflect no abstract love of peace and stability...

Balanced against this are the facts that Russia, as opposed to the western world in general, is still by far the weaker party, that Soviet policy is highly flexible, and that Soviet society may well contain deficiencies which will eventually weaken its own total potential. This would of itself warrant the United States entering with reasonable confidence upon a policy of firm containment, designed to confront the Russians with unalterable counterforce at every point where they show signs of encroaching upon the interest of a peaceful and stable world.

George Kennan, 'The Sources of Soviet Conduct', *Foreign Affairs*, 1947

The lurid versions of a 'coming conflict' with China have been set out sufficiently widely that they don't need to be repeated here. But there are genuine difficulties of description, since a number of the defining elements of a new Cold War are likely to evolve slowly and will look very different from the last one. While there may be a single flashpoint, such as Taiwan, or catalysts, such as major developments in China's naval or strategic nuclear capabilities, it is as probable that there would be a 'grey' period where there is substantial indeterminacy and disagreement even about how to describe the state of relations. This essay will argue that we are already in that period – sufficiently white that things could still go either way; sufficiently black that, if they go the wrong way, 2005 is, in retrospect, more likely to be described as the first year of the Cold War than as a prelude to it. The next section sets out the practical components of this case. At a theoretical level, the 'greyness' is more than evident in both countries, where lively debates are taking place about whether a containment policy against China is already being pursued², internal battles about 'tone' are waged in

² See, for instance, transcripts from the conference 'China's Peaceful Rise?', Carnegie Endowment for International Peace, September 2004 and recent discussion in *Global Times*

Washington every time a new report on China is issued³, and anti-US opinion pieces from senior Chinese foreign policymakers are mistakenly released and quickly pulled.⁴

The conditions of the emergence of a 'black' period, where the conflict becomes so open that everyone gives up pretending that it doesn't exist, would obviously have a significant impact on what exactly that end state looks like. The best general characterisation is probably Aaron Friedberg's⁵ – the relationship would retain a mix of cooperative and competitive elements but the balance of these would move very sharply in a competitive direction, and the two sides would come to see each other as 'rivals not partners' in quite unequivocal terms. If this were even steadily to take place at the same rate as the shift between 2004 and 2005, there wouldn't be a long wait. Once the balance moved sufficiently far, there would be more and more bleed between the different areas of policy – intensive security competition, for instance, cannot be expected to leave trade relations intact, and they are already taking a negative turn as US attempts to deny China access to advanced technology and 'strategic' resources intensify, quite apart from disputes over textiles and currency valuation. An erosion and eventual breakdown in trust would see the 'hedgies' against the worst-case scenarios – respectively, the emergence of an aggressive, nationalistic, authoritarian China, irredeemably hostile to US interests, and a US engaged in the full-blooded pursuit of a containment strategy designed to 'divide China, Westernise China and block China's rise'⁶ – morph into assumptions that these scenarios are the most likely ones. Competition would then accelerate rapidly as both sides translate Cold War planning across diplomatic and trade relationships, functional policies and military planning. Given the long time-horizons required to translate this strategic orientation into action, neither side wants to be slow off the starting block, especially if they think their opponent has already started the race.

³ See, for instance, 'Wishful Thinking in Our Time', *Weekly Standard*, 8 August 2005 or 'The Pentagon Eyes China's Military', IISS Strategic Comments, July 2005

⁴ See Qian Qichen's 1 November 2004 China Daily article 'US Strategy to be Blamed'

⁵ 'The Struggle for Mastery in Asia', *Commentary*, Aaron Friedberg, November 2000

⁶ Interview with the author, Beijing, August 2005

It is quite unclear how much alliance-hardening would then take place – few people expect either side to have cohorts of eager countries signing up, given the value of relationships with the two powers⁷, and the unwillingness of countries such as Australia and Russia simply to ‘choose sides’ in these early stages is going to be a recurring feature. But ‘neutral’ countries can be anticipated to tilt somewhat in one direction or another and to come under intensive pressure to do so; they are already starting to feel it⁸ and some of them have already jumped. Attempts for instance, to align economically with China and on security issues with the United States can be readily punished by a China whose economic power will be such that, over time, the Chinese economy will matter far more to almost any given country than that country does to China.

But this conflict would differ in important ways from the first Cold War - *inter alia*, it would not take place in a bipolar world; its ideological components would be weaker, though far from negligible; and it would take place in a much more open context – both in terms of communication between the two sides, and in terms of the persistence of an active trading relationship.⁹ Since the global power shift will be from unipolarity to multipolarity, rather than bipolarity, ‘Cold War II’ would never become the single story – Thomas Friedman’s ‘one big thing’ – in the world but it would most likely become the biggest of the bunch, and one that increasingly subordinates other political considerations to its logic.

However the ‘black’ state came into being, many of the consequences would be the same:

⁷ Kishore Mahbubani recently warned that ‘for those thinking, even thinking of a containment policy of China, think twice because don’t put any country which has been a neighbor of China for 2,000 years or more and will have to be a neighbor of China for the next 2,000 years, don’t force them to choose between America and China, because you put them in an invidious position because they know that America may leave the region, but China will stay, and that’s why no country wants to be caught in a hostile relationship with China’, transcript of ‘China’s emergence’, Brookings Institution, 20 September 2005

⁸ See, for instance, Alexander Downer’s Biennial Sir Arthur Tange Lecture in Australian Diplomacy, 8 August 2005

⁹ With each other and with everyone else – rather than largely being confined to distinct economic blocs

- A vastly increased prospect of ‘hot war’, as the Taiwan situation moved outside its current state of being a potentially dangerous but readily manageable issue and into the sphere of being a crucial point of principle between two opponents. However it played out, the willingness of all sides to place faith in each other and work out a long-term settlement on the issue in the next few years would be definitively undermined. But Taiwan is not the only potential hot war. Recent developments have made a Sino-Japanese conflict a far more credible prospect than it appeared only a year ago. Cold War thinking would also shift the calculus to such a degree that it could open up a whole new range of conflict triggers and proxy battles, from Venezuela to the Middle East, from the South China Sea to the Gulf of Guinea.
- An even greater prospect of economic warfare – and a mutual slump – as the restraints vanish on Congressional threats to impose punitive tariffs and quotas on Chinese imports. The calculus will also change for China, which has been using most of its foreign reserves – on track to top \$1000 billion next year – to finance the vast US current account deficit; this would be a costly policy to unwind but it is a cost that China is likely to become more willing and able to bear, dealing a counter-blow to the US economy.
- Significant distortion of global trade flows – especially in sectors such as energy and raw materials – with the ultimate impact of undermining the global free trade regime as more and more disputes take on a ‘security’ dimension. The risk of reversion to a pre-1980s global oil market, of bilateral free-trade deals that serve the primary purpose of bolstering political relationships, and the acceleration of protectionist pressures in the major world economies, are already obvious. But in a Cold War situation, the ever-fragile free-trade consensus would be hit even harder, resulting in what the EU-commissioned report on *Energy Supply Security and Geopolitics* has called ‘regions and empires’, in which ‘political and economic blocks with satellite regions...compete for markets and resources with other blocks’ and the current internationalisation of markets and cooperation in the

- international economic institutions, far from deepening, is thrown into reverse.¹⁰
- A substantial undermining of capacity to influence countries in the direction of good governance, human rights and political freedom. The energy and resources competition has already had a notable effect on this, everywhere from Angola to Burma, but the moves beyond resource-supplier states, everywhere from Central Asia to Southern Africa are obvious. The messier and more dangerous situation would be one of full reversion to the days of client regimes, and even support for sympathetic rebel movements, with all the ensuing instability. This risk is greatest in non-democratic states in Asia but also present in strategic regions such as West Africa and the Middle East, and even Latin America.
 - The undermining of major global institutions – most notably the United Nations – as deadlock in, for instance, the UN Security Council and a US unwillingness to allow Chinese membership of organisations such as the G8 see the growing irrelevance of global decision-making forums. The prospect of legitimising any ‘humanitarian interventions’ or punishment and pressure applied to most ‘rogue’ regimes through such structures, in the face of implacable Chinese opposition, diminishes to a point where diplomats won’t even waste their time with drafts.
 - The steady erosion of key global principles and agreements, as they become increasingly politicised and viewed in largely instrumental terms. This ranges everywhere from the Non Proliferation Treaty to the weaponization of space to a growing preparedness to turn a blind eye to the behaviour of friendly regimes. Human rights and proliferation regimes aside, there is ultimately the danger that the worthier part of the principles for which each side stands, from spreading democracy to the autonomy and independence of developing countries, also become irredeemably corrupted as the logic of the conflict proceeds. This thinking, illustrated in Robert Kaplan’s article¹¹, is likely to become more widespread:

¹⁰ ‘Study on Energy Supply Security and Geopolitics’, Clingendael International Energy Programme, January 2004

¹¹ ‘How We Would Fight China’, Robert D. Kaplan, *Atlantic Monthly*, June 2005

while we pursue our democratization efforts in the Middle East, increasingly befriending only those states whose internal systems resemble our own, China is poised to reap the substantial benefits of pursuing its interests amorally—what the United States did during the Cold War... Therefore the idea that we will no longer engage in the "cynical" game of power politics is illusory, as is the idea that we will be able to advance a foreign policy based solely on Wilsonian ideals. We will have to continually play various parts of the world off China, just as Richard Nixon played less than morally perfect states off the Soviet Union.

At its worst, the prospect is of a world where global rules, regimes, principles and institutions are significantly weakened or even completely undermined and outcomes are determined by raw power competition. The advances in everything from peacekeeping to development policy that have followed the end of the Cold War would gradually unravel and may even regress further given that US commitment to the post-war settlement is anyway so weak. Unlike the bipolarity of the first Cold War, the power inequality between the US and China is liable to be a force for instability as the US, already eschewing Soviet-era treaties, seeks to take advantage of and consolidate its present advantage rather than risk the heightened prospects of Chinese catch-up if it allows itself to be held back.

Yet this would be a conflict without an obvious end-point, other than war, the collapse and neutering of China or a suing for peace after considerable attrition and purposeless damage. Some people might pretend that the establishment of a democracy in China would fundamentally change the equation; this seems implausible. For the foreseeable future, any suddenly democratised China is likely to be more nationalistic and emboldened than the pragmatic, cautious leadership currently in power – even less likely to yield ground on Taiwan, Tibet, Japan or any other core national issue – and the fundamentals of China’s rapidly growing diplomatic influence, economic strength and military capabilities, and US reluctance to cede its position either globally or in East Asia would remain unchanged.

Whatever ideological battles develop, they are largely going to be the cloak for a power contest, not the contest itself.

But the irrationality and enormity of a new Cold War is no guarantee against its steady evolution from an improbability to an inevitability. All that is required is for mistrust from each side about the other's behaviour and intentions to cross a certain threshold, rapidly setting in train the actions that start to validate those doubts and transforming pragmatism into a fear and an ideology of conflict that starts to overtake rational calculation. In 2005, that's exactly what happened.

The roots of the next Cold War

In no way did the Soviet Union appear to me, at that moment, as a military threat to this country... when I used the word "containment" with respect to that country in 1946, what I had in mind was not at all the averting of the sort of military threat people talk about today. What I did think I saw -- and what explained the use of that term -- was what I might call an ideological-political threat.

George Kennan, 'Containment 40 Years Later: Containment then and now', *Foreign Affairs*, Spring 1987

An 'emerged power'¹²

The global power shift is a challenge that seems to be confronting people far more quickly than was expected, making adjustment all the harder. Discussion about a 'rising China' has been active in the US since at least 1996, when the first Taiwanese Presidential elections took place and Bill Clinton sent two aircraft carrier battle groups to the waters near Taiwan in response to Chinese missile exercises, making war between the two countries seem like a conceivable possibility. But China has 'only fully self-conceptualised as a rising power – really believed in it – in the last couple of years'¹³ and this has mapped on to the much more intensive focus on the phenomenon that has taken place in the US and further afield. Why has this sudden 'waking up' taken place? One reason is simple: that a large economy growing at a rapid rate becomes an increasingly weighty change-element in the system: nine per cent growth rates in a relatively closed \$400 billion economy are impressive numbers. nine per cent growth rates in a \$1.7 trillion economy with imports and exports running at 75 per cent of GDP – and the prospect of a \$3.9 trillion economy barely 10 years away – sends ripples round the world. The ramifications of these numbers have taken time to process even among the audiences who are most sensitive to them: it has only been in the last eighteen months that economists have fully taken into account the profundity of China's impact on everything from global inflation rates to commodity prices.

¹² 'China is a very important – I used to say emerging power, but I'll say emerged power' Condoleezza Rice, *New York Times*, interview, 17 August 2005

¹³ Interview with the author, Beijing, November 2004

As the Economist puts it: 'China is not the main cause of the American trade deficit. On the other hand, China is behind almost everything else going on in the world economy'.¹⁴ But it can hardly be forgotten that until only recently there were still predictions of economic failure and political instability that meant that although it was possible to draw lines on the graphs pointing straight up, there was still a sense that it might all go horribly wrong and that 'China's Rise' might be a sort of fad. A few years ago, articles were being written with titles such as 'Does China Matter?'¹⁵

Now talk of irrelevance or a 'coming collapse' is pretty much over.¹⁶ Among economists, a degree of consensus has been reached that, whatever bumps there are along the way, they are no longer likely to result in fatal derailments.¹⁷ This was bolstered by a successful political transition, the first ever to take place in a major Communist country. With many external observers predicting debilitating power struggles, Hu Jintao's 2002/3 accession to become General Secretary and President was relatively smooth, and was followed by Jiang Zemin's 2004 handover of the Central Military Commission Chairmanship and subsequent fading from view, following the same pattern as Deng Xiaoping in 1989. The scepticism that also hung over China's WTO accession dissipated as the tough timetable and list of obligations were largely met, year after year. International business attitudes went over a tipping point, from a latent scepticism among many about the possibility of making money and a fear of losing it all in some ill-fated joint venture, to the sense that China was bound to be a part of any serious long-term business plan – not 'if' but 'how'. Politically and economically, China looked sufficiently stable, predictable and even refreshed by an able, popular leadership, that the graph lines pointing towards China's ineluctable rise to superpower status appeared more

¹⁴ 'China and the World Economy', *The Economist*, 28 July 2005

¹⁵ 'Does China Matter?', Gerald Segal, *Foreign Affairs*, September/October 1999

¹⁶ See even Gordon Chang, author of 'The Coming Collapse of China' (2001): 'as events have occurred since 2001, I do think that what we are going to see essentially is [that] the Chinese people have really been changed more by modernization and by economic growth than I thought at that time...I do believe that we are going to see a transformation in China's political system...[but] it's not a collapse', remarks at McKinsey Roundtable Series on International Economics, 15 December 2004, 'Is China a Google or an Enron?'

¹⁷ See, for instance, 'New Tigers of Asia: India and China: A Special Economic Analysis', Morgan Stanley, July 2004

credible than ever before, at just the moment when whole global industries, from shipping to construction, were being completely transformed by the Chinese economic juggernaut.

This shortening of the odds on the 'best case' scenarios for China's polity and economy, and its sheer tangibility, has translated into a rapid growth in China's power well ahead of the established fact – just as predictions about a company's future profitability can give it a tremendous present-day valuation and huge ensuing clout. Like an Enron, this can disappear in a puff of smoke, but like a Google the power is very real and can leave Microsofts contemplating a previously cloud-free future with fear. Hungry competitors in the market for international power have another thing in common with their corporate counterparts – they can change the rules of the game so much that once-valuable assets look like relics. As Joshua Ramo argues in a much-discussed pamphlet:

To measure Chinese power based on the tired rules of how many aircraft carriers she has or on per-capita GDP leads to devastating mis-measurement. China is in the process of building the greatest asymmetric superpower the world has ever seen, a nation that relies less on traditional tools of power projection than any in history and leads instead by the electric power of its example and the bluff impact of size...While the US is pursuing unilateral policies designed to protect United States interests, China is assembling the resources to eclipse the US in many essential areas of international affairs and constructing an environment that will make US hegemonic action more difficult...when measured in terms of comprehensive national power, China is already a rival of the United States in many important areas.¹⁸

As China has grown more powerful – and more self-conscious about its power – it has become less, not more, threatening to most of its neighbours, embarking on a drive to resolve its outstanding border disputes on terms that have routinely ceded 50 per cent or more of the disputed territory to the other party. China has learned to use multilateralism to its advantage where the US now seems to see only

¹⁸ 'The Beijing Consensus', Joshua Ramo, The Foreign Policy Centre, May 2004

shackles – rather than placing countries under pressure to change their behaviour or establishing temporary, conditional friendships to achieve narrow objectives, it works to write the rules that countries sign up to and define who gets to sign up. In the last few years it has created or enthusiastically embraced clubs such as the Shanghai Cooperation Organisation, which has changed the whole complexion of Central Asia, not least for the US, which has suddenly found the organisation demanding that it sets a timetable for the closing of recently established American military bases. While the US demands countries' support in the global war on terror, China signs free trade agreements. The US places its efforts on developing advanced weapons systems; China places its efforts on ways to work around them at a fraction of the cost and builds financial nuclear weapons – over \$500bn of international reserves in dollar-denominated assets – instead. Of course these are the actions of the weaker party but if the US behaves like a lumbering old-economy dinosaur, the gap soon vanishes. And there has been the sense that this might be exactly what is happening. Where Washington policymakers talk about conducting their China policy in 'lanes'¹⁹, China has become resolutely joined-up in thinking about its rise – planning, for instance, the transformation of its economy and a revolution in 'Green GDP' to minimise the future political risks of energy dependence and to ensure that China doesn't go the way of previous expansionist rising powers; where US visa restrictions are preventing and dissuading scientists and engineers from entering the country, China has been tripling its research and development spending and already graduates more English-speaking electrical engineers than the US.

American and European analysts suddenly trying to make sense of this have sometimes been hobbled by the debates that exploded over the recent transatlantic divisions, which led to much fine-grained thinking about the distinction between US and European models of power. When they turn to look at China their instinct is to attempt to fit it into one school or the other, and they can marshal plenty of evidence either

¹⁹ 'To explain policy coordination across multiple issues, some officials invoke the image of a highway with separate "lanes" and say U.S. action in each lane is largely taken on its own merits, without talks crossing into other lanes', 'For US, Engaging China is Delicate Dance: Mindful of Congress, yet Needing Beijing on North Korea, White House Picks Fights Carefully', *Wall Street Journal*, 18 May 2005

way. Many Americans see a power that resembles a disturbing mirror-image of themselves and grow apprehensive about what it will mean to have another military superpower, with its own East Asian Monroe Doctrine, chasing the same low-sulphur crude oil, seeking to assert itself on the global stage. Many Europeans look at China's multilateralism, engagement in regional institutions and more socialistic mindset and see a more comforting mirror-image when they contemplate its future direction. But China is neither and both. Its political elites are close students of power and dispassionately absorb lessons from the failures and successes of each side – from the necessity of a Chinese Revolution in Military Affairs to the value of international 'clubs' – without ever assuming that China has to buy wholesale into either of them. This can be disorientating. Europeans polishing off their tightly argued case for why China is becoming more 'like us' feel slightly betrayed when their taxi pulls over to allow Islam Karimov's motorcade to sweep down Chang An Avenue, fresh off the back of the Andijan shootings, and the National People's Congress passes new laws mandating the use of force in the event of Taiwanese moves towards independence. Americans view China's embrace of the East Asian Community as a devious gambit to drive them out of the region because a power 'like us' wouldn't really want to bind itself in to an EU-style multilateral organisation – the professed long-term goal – in a whole-hearted way.

Meanwhile, the foreign policy debates in China, which most outside observers are only just beginning to track seriously, move so quickly that by the time one striking idea has filtered out and permeated international consciousness it has been embraced, reformulated, repudiated, replaced and dropped from active discussion in Beijing. And they rarely resemble the clean lines that people would like them to take, where 'postmodernists' battle 'modernists' and might ultimately emerge triumphant and renounce the use of force in the Taiwan Straits, or 'reformists' battle 'hardliners' over the political evolution of the country, one group planning nationwide elections and their opponents dirigisme. The personal power battles and wider opinion shifts in China that do at least as much to shape the outcomes as the intellectual merit of the cases put are often attended to in only the most removed of terms among observers who would be hard-pressed to give a rundown of the Politburo Standing Committee, despite their fine-

tuned understanding of the relationship between foreign policy, domestic audiences and political power dynamics in most other contexts. Hardly surprising, given the still-thick surrounding veil of secrecy that makes the existence of day-to-day Chinese equivalents of the American websites that analyse every tie-change of Andrew Card and Stephen Hadley an implausible prospect.

So the 'waking up' to China has really only begun and, despite the economic excitement, at the political level it has so far been an unsettling experience. Not only has there been the sense in Western capitals that there is much to understand but also that Chinese policymakers have a much better grasp of how Europe works and how America works than vice versa, and are very possibly better than both at playing the power game. China acts as hardball negotiator with Europeans who are hoping that it will play a more beneficent role in the world, leveraging bilateral relationships against each other and trading promises of internal reform for promises of the door being opened to future arms sales, and comes within a hair's breadth of pulling it off. By contrast, it uses political jujitsu to deal with US power, racking up allies, sympathisers and ideological supporters among those who see that power as a danger to them or do not like the use to which it has been put, in the process reducing the US ability to exercise it and magnifying China's own. One Chinese strategist, a regular US visitor, argues that 'for the first time in Washington, there has been the sense that in the future balance of power, the anti-terror war and Middle Eastern commitments might even, in the long term, lead the US to lose the game'.²⁰

But it has also been unsettling for China. A country that has made a virtue of 'hiding its brightness'²¹ and 'biding its time' has suddenly found itself in the spotlight, going through an unexpectedly brief audition in front of audiences who are looking to make their minds up in the blink of a news cycle about whether China is a 'force for good' or a 'negative influence' in the world. Reluctant to open up its fierce internal

²⁰ Interview with the author, Beijing, August 2005

²¹ A concept, it should be noted, that derives from a widely understood Chinese moral precept encouraging modesty and self-discipline rather than some devious plan to conceal China's power and then unleash it.

debates to outside eyes, it has found itself subjected to endless misinterpretation, as outside observers struggle to place articles, speeches and throwaway remarks in their proper context. Unable to reach consensus even on a strapline for its foreign policy doctrine, China has found itself urgently needing to communicate its intentions in a way that renders them intelligible to the outside world while dovetailing them with the actions that would convince people that it means what it says. Out of this mix, it is hardly surprising that the inclination of both the US and China to start increasing their bets on bad intentions or a major miscalculation from the other side has accelerated rapidly.

The hiatus – wartime allies

The notion of a looming conflict is certainly not a recent one – prominent analysts in both countries have been raising the prospect for many years. Outside the community of hawks on both sides though, there has, until recently, been a tendency either to play down the prospect or to assume that the manifest undesirability of such a clash will mean that, whatever the occasional explosions, cool-headed diplomats and rational political leaders will ultimately prevail. Many recent developments had provided even more cause to be sanguine. After the US EP-3 Surveillance Plane stand-off in April 2001 and the new Administration's designation of China as a 'strategic competitor', 9/11 seemed to result in a sea change – Jiang Zemin was one of the first leaders to pledge full cooperation with Washington in the war on terror, which was followed by collaboration on almost every level. Beijing's diplomatic offensive to persuade President Musharraf to cooperate with the US has been described as 'perhaps the most valuable, though indirect, contribution to the war in Afghanistan'²² and was followed by Chinese permission for US warships on their way to South Asia to stop in Hong Kong, as well as significant material support for the Afghan police force and even the subsequent elections. Intelligence sharing took place to what then-Undersecretary of State James Kelly described as 'an unprecedented extent', China signed up to the Container Security Initiative, and the FBI was allowed to open an

²² 'The US China Relationship Facing International Security Crises: Three Case Studies in Post 9/11 Bilateral Relations', David Lampton and Richard Daniel Ewing, The Nixon Center, December 2003

office in Beijing. US appreciation was such that China was one of the few countries to be singled out for thanks in the 2002 State of the Union address and Colin Powell was able to claim, in 2003 and again in late 2004, that it was the 'best relationship that the United States has had with China in over 30 years'.²³ China didn't just fail to feature as an issue in the US Presidential elections in 2004 – the campaign period in fact featured some of the most robust statements against Taiwanese independence made by any Administration²⁴, and there was a widespread view in Beijing that the Chinese leadership were more than happy to see George Bush returned to office. Terrorism aside, a China that was once perceived as a potential revisionist power had gone through a largely successful accession to the WTO, attended its first meetings of the G8, played a very low-key role in its opposition to the war in Iraq, sent peacekeepers to trouble spots from Haiti to the DRC, resolved all bar-one of its outstanding land border disputes and convened the six party talks on North Korea's nuclear crisis, providing the United States with much needed breathing space on a proliferation issue that proved to be of even greater immediacy than Iraq.

In parallel to this though, the seeds of conflict were already being sown, as the immediate political implications of China's economic growth started to manifest themselves and the longer-term contours of the 'Global War on Terror' took a shape that Beijing, far from supporting, saw as a potential threat.

The politics of energy

China's 'go global' or 'go out' strategy for acquisition of oil and natural gas concessions has been steadily intensified amid what one Chinese analyst has called an 'energy obsession' in Beijing²⁵ – albeit driven as much by real shortages and frequent blackouts as by any geopolitical master-plan. With so many of the principal fields in the hands of the Western oil majors, Sinopec and CNPC, China's largest state-owned oil companies, have been forced to establish many of their new

²³ See, inter alia, interview broadcast on The Wall Street Report, 12 November 2004

²⁴ Colin Powell stated in interviews in Beijing, 25 October 2004, that 'Taiwan is not independent. It does not enjoy sovereignty as a nation, and that remains our policy, our firm policy'

²⁵ Interview with the author, Beijing, November 2004

operations in areas with serious political or practical obstacles for American and European investors. With these obstacles ranging from serious political instability and security risks to countries under sanction for internal repression, WMD proliferation, and other misdemeanours, the Chinese government's understandable determination not to react passively to the growing risk of supply disruptions is increasingly creating collisions with American interests as its need to define national security at a distance from Chinese borders evolves into a stronger interest in supporting 'rogue' regimes. A foretaste of this came in September 2004 over the response to the genocide in Darfur, where Chinese threats to veto any UN Security Council resolution on Sudan – China's fourth largest supplier of oil – that included sanctions among its provisions saw substantial watering down of the resolution adopted, and following China's massive deal with Iran last year, there has been great apprehension among US and European policymakers about what role China will play in the nuclear dispute. US warnings to China over the issue have started to take an increasingly blunt form – Robert Zoellick stating days before Hu Jintao's Washington visit was due to take place that Beijing's ties to these 'troublesome' states were 'going to have repercussions elsewhere' and that China had to decide whether it 'want(ed) to be against us and perhaps others in the international system as well'.²⁶

While this would have been difficult enough in ordinary circumstances, the global energy market in the last year has been far from ordinary – aside from the huge increases in demand and the large speculative bets by investors, the Iranian nuclear issue, the death of King Fahd, continued instability in Iraq, fears of instability in Venezuela, and Russian attempts to regain state control of its energy sector have had their effect. Even before the recent ferment, the Chinese energy drive was being mirrored in the United States. An Administration that came to power amid its own oil and gas shortages, blackouts in California and oil imports that had risen above 50 per cent of total consumption for the first time in American history, sounded warnings every bit as dire as those ringing around Beijing. Secretary of Energy Spencer Abraham told a National Energy Summit on March 19, 2001 that 'America faces a major energy supply crisis over the next two

²⁶ See 'US warns China on energy ties to Iran', *Reuters*, 7 September 2005

decades...The failure to meet this challenge will threaten our nation's economic prosperity, compromise our national security, and literally alter the way we lead our lives'. The result, aside from the domestic measures, was an ambitious attempt to diversify US supply sources, set out in detail in the latter stages of the report produced by Vice President Dick Cheney's Energy Taskforce.²⁷

In an environment of rapidly rising demand, systematic political risk in major supplier countries and real fears about peak oil, the United States has shown little preparedness either to make meaningful attempts to reduce domestic consumption or to accommodate China's energy security needs, leading Henry Kissinger to warn recently of the emergence of a new 'great game'.²⁸ The world's two largest oil-consumers, staring down the barrel of triple-digit prices, have started to contemplate the prospect that their future economic security may be dependent on success in a pitched, zero-sum battle. And China has not been averse to treading on US toes – one of the principal elements of the US Energy Strategy involved increasing supply sources in the Western Hemisphere, which China's spate of deals with Venezuela and Canada has been cutting forcefully against. But China's sense of geographic vulnerability is far greater, encapsulated in what Hu Jintao has described as 'the Malacca dilemma'. With as much as 80 per cent of China's imports coming through the tiny Strait, any naval blockade can wreck the Chinese economy without a single shot being fired. 'Malacca' is as much symbolic as real – the largest supertankers can circumvent the Strait if need be, but US naval superiority means that whether in the Indian Ocean en route to a proposed Sino-Burmese pipeline or in the Lombok Strait, China is always going to be exposed. Neither is there any way of resolving the problem through the use of a series of Eurasian super-pipelines – wildly expensive and equally vulnerable as these would be anyway – since the only scenarios that could even make a meaningful difference are well outside the realms of political and practical probability. While China's companies may have been rushing around the world trying to tie up resource deals wherever they can find them and taking over existing companies when they

²⁷ 'Reliable, Affordable and Environmentally Sound Energy for America's Future', Report of the National Energy Policy Development, May 2001

²⁸ See 'Kissinger Warns of Energy Conflict', *Financial Times*, 2 June 2005

cannot, Chinese officials are aware of the inescapable fact that they are not in a position to achieve 'energy security' in absolute terms and there are no serious efforts to do so – even China's new petroleum reserve is likely to fall well short of the IEA's 90-day recommended level. But knowledge that it is going to be impossible to protect this Achilles heel against a determined attack does not mean that China will not ensure that its exposure is at least minimised; attempts to diversify supply sources and to hedge against circumstances in which the spot market takes a dramatic turn for the worse are, if anything, intensifying, from explorations in the East China Sea to the new port at Gwadar, from the tar sands of Canada to Kashagan.

China and the Colour Revolutions

Energy and resources alone are a far from sufficient explanation, however, for China's seeming keenness to club together with a virtual 'who's who' of authoritarian states. The eye-catching relationships in this context have not been Sudan and Iran – they've been Zimbabwe and Belarus. There is a clear thread. The 'colour' revolutions in Georgia, Ukraine and Kyrgyzstan, which seemed to elicit the most strident reaction from the Kremlin, were watched with even greater concern in Zhongnanhai, which last saw the combination of crumbling regimes in Eastern Europe and the death of a popular Chinese political leader in 1989. Then as now, the US hand in the developments was seen to be a heavy one.²⁹ From the heights of 2002, George W. Bush's 2005 State of the Union address, with Viktor Yushchenko looking on, spelled out a second-term foreign policy with a great deal less appeal:

The only force powerful enough to stop the rise of tyranny and terror, and replace hatred with hope, is the force of human freedom... America will stand with the allies of freedom to

²⁹ In April 1990, Deng Xiaoping, viewing events in Eastern Europe as an organised campaign by the West to overthrow socialism everywhere, circulated a set of comments that argued, in words that still resonate, that 'everyone should be very clear that, in the present international situation, all the attention of the enemy will be concentrated on China. It will use every pretext to cause trouble, to create difficulties and pressures for us. [China therefore needs] stability, stability and still more stability. The next three to five years will be extremely difficult for our party and our country, and extremely important. If we stand fast and survive them, our cause will develop quickly. If we collapse, China's history will regress for several tens of years, even for a hundred years'.

support democratic movements in the Middle East and beyond, with the ultimate goal of ending tyranny in our world.

Inevitably, this has contributed to a sense that China is ultimately going to find itself in the firing line and prompted concerted efforts to ensure that any US attempts will fail. Detailed analyses have been conducted on the 'democratisation' methodologies employed and their ultimate intention, described in one journal as 'squeezing [non-democratic] big powers' geopolitical development space via "democratic transformation" of [their] neighbouring states with the ultimate aim to overturn the non-democratic system of the big powers at an opportune moment'. In a recent discussion, analysts at CICIR looked at US tactics and identified three major elements – first, 'reliance on non-governmental organisations...to spread US values and political ideas [and] to help cultivate local pro-Western forces', as well as providing 'capital, technological assistance and personnel training...they also help them establish political organisations and mass media for publicizing Western democracy'; second, 'to depend on the US Executive branch' for financing democratic reform, 'improving fast response ability...so as to take over the transitional states as quickly as possible' and provision of military and civil experts; third, 'to rely on other "free" states', through forging a common agenda with Eastern Europeans, the OSCE, and the EU. They also viewed it as a long-term process:

in the early phase of the "reform" Americans took some public diplomatic means such as assistance and personnel exchanges...Where the "reform" goes deeper, the United States will make special effort to expand "political freedom" there through promotion of "press freedom" and judicial independence". Moreover the United States has also fostered local NGOs and pro-American elements. Thus 'color revolutions' would be on the verge of breaking out in these nations because of US decade-long efforts.³⁰

While from the outside, the CPC has never looked more secure – with the potential flashpoint of Zhao Ziyang's death actually passing off

³⁰ See 'Color Revolutions and Beyond', *Contemporary International Relations*, June 2005, Vol. 15, No. 6, Ji Zhiye, Xu Tao, Jiang Li, Da Wei, Chen Xiangyang, Ding Xiaoxing

without a hint of incident – from the inside there has been the usual concern to stay two steps ahead of the game in order to avoid being fattened up over time for a 'Chinese colour revolution'. In the background there is the haunting spectre of the fall of the Soviet Union, which still has a significant hold on thinking. Hong Kong's *Kaifang* magazine claims that Hu Jintao, addressing a plenary session at the 16th Central Committee on 19 September 2004, gave a speech, not publicly circulated, in which he said that:

For some time, enemy forces abroad have wantonly attacked our leadership and political system. And our domestic media has upheld the flag of political structural reform to propagate Western-style parliamentary democracy, human rights, [and] journalistic freedom.... Enemy forces inevitably take public opinion to be their point of attack....The [former] Soviet Union disintegrated under the assault of their 'Westernization' and 'bourgeois liberalization.' This is the fundamental reason why problems appeared internally in the Soviet Union.³¹

Apocryphal or not, a significant stepping up of restrictive measures and precautionary steps has followed – from the closing of Internet bulletin boards and new restraints on domestic media to an internal review of the think tanks and international organisations operating in China and an education campaign for Party members 'on a scale not seen since the Cultural Revolution'.³² It has also taken on a broader ideological hue. There is a clear understanding that over the long term, if the US is as serious as it appears about its democratic crusade, the Party is in as much danger from the multifaceted impact of the historical tide of toppling authoritarian political systems as from any specific pressures brought to bear on China itself. Deng Xiaoping had seen the events of 1989, if not their handling, as 'inevitable and independent of all human will' – a 'product of the climate of the world at large' as well as in China. But unlike in 1989, this is a climate that China has growing power to shape. Hence, oil or no oil, this has started to see a preparedness to stand by some of the most embattled of the world's leaders, from Islam Karimov to Robert Mugabe. As one Chinese analyst says, 'although

³¹ Cited in 'China under Hu Jintao', Joseph Fewsmith, *China Leadership Monitor*, No. 14

³² As one senior Beijing diplomat has described it

there are some resource interests, the treatment of Mugabe was essentially an ideological statement that China will not accept any Western interference in developing countries, is pursuing an independent foreign policy, and is strong enough to live with the criticism that will ensue'.³³ China does not want to find itself moving steadily up the list of US targets or to see any norms established that might serve to legitimise this, and was disturbed, for instance, by developments in July when the US and UK brought discussions about Zimbabwe's controversial slum demolition campaign – very much viewed by China as a domestic issue – to the UN Security Council. This is not to say that the new leadership is 'authoritarian' by instinct, and there has been much annoyance among analysts in Beijing about recent reports along such lines. The SARS battles – and subsequent opening up of the media and culture of accountability – were a better guide to the inclinations that exist when there is the sense that relaxation is safe, as the rumoured rehabilitation of Hu Yaobang is likely to show. But little has been done by Washington to calm Chinese fears and much to exacerbate them. At the IISS Shangri La Dialogue in Singapore, a speech and Q&A by Donald Rumsfeld, which attracted most of its press notices for his explicit questioning of China's military build-up, was equally notable for the fact that to every question he was asked about whether the US viewed China as a security threat he responded that its political system needed to change³⁴, a mantra echoed by other senior officials – even a largely upbeat speech³⁵ from Robert Zoellick, one of the most prominent speeches by the Administration on China in 2005, wound up with the far-from-consoling thought that 'we can cooperate with the emerging China of today, even as we work for the democratic China of tomorrow'.³⁶

³³ Interview with the author, August 2005

³⁴ See transcript of Secretary Rumsfeld's 'Remarks to the International Institute for Strategic Studies', 4 June 2005

³⁵ Albeit with an edge – objecting, inter alia, that 'China's involvement with troublesome states indicates at best a blindness to consequences and at worst something more ominous...Uncertainties about how China will use its power will lead the United States – and others as well – to hedge relations with China. Many countries hope China will pursue a "Peaceful Rise" but none will bet their future on it'

³⁶ As James Mann notes of President Clinton's China policy, 'paradoxically, then, the Chinese sometimes seemed less threatened by their toughest critics in the United States than by their supposed American friends – who were preaching conciliation but also

The battle for soft power

A further purpose of China's sometimes ostentatious displays of diplomatic cover for countries that have fallen out of favour with the West has been to send a clear signal to fretful regimes – most notably in the Middle East – that unlike the US, China would not be a fair-weather friend, switching from active support to side with the revolutionaries once political priorities have shifted. And for the first time since the end of the Cold War there seems to be somewhere credible for them to turn: a coming economic power with the full political weight of Security Council membership, which is pragmatic, non-judgemental, and asks for little politically in return. But this is a package with appeal far beyond the palaces of imperilled dictators. A recent survey showed that China was viewed more favourably than the US in every Western European country polled, with majorities in every Muslim country polled believing that it would be good if China became a military rival to the US.³⁷ Beijing has been keen to press home the advantage of this perceived collapse in US soft power, a much-discussed concept since analysts observed the dire straits in which the Iraq war left US public standing. Whether African politicians tired of having their countries' economic viability depend on doing what they're told, Arab intellectuals happy to see the US taken down a peg or two, or European policymakers hankering after a multilateral ally, Chinese leaders are well aware that the US would not just have a hard task finding allies to unite against it, but that any global ideological struggle need not simply place China on the wrong side of a 'democracy vs. autocracy' equation if a good enough job is done to frame the debate. This has lent urgency in Beijing to the ongoing deliberations about what China, as a major power, should stand for in the world, a question that the prior narrow focus on 'building Comprehensive National Power' had previously defined in largely reactive terms.³⁸ Aside from the traditional 'Five Principles of Peaceful Coexistence', the last few months alone have seen prominent government-organised

proclaiming that their policies were a more sophisticated way of bringing about the eventual downfall of Chinese Communism', *About Face*, p236, 2000

³⁷ See Pew Global Attitudes Survey, 23 June 2005

³⁸ See, for instance, China's 'New Security Concept' in recent defence white papers or 'Four No's policy': 'no hegemonism, no power politics, no arms races, and no military alliances'.

conferences and research initiatives on resistance to neo-liberalism³⁹; China as a 'bridge to the developing world'; 21st century Confucianism – already strikingly evident in Hu Jintao's guiding concept of the 'harmonious society' and a recent article by Li Zhaoxing⁴⁰ advocating 'harmony with other nations despite differences'⁴¹; and 'the Beijing Consensus' – a new model for 'nations around the world who are trying to figure out not simply how to develop their countries, but also how to fit into the international order in a way that allows them to be truly independent, to protect their way of life and political choices in a world with a single massively powerful centre of gravity'.⁴² In their most self-confident, magnanimous form, these are models that are intended to resonate in Brussels and Brasilia as well as Tashkent and Harare but in their backs-to-the-wall form they are not. And hawks in Beijing watching developments in the United States have had a clear message for anyone who cares to lesson – China is back in the crosshairs and it's time to be on guard.

The fall of 'peaceful rise'

The last year has seen something of a conceptual retreat take place in Beijing, the nature of which was going to have been pressed home during Hu Jintao's speech at Yale University. December 2003 saw the peak of the 'Peaceful Rise' concept, conceived by foreign policy strategist Zheng Bijian – long close to President Hu – and researchers at the Central Party School, and prominently endorsed by Wen Jiabao during his speech at Harvard University. But the concerns of the hardliners and cautious pragmatists who subsequently shot it down have not abated and some of them have been strengthened. Opponents, led by Jiang Zemin – then still occupying the Chair of the CMC – argued that on the one hand it undermined the impression that China would 'play hard' if need be, most critically on Taiwanese independence, and on the other hand that the notion of a 'rise' – for which the Chinese character has particularly thrusting and forceful connotations – was inherently threatening, and risked overshadowing the fact that China will remain a developing country, rather than a fully-

³⁹ See Joseph Fewsmith, *ibid.*

⁴⁰ 'Ancient philosophy guides China's modern diplomacy', *Xinhua*, 4 September 2005

⁴¹ Echoing both the Confucian proverb and Zhou Enlai's 'seeking consensus while reserving differences'

⁴² The Beijing Consensus, *ibid.*

fledged outward-looking power, for some time to come. Despite being dismissed by many outside China as 'just a slogan', the 'Peaceful Rise' was intended, and fiercely debated, as an organising concept for China's entire national strategy and the retirement of the idea, which only Zheng Bijian himself is still given license to speak about in public, has been described by one Chinese analyst as leaving a 'vacuum' in its place.⁴³ While there is a myriad of individual strategies to deal with every imaginable challenge facing China in the coming years, there is no master-narrative that guides them, draws them together and elucidates them to the outside world. There have been attempts to breathe new life into Deng Xiaoping's previous guiding philosophy – 'peace and development' – but you are hard pushed to find a Chinese intellectual who is convinced that it addresses China's current situation, however successful it was as a lodestone for the previous 25 years. While the whole episode reflects the transitional state of current thinking, and the shift that is still taking place between defensiveness and self-confidence, the tremendous attention that it has received illustrates the need to find a master-narrative that works, and quickly.

Code red in Washington

Political dynamics in Washington have gone through such a significant shift in the last year that, as Robert Kagan notes, 'it used to be that the neo-cons spent all their time warning about China, the conflict with China, but now...it's the China experts who spend all their time warning about coming conflicts with China'.⁴⁴ A growing range of trade-related disputes – the bilateral deficit, the 'undervalued' yuan, and the Unocal bid foremost among them – created the conditions for an anti-China ferment in Congress, with security questions quickly following where economic issues led. While the Administration, taken aback by the strength of Congressional reaction, was able to hold off some of the most forceful protectionist pressures and has no interest in damaging the broader trade relationship, it has not been entirely out of sympathy with the political mindset that lay beneath them. With Iraq and the global war on terror no longer the all-encompassing focus that they were at the time of Colin Powell's speech, China has moved back

⁴³ Interview with the author, Beijing, November 2004

⁴⁴ 'China's Peaceful Rise?', Carnegie Endowment for International Peace, September 2004

into the firing line. There has been a sense among many in Washington that the US may have 'dropped the ball', paying insufficient attention to the political implications of China's rise over the last few years, and that, at the very least, if American interests in the Asia Pacific are to be maintained, a long-term strategy for the region needs to be put in place quickly. It is one that reflects profound discomfort with China's role there. The diplomatic running that the Chinese have been able to make in the region in the last few years has elicited fears that the United States could see its dominant role eclipsed and its military gradually shut out. These have coincided with the first post-9/11 Quadrennial Defence Review⁴⁵, which has focused defence establishment thinking on US force posture in Asia and on the prospects and nature of a war with China, the only major power conflict being seriously entertained in the review. In language that was to become increasingly characteristic of statements by senior figures in the administration, Porter Goss's testimony to the Senate Intelligence Committee made no mention of advances in security cooperation and focused solely on arguing that improved Chinese military capabilities 'could tilt the balance of power in the Taiwan Strait' and 'threaten US forces' in Asia.⁴⁶ The sense of a shift in direction was reinforced by a highly controversial report by the Pentagon on China's military power, the publication of which was delayed by interagency disputes over the strident language used in earlier drafts. Aside from the inflated estimates of Chinese military expenditure⁴⁷ – viewed by many analysts in Beijing more as a manifestation of anti-Chinese scaremongering than as cold analysis – the report signalled genuine concerns about the pace of China's military modernisation, the rise in Chinese popular nationalism, and the evolution of strategic perceptions 'beyond Taiwan'. The concern has also been manifest in the ferocious reactions to proposed arms sales to China by key American allies – the Europeans bludgeoned into backing down on the proposed lifting of their arms embargo and demands from the Pentagon for the resignation of the Director-General of the Israeli Defense Ministry over

⁴⁵ The previous QDR report was issued on 30 September 2001 but the review itself had already been concluded

⁴⁶ Testimony to the Senate Select Committee on Intelligence, 16 February 2005

⁴⁷ Compare, for instance, RAND's study: 'Forecasting China's Military Spending Through 2025', 2005 and James Mulvenon's comments that the DOD was making 'wild-assed guesses' that are 'not based on empirical fact', *Reuters*, 20 May 2005

the upgrading of Chinese Harpy assault drones, which Washington even insisted that Israel confiscate, resulting in an urgent Christmas Day 2004 visit to Jerusalem by State Councillor Tang Jiaxuan.

Ultimately, it was the post 9/11 period that was the aberration, not the Administration's early months. While happy to take advantage of Chinese cooperation, it was never going to shift the fundamental thinking of the principals in the Bush national security team about both China – not a 'real partner'⁴⁸ – and broader great power politics. 2005 was the return to the analysis – echoing Kennan – that had been spelled out with absolute clarity by Condoleezza Rice in her 2000 Foreign Affairs article, then explaining the foreign policy priorities for a Bush Presidency, now in a position to put that thinking into full effect:

Even if there is an argument for economic interaction with Beijing, China is still a potential threat to stability in the Asia-Pacific region. Its military power is currently no match for that of the United States. But that condition is not necessarily permanent. What we do know is that China is a great power with unresolved vital interests, particularly concerning Taiwan and the South China Sea. China resents the role of the United States in the Asia-Pacific region. This means that China is not a "status quo" power but one that would like to alter Asia's balance of power in its own favor. That alone makes it a strategic competitor, not the "strategic partner" the Clinton administration once called it. Add to this China's record of cooperation with Iran and Pakistan in the proliferation of ballistic-missile technology, and the security problem is obvious. China will do what it can to enhance its position, whether by stealing nuclear secrets or by trying to intimidate Taiwan.

The article that so alarmed Jiang Zemin then, with its explicit talk of 'containing Chinese power and security ambitions' had come back to haunt his successors.

⁴⁸ Condoleezza Rice, 'Campaign 2000: Promoting the National Interest', *Foreign Affairs*, January/February 2000

Containing China?

The view from Beijing is that a US containment strategy may already have begun. This fear is not difficult to trigger. The establishment of US bases in Central Asia was widely seen as part of an 'encirclement strategy', a longstanding fear, even at the peak of recent Sino-US cooperation, but developments this year have seemed to represent a new phase. The first dimension is the new forward-leaning democratisation policy, which, although China is not its sole or even primary target, is undoubtedly both endangered and constrained by it. The second dimension is the stepped up effort to prevent third parties from selling arms to China; the EU failure to lift the arms embargo was viewed, not inaccurately, as the near-exclusive result of heavy US pressure, and undermined some of the key Chinese Europeanists who had persuaded the leadership that the lifting was a done deal. The third dimension is a concern to constrain China's access to strategic resources and technology; the reaction to the CNOOC bid was viewed as emblematic, and recent reports of new US policies to prevent Chinese nationals from accessing technology in the US and limiting the commercial flow of advanced technologies into China, even from third parties, have reinforced this. The fourth dimension is military – the ongoing attempts to encourage Taiwan to increase its capabilities, the stepping up of US military presence in East Asia, and periodic attempts to venture into the strategic choke-points, most notable in increased levels of US concern about terrorism and piracy in the Malacca Strait, viewed with suspicion in Beijing. The fifth dimension has been the most important of the steps last year, however – the attempted development of a balancing coalition in Asia.

The intentions behind this have been made quite explicit and take a consistent form – from the Pentagon's Military Power report to Condoleezza Rice's speeches, China is described as being at a 'strategic crossroads'. It 'has the potential for good or for bad'⁴⁹ and faces 'a choice' – 'if it wants to continue to prosper, it will choose a benign path that will allow the world to accommodate its rise peacefully'.⁵⁰ But since 'China's internal evolution is still undetermined' there are 'matters of concern that still might take a bad turn, and so our

⁴⁹ Secretary Condoleezza Rice, Remarks at Sophia University, 19 March 2005

⁵⁰ See Douglas J. Feith, Speech to the Council on Foreign Relations, 17 February 2005

policies have to be aimed at trying to...make the most of our opportunities to mitigate against that circumstance in those cases'.⁵¹ This will be hinged on a series of strategic alliances:

As we look to China's life, I really do believe that the U.S.-Japan relationship, the U.S.-South Korean relationship, the U.S.-Indian relationship, all are important in creating an environment in which China is more likely to play a positive role than a negative role. These alliances are not against China; they are alliances that are devoted to stable security and political and economic and, indeed, values-based relationships that put China in the context of those relationships, and a different path to development than if China were simply untethered, simply operating without that strategic context.⁵²

The most important of these relationships is with Japan, where this year has seen major steps forward in achieving the 2001 Armitage Report's goal of developing a partnership which takes 'the special relationship between the United States and Great Britain as a model for the alliance'⁵³ but there has also been a keenness to make it clear that China is not going to be treated as the only rising power on the block.

The most obvious manifestation of this – 'building India up as a great power' – elicits only mild concern in Beijing. It is roundly assumed that India will play an independent role and the reaction to the August US nuclear deal would have given every reason for reassurance on that front. Voices urging the maintenance of a healthy distance from the US ranged from top UN diplomat and writer Shashi Tharoor ("I would argue that India actually has a greater interest in developing its own friendly relations with China, rather than being a counterweight") to Yashwant Sinha, Vajpayee's foreign minister ("Will Asia be put up against Asia again? Will we become pawns in the game of the single superpower after resisting it so well throughout our independent

⁵¹ Remarks at Sophia University, *ibid.*

⁵² Remarks at Sophia University, *ibid.*

⁵³ 'INSS Special Report: The United States and Japan: Advancing Towards a Mature Partnership', October 2000

existence? We should not fall into this trap. No country ever makes another country great").⁵⁴ Wen Jiabao's visit to India in May, declaring the two countries as the lynchpins of a new 'Asian Century', was extremely warm, including offers of support for India's UNSC membership bid and substantial progress in resolving border disputes, and although there is ongoing competition for influence in South Asia and active battles in some of the major recent energy deals in Angola and Kazakhstan (the latter causing a little bad blood), this has also been an arena with significant prospects for cooperation.

Just as the nuclear deal was being tied up in Washington, Talmiz Ahmad, an Indian diplomat seconded to the Oil and Petroleum Ministry in New Delhi with the task of creating energy partnerships abroad, was receiving a grand tour of China ('The visit far, far exceeded my expectations'), trading power-point presentations on Indian and Chinese oil strategies, and being told by senior Chinese oil executives that 'The possibilities of India and China cooperating in Central Asia, Russia and Africa are enormous of course, but both of us must also work together in America and the big nations of Europe'.⁵⁵ No one hearing the Indian petroleum minister, Mani Shankar Aiyar, calling for the extension of an Iran-Pakistan-India pipeline to South China and an Asian gas grid in order to end the 'wretched Western dominance'⁵⁶ could comfortably believe that India is the 'natural ally' of the US. And what goes for India goes for South Korea and everyone else in the Asia Pacific – unless it were perceived as an active threat, China is too important economically for countries to be anything other than neutral, or better.⁵⁷ And it is not – from the fears of only a few years ago, 'most nations in the region now see China as a good neighbor, a constructive partner, a careful listener, and a nonthreatening regional power'⁵⁸ after a period of intensive Chinese efforts to improve bilateral relationships, its responsible behaviour during the East Asian financial crisis, and its

⁵⁴ Both cited in 'Rising India is Torn Between East and West', *International Herald Tribune*, 15 August 2005

⁵⁵ See 'India, China: Comrades in Oil', Jyoti Malhotra, *Asia Times*, 19 August 2005

⁵⁶ See Tribune News Service, 'India for Asia Grid to end West Dominance', 14 February 2005

⁵⁷ South Korea, though a US 'ally', finds itself on China's side with growing regularity

⁵⁸ David Shambaugh, 'China Engages Asia: Reshaping the Regional Order', *International Security*, Winter 2005, Volume 29, Issue 3

active engagement with regional institutions and forums – including 'fundamental compromises that China has chosen to make in limiting its own sovereign interests for the sake of engagement in multilateral frameworks and pursuit of greater regional interdependence'.⁵⁹ Illustrating the extent of this rethink even among US allies was Australia's refusing to join the lobbying campaign against the lifting of the EU arms embargo, its recent preparedness to sign the ASEAN Treaty of Amity and Cooperation, which requires signatories to forego violence against member states, in order to attend the inaugural East Asian Summit, and comments by the Australian Foreign Minister questioning whether Australia would support the US in a war over Taiwan.

A balancing coalition of two

The one exception to this is Japan and even if this is far from the scale of the coalition set out in Condoleezza Rice's speech, its seriousness is not underestimated in Beijing. Washington's stepping up of attempts to encourage Japan rapidly in the direction of becoming a 'normal state', as the anchor of its East Asia policy, has been viewed, with horror, as the most dangerously short-sighted of all the recent US moves. Sino-Japanese relations over the last year have been damaged to such a degree that the perspective in Beijing is now that they are virtually irredeemable, and while this can hardly be blamed exclusively on US policy – the Yasukuni Shrine visits, the history textbook rows, Lee Teng-Hui's visit, and the incursion of a Chinese submarine into Japanese waters bear most of the burden – it has certainly had a catalytic effect.

In the previous two years, it appeared that there were real prospects that it might be possible to put some sort of reconciliation process in train – a spate of dovish articles in prominent Chinese foreign policy journals were widely viewed as paving the way for an outcome that China's pragmatic leaders were starting to perceive as an acute necessity if the hoped-for breakthroughs in East Asian integration and broader regional stability were going to be achieved. Without underestimating the immense difficulties involved, an environment where budding regional institutions and the chance of a hatchet-

⁵⁹ David Shambaugh, *ibid.*

burying had opened up might have seemed to be an opportunity for the US to become the midwife to the birth of a zone of peace in Asia, difficult and painful though it might have been. Instead, 'rather than play a helpful role, the United States has pushed China and Japan further apart'⁶⁰ and evinced an attitude of unremitting hostility towards the development of East Asian institutions (which have proceeded apace regardless); 'ceding leadership while seeding nationalism' as one recent article⁶¹ describes it. The prospect of support was perhaps always remote given the US administration's anti-institutionalism, preparedness even to question whether 'we want the European Union to succeed'⁶² and an overriding fear – which China arguably did too little to overcome – that US troops were gradually going to be shut out of the region. But for those who shared the fear that 'Europe's past is Asia's future'⁶³ US unwillingness to look to Europe's present – Japanese thinking along such lines dismissed in the Armitage report as 'post-Cold War drift' – and instead to 'present major obstacles to the development of more benign major power relations in East Asia'⁶⁴ has seemed to many in Beijing to be at best irresponsible.

Japan's return to the global stage, without any meaningful attempt by the different sides to settle the still-live historical issues, has had an incendiary effect, with an upsurge of nationalist sentiment boxing in leaders on both sides of the East China sea; indeed, South Korean President Roh Moo-hyun was to use far more aggressive language than China, telling South Koreans to prepare for a 'diplomatic war' with Japan. Among the contributory steps, the Japan-U.S. Security Consultative Committee, comprising defense and foreign ministers from Japan and the United States (known as the two-plus-two), incorporated Taiwan as a mutual security concern for the first time, leading to vehement reactions in China. This followed the Japanese

⁶⁰ Wang Jisi, 'China's Search For Stability with America', *Foreign Affairs*, September/October 2005

⁶¹ 'America's Bismarckian Asia Policy', Eric Heginbotham and Christopher Twomey, *Current History*, September 2005

⁶² See Transatlantic Divides, *Boston Globe*, 21 November 2004, Wen Stephenson, in which Timothy Garton Ash quotes from his meeting with George W. Bush

⁶³ See 'Europe's Past, Asia's Future?', Aaron Friedberg, SAIS Policy Forum Series, No 3, October 1998

⁶⁴ Wang Jisi, *ibid.*

defense-policy guideline of December that, also for the first time, names China as a possible threat, and Colin Powell's statement that Japan couldn't expect to join the UN Security Council unless it changed its pacifist constitution.⁶⁵ Far from promoting resolution of the historical issues, a recent article by Richard Armitage suggested that while 'on questions of Asian history we can stand back...we should in no way posture ourselves as neutral if China provokes tension'⁶⁶, read in Beijing as implying that the US will simply side with Japan out of ideological principle.

One of the unsurprising results of the 'Japan component' of the US hedging strategy has therefore been to give additional momentum to two of the primary concerns identified in the Pentagon report – rising nationalism and the evolution of military thinking in China that goes 'beyond Taiwan'. There is little doubt that, whatever the exaggerations of the report, these are real trends. In 2004, Taiwan was the overriding obsession, even more so than usual. The perspective in Beijing was that the dangers of Taiwanese independence were 'very grave' and a consensus was established that military modernisation needed to be accelerated to prepare for a future possible war, amid real pessimism that this may be the only way to stop it. One Chinese analyst at the time described 'a strategic culture wholly occupied by the Taiwan problem' with 'much less ambiguity about the prospect of fighting the US 7th Fleet if necessary'.⁶⁷ But developments on Taiwan since the 'dark days' of the threatened constitutional referendum have been largely positive – the anti-secession law was at the softer end of the contingencies discussed and represented a far less significant development than the December elections and the historic reconciliation with the KMT. The credible threat of force will remain an important dimension of China's Taiwan strategy but it is now focused almost exclusively on anti-independence deterrence. Instead there has been a noticeable shift towards a broader concern with North East Asian security questions, putting Taiwan-orientated capacities in a

⁶⁵ 'If Japan is going to play a full role on the world stage and become a full active participating member of the Security Council, and have the kind of obligations that it would pick up as a member of the Security Council, Article Nine would have to be examined in that light', remarks to Kyoto News Agency, 13 August 2004

⁶⁶ 'China the Emerging Power', Richard Armitage, 2/2, *Yomiuri Shimbun*, 14 August 2005

⁶⁷ Interview with the author, Beijing, November 2004

wider framework: one challenge is how China would deal with dramatic changes on the Korean Peninsula; but the second has come from the sense that war with Japan at some point in the future is now a real prospect, even if only a dim one. These 'are not contingencies for which there is detailed strategic planning but they are ambiguous future possibilities'⁶⁸ – or 'known unknowns'. And as with Taiwan, a long shadow is cast by the US – war with Japan is not necessarily war with Japan alone. The new phase of the US-Japanese alliance risks turning US-China war planning into a permanent feature of the two sides' relationship. And the alternative is no less grim – the political forces in Japan that the US is relying on to encourage the country to rewrite its pacifist constitution and play a more assertive role in the region, and beyond, have a strong nationalist anti-US streak and may not long be satisfied to see the second largest economy in world act as a US proxy. The Asia Pacific 'war scenario' may rapidly accelerate beyond American control and make the days of 'restraining Taiwan' look like a walk in the park.

China's hedging strategy

There are as many debates about US grand strategy in Beijing as there are in Washington and, consequently, full awareness – among a political class who are familiar from the days of close strategic cooperation with the US against the Soviet Union in the 1970s and 1980s what American thinking on these matters looks like – that the balance of mainstream opinion in the US has not crystallised in favour of a full containment policy. Whether 'friendly containment'⁶⁹, 'conengagement'⁷⁰ or 'constraint'⁷¹ it is viewed as a 'policy with two sides'.⁷² The balance has clearly shifted in the last year though. As one analyst remarked: 'we were expecting resistance but frankly, we have been surprised by just how much'⁷³ and no-one in Beijing watching developments in US foreign policy since 2001 could really afford to be

⁶⁸ Interview with the author, Beijing, August 2005

⁶⁹ See China Reform Monitor no 583, 29 March 2005

⁷⁰ See 'Sweet and Sour: Recipe for a new China policy', Zalmay Khalilzad, Rand Review, Winter 1999-2000

⁷¹ See 'East Asia and the "Constraint" of China', Gerald Segal, *International Security*, Vol 20, Issue 4, Spring 1996

⁷² Various interviews with the author, Beijing, August 2005

⁷³ Interview with the author, Beijing, July 2005

entirely relaxed about the influence of 'blue team'⁷⁴ elements in shaping its future direction.⁷⁵ Hu Jintao's US trip was intended to represent a significant push to deepen strategic understanding between the two countries – 'the number one objective of the visit'⁷⁶ – but the symbolic setbacks that China suffered were notable, as the US side refused to accord it full State Visit status after already rebuffing suggestions of a visit to the Texas Ranch. One Chinese analyst, suggested that this wouldn't be of huge consequence: 'Hu Jintao and his team are very practical. Jiang Zemin liked to sing songs, be viewed as a "great man" and have trips of this sort promoted as "great visits". Hu doesn't care about that and will use any opportunity possible to convince key audiences in the US – as much on Capitol Hill as in the White House – about where China is going at this critical time'.⁷⁷ But a further difference between Hu Jintao and Jiang Zemin has been the relative emphasis placed on the centrality of US-China relations to Chinese foreign policy. Where Jiang viewed almost every foreign policy question through US-China lenses, Hu's orientation has been more multi-dimensional. While holding out for positive and stable US-China relations, there has been a steady gathering of chips in the event of their taking a wrong turn, as now looks to be the case. Aside from military planning, China has shown just as much preparedness to develop alliances that are, to run Rice's statement in reverse: 'not against the US; they are alliances that are devoted to stable security and political and economic and, indeed, values-based relationships that put the US in the context of those relationships, and a different

⁷⁴ See 'Blue Team Draw a Hard Line on Beijing', *Washington Post*, 22 February 2000 for background

⁷⁵ See, for instance, Major General Pan Zhenqiang, Northeast Asia Security, KAS-Schriftenreihe China, No. 50, Beijing 2005, p14, 'It will be a mistake to underestimate the energy and influence of the anti-China sentiments of the neocons and rightist wing force in both the US and Japan respectively. Manipulated by these forces, policies of these two countries are now strengthening their collaboration in an attempt to reduce and contain a rising China'. Larry Wilkerson, Colin Powell's Chief of Staff, went on record in May 2004 complaining that '[Taiwan] is another place where you get a lot of tension. Because there are literally people from the defence department on that island every week. Every week. And have been for three years. And many of those people are delivering messages to Taiwan that Taiwan needn't worry'

⁷⁶ Interview with the author, Beijing, August 2005

⁷⁷ Interview with the author, Beijing, August 2005

path...than if it were simply untethered, simply operating without that strategic context’.

Most of the developments in China’s international relationships in the last couple of years have, of course, been undertaken primarily for their own sake – while some countries have had the sun shining on them more intensively than others, in the round they add up to a near-comprehensive upgrading of China’s global partnerships, reflecting China’s growing economic and political influence. This means that there is plenty of scope to misread any of the individual elements – virtually every week, there are articles speculating about Chinese attempts to construct an espionage hub in Europe or strike a dramatic Middle Eastern oil deal at Japan’s expense, off the back of little more than a couple of ministerial visits. With a data set that includes virtually every country in the world, it is easy to draw the dots in innumerable different ways and to come up with theories ever more fantastic the less apparent the rationale for China to pay attention to any given state. Nevertheless, there have been a few diplomatic drives on a different scale to the others and a notable willingness to bolster relationships that come with a political price tag to pay in Western capitals. Between them, they amount to a reshaping of the international landscape – putting pressure on US relationships with even its closest allies, establishing new power blocs through which China’s voice can be multilaterally multiplied, hugging like-minded allies closer and, through Chinese relationships with US-designated ‘rogue’ states, positioning itself to act either as broker or leader of the awkward squad if the political temperature rises.

2004, dubbed the ‘year of Europe’ in China, was the high point of the EU drive which, although heavily focused on achieving two specific objectives (the lifting of the arms embargo and market economy status) was also designed to achieve a broader step-change in the relationship with America’s most important traditional allies, through the establishment of a ‘comprehensive strategic partnership’ and ensuring that ties with all the principal member states – Britain, for instance, had seen a somewhat difficult period in the years leading up to the Hong Kong handover – were on the best possible footing. 2004 also saw the continuation of the highly active ‘good neighbor’ policy, the attempts to reassure and deepen relationships with countries in the Asia Pacific,

which has culminated most visibly in the planned ‘East Asian Summit’ in December 2005, a Chinese instigated political upgrading of the ASEAN+3 framework.

China has also worked hard to strengthen its position as a key ally of developing countries, setting up the new China-Africa Cooperation Forum and providing new streams of finance through debt relief, bilateral grants, low and no-interest loans, and funds to multilateral African banks; actively supporting the G77 and the G20 groupings at the UN and the WTO; channeling enormous efforts into cultivating the other ‘rising powers’ from the developing world, India and Brazil; and giving a notably high profile to events such as the 2005 Bandung Conference, which provide prominent forums for China to build support for foreign policy concepts such as the ‘Five Principles of Peaceful Coexistence’ (first elaborated at the original Bandung conference in 1955). Bilateral efforts have been far from exclusively focused on the oil-rich, the powerful and the anti-Western. One senior minister from a small, resource-free, Sub-Saharan African country that is one of the closest US allies on the Continent, described the Chinese wooing in recent years:

Unlike the Western countries who will look down our list of suggested projects and say [miming sniffy air] ‘No, no, needs work, perhaps, no, can you put together a more comprehensive study on that one?’ the Chinese Ambassador would listen to our ideas and say ‘Yes, let’s get started on that straight away, we can do the infrastructure for it as well, have you thought about doing a project on this? We’ll support it’. One day he sat down and said ‘How do you like your offices?’ I replied ‘They’re okay’ and he said ‘Listen, we’ve just been building a great new foreign ministry for the Ugandans, how would you like one?’ My laptop is a Chinese gift and soon my foreign ministry will be too.⁷⁸

But the response to ‘encirclement’ and ‘containment’ fears has, in the last year, been to push China much closer to like-minded allies. If 2004 was a ‘year of Europe’, ‘peaceful rise’ and East Asian regionalism, 2005 has so far been a year of Russia, ‘defensive realism’, and the Shanghai Cooperation Organisation.

⁷⁸ Interview with the author, July 2005

Look West

Having attracted little attention in its early days, the SCO, an organisation of Chinese parenthood, is proving to be a key vehicle, both politically and ideologically. As one recent Chinese journal article puts it, it is 'an international organisation that gives China a platform to exert its important role. This organization is not only significant to ensure peace in the North West of China...but also a platform for China to push new security and new development concepts'.⁷⁹ Although in the long-term, there may be grander hopes for the East Asian Community, the short-to-medium term outlook for establishing a coherent defensive bloc, with little scope for US interference, requires China to look North and West. From a small club – China, Russia, Kazakhstan, Kyrgyzstan and Tajikistan – focused on fighting terrorism and separatism, the SCO has taken on an increasing range of competences – not least the opening up of new transportation routes for energy and raw materials and over 127 economic projects – and is taking in an increasing number of members. The July 2005 meeting included Iran, India, Pakistan and Mongolia as observers for the first time – attending every meeting, including working level sessions, and intended as a prelude to membership – translating the narrow Central Asian focus into a major Eurasian arc. The Astana meeting also saw the most forceful response so far to American activities in the region, in the shape of a demand that a timetable be set for the closing down of America's Central Asian military bases, which resulted in a frantic burst of shuttle diplomacy from Donald Rumsfeld. Though notionally driven by an Uzbek leadership incensed by the US instigated airlift of protestors who had fled the June Andijan crackdown into Kyrgyzstan, this is an organisation where Russia and China are confessedly the paymasters and principal forces, and the statement reflected a hardening of all sides' attitudes to the ongoing presence of US forces.

This nascent Eurasian bloc has developed much of its momentum from the blossoming relationship between these two powers, who, whatever mutual suspicion remains between them, have been increasingly pushed to see their interests in common. China is realistic about the

⁷⁹ 'The Deepening of Sino-Russian Relations and Its Strategic Significance', Wang Haiyun, *International Studies*, Volume 3, May 2005

prospects of any partnership and Chinese analysts do not pretend that, in the longer term, Russia will be anything other than neutral, manoeuvring its relationships between all the major powers to extract maximal leverage. China has been by far the more eager partner and senior officials had complained about getting very little out of Vladimir Putin despite visit after visit of wooing. But this year saw the removal of a few blockages: the last of the border disputes were resolved in October 2004; the threat of the EU lifting the arms embargo created the prospects of a rival for Russia's most important arms market, ensuing in a softening of the reluctance to sell China the top-of-the-range hardware that India, for instance, receives; and the colour revolutions, in which Russia 'lost' Georgia, Ukraine and (nearly) Kyrgyzstan, created a closer alignment of interests not only on shared periphery but in terms of perspectives on common potential threats to their own regimes. Russia has also seen an opportunity to revive its previously touted 'Strategic Triangle' – with India, who Russia invited to the Astana Summit and is proposing as the third party in military exercises in 2006, as the other point. This has finally resulted in a tilt China's way – Vladimir Putin's July 2005 statement that Russia's Asian oil deliveries will be routed to China seemingly ruled out the Pacific coast pipeline that Japan thought it had tied up only months before. This was followed in August by the first joint Chinese-Russian military manoeuvres since the Sino-Soviet rift, on a vast scale, sending out a warning to the US, to Japan and to Taiwan, as well as showcasing Russian military hardware to the Chinese. Later that month the Beijing ceremonies marking the 60th anniversary of Japan's surrender in World War Two had a number of specially invited Soviet war veterans in the audience and were preceded by statements from Russian Defence Minister, Sergei Ivanov, that 'The approaches of Russia and China to all problems of international security either completely coincide, or are almost identical...Relations between the military organisations of Russia and China are developing in the same spirit as the strategic partnership between our states'. The new stage of this partnership was announced with a major 'China-Russia Joint Statement on 21st century world order' on 1 July, which stated that:

The right of countries to choose their development paths in light of their own conditions, equally participate in international affairs, and seek development on an equal footing should be fully

guaranteed. Differences and disputes must be settled peacefully without the adoption of unilateral action and coercive policy and without resort to the threat of force or the use of force...

The international community should thoroughly renounce the mentality of confrontation and alignment, should not pursue the right to monopolize or dominate world affairs, and should not divide countries into a leading camp and a subordinate camp...

International human rights protections should be based on the principles of firmly safeguarding the sovereign equality of all countries and not interfering in each other's internal affairs...

Any actions that are aimed at dividing sovereign countries and inciting hatred among ethnic groups are unacceptable. No social and political systems and models should be imposed from the outside without regard for the objective process of social development in sovereign countries...

Although defensive, the statement reads as an across-the-board declaration of opposition to the present orientation of US foreign policy, manifesting itself in a toughening of the two sides' attitudes to 'sovereignty' issues in the final negotiations leading up to the UN Millennium Review Summit, and reflects the sense that if the US 'pursues a policy of containment and squeezing others' space'⁸⁰, China is willing and able to find heavyweight allies who look at the world in the same way and are increasingly ready to act.

'Troublesome' friends

The SCO issues have been developments of greater import than the much-discussed 'rogue state' relationships – the seemingly worrying alliances deepening between Beijing and everyone from Alexander Lukashenko and Hugo Chavez to Fidel Castro and the King of Nepal, to add to a prior list that ran from the Nyunt junta to Kim Jong Il. A few key regional relationships aside, these are contingent and can easily shift if they are perceived to be a burden. As one Chinese analyst noted: 'we used to have a policy called "Playing cards" – this was premised on the notion that "If I want to make the US respect me, I'll

⁸⁰ Wang Haiyun, *ibid.*

make a deal with his enemy". This history ended some years ago. It's a dangerous game because you will be seen as a rogue state as well'.⁸¹ Another remarked that 'we have no real ideological relationship with them. That would only come about if Western policy pressed us into it'⁸², echoing Ambassador Ma Zhengang's suggestion in a recent article that 'Lord Palmerston had it right when he said: "we have no eternal allies and we have no perpetual enemies. Our interests are eternal and perpetual, and these interests it is our duty to follow"⁸³ China is not going to mortgage its foreign policy on Belarus, and Robert Mugabe's visit was in many ways more notable for the fact that he went home virtually empty handed. One analyst noted that 'we've been going around doing trade deals all over the world. The leadership have paid little attention to the political dimensions of the relationship with some of these countries'.⁸⁴

But they present China with a store of political credit that can be cashed in in different ways. On one side they provide a frontline of ideological and practical resistance to the US global role – a nascent awkward squad who are in the position to cause a great deal of trouble if China decides to provide more active assistance of the sort that it largely abandoned in the 1990s. At the very least, China is in the position to keep standing up and acting as their champion, opposing involvement in their internal affairs and blocking Security Council actions which it was previously only prepared to do rhetorically. There is very little desire to do any of this, but being as it is on the table, it cannot fail to inform US policy options.

The option on the other side has been less discussed: whatever troublemaking potential, these relationships also offer opportunities for China to emerge as a key global broker – the North Korea situation writ large. Where the US is too frequently seen placing 'regime change' as its preferred solution to problems, and the Europeans are still hampered by a collective foreign policy machinery that is still in provisional stages and a universal sense that their interests and

⁸¹ Interview with the author, Beijing, August 2005

⁸² Interview with the author, Beijing, August 2005

⁸³ 'The Increasingly eminent "China factor" in the world pattern', Ma Zhengang, *International Studies*, Vol. 3, May 2005

⁸⁴ Interview with the author, Beijing, August 2005

Washington's are not so far apart, China is gradually entering the global stage as a coherent strategic actor with the money, the skilled diplomatic manpower and the clout to facilitate solutions, coupled with a trust on countries' part that Chinese officials are largely indifferent as to what sort of political system they are having to deal with. There were suggestions that this 'broker role' would have been on the table during Hu Jintao's Washington visit, with Iran as the first test case to display how China could leverage its relationships with unfavoured allies for the benefit of all sides and take on a role of increasing global responsibility, if the US was prepared to rethink its containment policy.⁸⁵

On this note, the decision to attend the G8 meeting in July was also intended to have more symbolic import than seems to have been generally read – while China had attended the Evian meeting in 2003, that was with a 'developing country' hat on; this summit saw China, for the first time, sitting on the other side of the table, looking at the world's development challenges and asking what 'we' should do about them. As one analyst describes:

Chinese leaders really do now want to cultivate a 'responsible country' image in the world. It has taken longer for them to understand the relationship between China and the global system – that if you don't play a constructive role you don't get the benefits of the system and Western countries won't trust you. The huge first step was membership of the WTO – the signal was clear, that China would work with the international system rather than seeking to destroy it...And President Hu's visit to Gleneagles this year was a very important decision, subjected to active internal debate. Previously the stress had been that 'China is a developing country and cannot be expected to take responsibility for solving global problems'. Attending the meeting told the world – China now wants to be involved.

In the round, and with not every element a product of unified conscious design, this represents China's hedge – while signalling its strong

⁸⁵ See, for instance, 'Hu Seeks Breaththrough in Forthcoming Summit with Bush', Willy Lam, China Brief, Jamestown Foundation, 16 August 2005, Volume 5, Issue 18

preference to play an increasingly constructive role in the world, it is also making clear that in the event of a full containment strategy from the US, not only is this cooperation placed in jeopardy but China has a range of strategic options of its own that threaten to make life very difficult for American foreign policy, quite aside from the economic weapons in its armoury and China's determination not to blink first in the event of a military showdown for which it continues to ready itself.

But the dark side of recent trends is not going unobserved and the light side is still getting insufficient attention, with inevitable consequences in a US climate of coruscating suspicion. Everyone remembers Robert Mugabe's visit and few remember that he left empty-handed. Congress's US-China Economic and Security Review held a series of hearings on 'China's Growing Global Influence' in June 2005 that erred heavily on the alarmist side and the subject has provided much of the lifeblood of newspaper coverage, think-tank seminars and the publishing industry in the last 12 months. All of it is feeding Washington opinion that is increasingly disposed to see China in negative terms and ready to jump on any evidence that reinforces this. And while the conflict lines, nascent alliances and hedging strategies are still in 'soft' form, many of them could soon be hardened as each side devotes increasing effort to 'combating the influence' of the other, stepping up the preparations for a military showdown, and pressing third parties on everything from technology transfer to basing rights. As one Chinese analyst argues, 'China would prefer peaceful relations with the US over almost anything else, including relations with major energy suppliers such as Iran, but if the relationship deteriorates beyond a certain point the interest calculus will be transformed'.⁸⁶

US-China relations at a crossroads

It is easy to make misplaced extrapolations from the ups and downs of a relationship that has always been complex and volatile – this summer has seen a tension-easing revaluation of the Yuan, the substantial calming of tensions over Taiwan, a round of the Six Party Talks that saw the closest cooperation yet between China and the US on Peninsula issues, the launch of a new dialogue on global issues and even a banding together on UN Security Council reform. But there is a

⁸⁶ Interview with the author, August 2005, Beijing

clear distinction between the 'ups' which, as in the first Bush term, reflect the practical accord that can be established on issues of common concern⁸⁷ – China has even less interest in a nuclear East Asia than the US does – and the 'downs' of much greater strategic significance. While the US is happy temporarily to collaborate when it is convenient to do so, it has been made clear that only democratic allies can expect any long-term partnership.⁸⁸ Above all, it is the ideological qualities of the division between the two sides that have seen the most dramatic acceleration in the last year, representing a potential 'lock' on all the other elements and providing the simplifying narrative to the relationship that it currently lacks.

In a major essay intended to accompany the Hu Jintao visit, China's top US analyst and frequent Zhongnanhai visitor Wang Jisi writes that 'the Chinese-U.S. relationship remains beset by more profound differences than any other bilateral relationship between major powers in the world today...It is not a relationship of confrontation and rivalry for primacy, as the U.S.-Soviet relationship was during the Cold War, but it does contain some of the same characteristics'.⁸⁹ Others fear that those characteristics may increase in number. As one Chinese analyst argues, 'the relationship is like one of two fists moving slowly towards collision. While their course might divert from time to time, and the distance between them is still great, it is growing shorter. The situation is open-ended and it's possible that they could change course – but a discernible theme of strategic rivalry has emerged, between two countries with different cultures and different ideologies, who have never seen each other as true friends. You can see the gathering storm'.⁹⁰

⁸⁷ As Elizabeth Economy notes, 'If the Clinton administration's shift reflected a deep-rooted embrace of the logic of engagement, the Bush administration's shift has appeared more tactical, reflecting a realist appreciation for alliances of convenience during times of crisis. Now that the initial and most urgent phases of the war on terrorism have passed, China policy is likely to find its way back onto the agenda of hard-liners who consider the country a strategic competitor', Don't Break the Engagement, *Foreign Affairs*, May/June 2004

⁸⁸ The US refuses, for instance, to term the two sides' recently established dialogue 'strategic'

⁸⁹ Wang Jisi, *ibid.*

⁹⁰ Interview with the author, Beijing, August 2005

The necessity and impossibility of reaching a settlement

Diplomacy might have been able to do something to avoid it if we had made our purposes clear...and if we had made clear the limit of our needs, but now it is too late, suspicions are rife on both sides

Maxim Litvinov, 1944

The developments of the last year stem from a number of basic conflict drivers to which neither side has been fully prepared to face up, largely because they imply some difficult choices which it has so far been unnecessary to make. In the days of the Cold War, the presence of a common enemy largely submerged the issues and the 1990s saw a China that was a major new commercial opportunity while still far short of the power to represent any sort of a challenge. Now they are suddenly coming to the fore and infusing a range of other more obvious disputes. The first critical factor in preventing the next Cold War is a major act of will on the part of both sides – to shift the nature of the relationship so that conflict prevention is at its heart and to thrash out the terms of a new long-term relationship framework that is stable enough to ensure that these underlying differences can be successfully managed. But there are obstacles to doing this that go well beyond the inherent difficulty in resolving the specific issues. As Charles Kupchan writes, in one of the few studies to address the topic: 'peaceful transition results from implicit and explicit negotiation over ideas and identity much more than from adjustments to or negotiation of the material balance of power'.⁹¹

There is a quartet of major issues – Taiwan, energy, the future of the Asia Pacific, and trade relations – on which a substantial degree of accord would drastically mitigate and possibly eliminate the risk of conflict. Across all of them, the optimal solutions would, as the previous section implies, almost certainly best be driven by economic rather than politico-military factors. China's confidence is growing that

⁹¹ Charles Kupchan, 'Explaining Peaceful Power Transition', *Power In Transition, the Peaceful Change of International Order*, UNU Press, 2001

economic integration and the power of attraction is the only long-term way of resolving the Taiwan problem and that military means, though an important dimension of any strategy, are essentially a deterrent against independence rather than a way to achieve reunification. Treated as an economic issue, China's pursuit of new energy sources promises previously inaccessible supplies, a shared perspective with the US and other major energy consumers on the risks of instability, and a growing dependence on the smooth working of the spot market. And it is trade and economic ties that underpin the fast-developing structures of East Asian regional integration that are likely to provide the best prospects for long-term peace in the region if they are not politically torpedoed. Trade alone guarantees nothing; top-to-bottom relationships between ministers and officials from virtually every ministry in every East Asian state, developing increasingly instinctive norms of policy coordination, consultation, compromise and cooperation, are a different matter.

But there is another quartet of factors, sited more unequivocally at the level of 'ideas and identity' which make it improbable that any 'grand bargain' over these conflict drivers – or preparedness to let economic forces transform the context – is really feasible. The prior factors are amenable to a rational negotiation of interests; the factors that this section explores are deeper-rooted issues that prompt questions about whether this sort of negotiation is even desirable, and span a number of dimensions: the underlying attitudes towards the global role that each side should assume; regime threats and ideological conflict; fundamental trust in the other side's intentions; and basic understanding of what major shifts in the global and regional balance of power imply for policy. Except in certain specific aspects, they do not provide such ready 'talking points' for bilateral summits and global issues dialogues but they frame an agenda no less pressing. Without suggesting magic bullet solutions, this is an attempt to sketch the terrain and outline the choices facing both sides.

i) The Problem of US Primacy

US primacy is a fact but it has also been elevated into a principle, one which is having a significant impact on thinking about how to deal with the power transition. The very nature of China's rise was always going to present problems, as could be seen from the reaction to Japan's

economic boom in the 1980s and early 1990s. A democratic ally with a pacifist constitution, living under a US security umbrella and pumping \$13 billion into supporting the Gulf War nevertheless saw a fearsome backlash about Japanese investment in the US and unfair trade practices, articles asking 'Is Japan the Enemy?' and books predicting 'The Coming War With Japan'. China could hardly have expected less than a firestorm.

But since 1991, when the Japan frenzy was at its peak, 'rising powers' have moved from being a challenge to the US psyche to becoming also a challenge to a declared US policy of perpetual unipolarity – the principle that US security is best guaranteed by unchallengeable US power. The original draft of the Defense Planning Guidance of 1992, where it was first set out in concrete form, incorporated the suggestion that the US should work actively to block the emergence of any potential competitor to American power, and the theory has never quite shaken off this association. The formulation in the 2002 National Security Strategy, however, is that 'our forces will be strong enough to dissuade potential adversaries from pursuing a military build-up in hopes of surpassing, or equalling, the power of the United States'.⁹²

China represents the first serious challenge to this doctrine – not by virtue of its power but because it poses difficulties for the belief that maintaining US primacy and maintaining US security are coterminous. China wants to establish a military that is at least capable of dealing with key regional threats, such as state collapse or serious instability on its borders or major disruption to sea-lanes. But it is also unsatisfied at the prospect of contracting global security out to the US indefinitely and believes that a major power with interests across the world needs a military fit for the task and commensurate with its standing. Initial US reactions to this evident orientation have been hostile, to say the least. Chinese analysts are aware that this is likely to get worse. As one noted: 'at this stage China has a certain minimum level of deterrence but if this were dramatically to increase or if China established an aircraft carrier...this could rapidly create a Cold War atmosphere in the US'.⁹³ At present the primacy doctrine is less important than the fact

⁹² National Security Strategy of the United States of America, September 2002

⁹³ Interview with the author, Beijing, August 2005

that while Taiwan remains unresolved, an important dimension of Chinese military planning is focused on a possible war with the United States and vice versa. But it infuses US attitudes, prompting serious questions for both sides.

The cost of maintaining perpetual primacy

The second formulation of the primacy doctrine – that the US should simply concentrate on establishing and maintaining an unchallengeable lead – is much less of a difficulty than any of a number of variations on the first – that the US should act to block rivals. But maintaining a lead tends to imply ‘blocking’ elements too: denying potential competitors access to technology and to arms sales from countries with advanced weapons systems, as well as active dissuasion of the semi-threatening sort pursued by Donald Rumsfeld at the Shangri La dialogue.⁹⁴ At the wilder end of the spectrum, it could involve, if not actively damaging indigenous capacity to ‘catch up’, then at least ensuring that no helping hand is given through supporting economic growth or advances in research capacity. All these temptations are manifestly starting to grow. The question is how far the US should pursue any of these options and whether their pursuit is likely to prove more harmful to long-term US security than strategic accommodation with China. Systematic confrontation may achieve its purpose – keeping China militarily contained – but it may not, and either way there are attendant costs on a huge scale, without even considering the disastrous ramifications of Chinese growth being completely derailed. At a time when China has been moving closer to the US on its other security objectives, such as terrorism and non-proliferation, and has little reason to move further away unless confrontation with the US becomes itself an issue of a higher order, these need to be weighed in the balance.

The cost of challenging US primacy

For China the question runs in reverse – if the US is set, for the moment, on this strategic orientation, what are the costs of launching a challenge to it? This is a question distinct from the legitimacy or otherwise of doing so. China is currently tacking back and forth –

⁹⁴ In which it is implicitly suggested that a military build-up will in itself be treated as implying hostile intent, suspicions repeated during his recent visit

officially stating that it doesn’t want, for instance, to drive the US out of East Asia while pursuing policies that seem to indicate that it aims to do precisely that. While it may be true that it is impossible to tell what China will want to do in 20 years time, China does at least need to articulate a set of medium term objectives that are credible and delimited. If there is imprecision about them or seeming mismatch between stated objectives and behaviour, a China that seems to be simply accumulating power while keeping its head down and indicating something akin to an across-the-board opposition to the US global role, risks provoking a pre-emptive response, however mutually destabilising that would be. China particularly has to weigh up the advantages of taking certain ‘catalytic’ military steps before it has properly prepared the ground – winning US opinion over to the view that advances in China’s military should improve the scope for tackling shared challenges rather than representing a threat.

ii) Democratisation Dilemmas

At present, the US effectively treats China as a second-class state. It won’t hold ‘strategic’ dialogues, is loath to allow China to join the G8 and refuses to establish a partnership on terms that it grants democratic allies. The rationale for this has two facets – first is the need to embody commitment to democracy as a principle in all aspects of US foreign policy and to establish for all countries a meaningful set of costs and benefits that attach to political progress. The second facet is the belief that treating China in this way creates pressure to open up, speeding the day on which China becomes a full democracy. China, meanwhile, is inclined to see US democratisation efforts in the rest of the world as part of a hegemonic strategy and calls on China to press ahead with political reforms as manipulative attempts to destabilise the country. Though it has not yet upped the ante, China is showing increasing willingness to lend support to authoritarian regimes under threat. The danger for the US is that it may engender a situation where China not only throws up the defences internally but may also be encouraged to make efforts to stem the global democratic tide. For China, the danger is that if it cannot tell a story that it is moving forward politically, and pursues a path of providing ostentatious support to corrupt and dictatorial regimes, it risks tainting its own political system by association, weakening the hand of international supporters who are keen to point to signs of progress, and hardening an across-the-board

resistance to China's role in the world on the part of the US. This is an ideological dividing line that could become ever more sharply defined and is likely to be the defining feature of a new Cold War if a stable consensus cannot be reached.

It is clear that the two sides are not going to see eye-to-eye on the issue any time soon but this does not mean that a *modus vivendi* is impossible. First, because China is moving ahead with political reform – not to please outside eyes, but because societal change and the need to ensure a legal and political system fit for the next stage of China's economic development require it. Second because China has no fundamental ideological commitment to non-democratic systems – only a practical advantage to reap from its preparedness to give assistance to otherwise-friendless regimes and the benefits that Chinese companies, which still punch below the weight of the major US multinationals, enjoy from the less competitive field they find there, especially if bolstered by political and financial support. In the longer term, all being well, economic trends are likely to push things in a positive direction – both in making China more recognisably democratic, and in the strengthening and growing independence of Chinese MNCs, whose willingness to invest in unstable countries will diminish and whose ability to compete with Western MNCs and desire to meet international ethical and corporate governance standards will grow. But these developments are not guaranteed. It is increasingly likely that there could instead be an ideological 'freeze' and policy directions that strengthen the hardline ideologues on both sides, one group who see the CPC simply as an evil regime that needs to be destroyed and the other who are fundamentally opposed to reform and would happily pursue a thoroughgoing policy of global resistance to Western imperialism. This poses some difficult questions for the implicit and explicit policies followed by both sides.

US dilemmas

Use of leverage The US does have leverage over China but not enough to extract everything it wants, and it is going to diminish over time. Tough choices need to be made about how to use it, since a great deal of political capital may end up being squandered on trying to

achieve the unachievable while objectives that are just as substantial are neglected or undermined. First, a revised decision needs to be reached on the balance of effort directed towards achieving concessions on China's foreign policy and the effort directed towards changing Chinese domestic policy and political arrangements. Arguably, attempts to channel pressure on China to make internal reforms are becoming a less productive use of US leverage than attempts to gain Chinese support for its broader security agenda, given China's growing capacity either to help or hinder it, its openness to the former, and its staunch resistance and capacity to resist external demands for internal political change. Second, insofar as the US does focus on the domestic agenda – which China cannot entirely expect it to stop, given the genuine concerns that exist in the US about internal developments there – it needs to concentrate efforts on achievable objectives. Arguably, assuming China continues on a steady process of political reform, the US is better placed focusing its energies on individual human rights cases, legal reform, and other tight, tangible issues than sweeping attempts to urge large-scale political change that it has little chance of achieving and may even set back by doing so.

China's status as a non-democracy The US will continue to want to differentiate the way it treats democratic and non-democratic states but it needs to choose very carefully how this is to be applied in China's case. If China is unequivocally embraced, the principle is undermined, but if the tendency is more towards a blanket application, in which China is shut out of every club and told that it will only be viewed as a conditional partner, there is going to be no viable way of continuing China's integration into the political and economic order and increasing Chinese leaders' natural – and correct – identification of broader global interests with China's interests. It is far from clear what advantage accrues, for instance, from denying China membership of the G8, and given China's recent shift in position, this is now almost entirely a call for the US to make. A consistently hard line on these questions would actually harm US interests more than it would China, which – just as the Congressional pressure on the CNOOC bid and its eventual withdrawal must have seen champagne corks popping in oil-rich dictatorships around the world – would virtually be pushed into a foreign-policy orientation of narrowly conceived self-interest, with little

condemnation from the rest of the world who are likely to sympathise with the country that offered its hand.

Political change in China The US looks at the end of the Cold War and sees a huge advance for freedom. Chinese leaders look at Russia and the former Soviet States and see rampant criminality, a litany of economic disasters, a significant rise in poverty, the explosion of civil war and countries where, far from democracy taking root, it has been in retreat. Glasnost is viewed as a prelude to collapse and to a country slipping from the ranks of the great powers. This means that while there is every willingness to move ahead with political reform – some of the most ambitious democratic experiments, for instance, are taking place in the province run by one of Hu Jintao's key 'next-generation' allies – there is a concern not to let it take on a momentum that will run out of control, a tilting back and forth that is often confusing to watch for those who want to over-interpret every individual twist, since in any given period there may be two steps back for one step forward, whatever the overall trend line. How patient are US leaders prepared to be? It is likely that change will be slow and the US needs to be ready to contemplate a situation where the CPC remains the ruling party for a long time to come, particularly given the growing sophistication of China's internal security policy.⁹⁵ The problem is that as China's power increases, there is the risk that the US will view such a non-democratic heavyweight in increasingly hostile terms – treating it as a threat by its very nature – a position towards which it is already veering very close. It is questionable whether this is really necessary, if it is possible to establish a framework where China is at least maximally cooperative and liberal in outlook. Placing so much emphasis on the binary democracy/non-democracy distinction shifting to the other side of the line would be particularly misplaced in a context where, although China is not likely to hold a presidential election in the coming years, it is likely to press ahead with moves towards local elections at higher administrative levels, greater openness, democratic consultation, responsiveness to public opinion and many other reforms that should not lightly be dismissed.

⁹⁵ See, for instance, 'Development and Democracy', Bruce Bueno de Mesquita and George W. Downs, *Foreign Affairs*, September/October 2005

China's dilemmas

Political change in China and the outside world China is going to face the constant dilemma that although it doesn't want to yield to pressures for reform that come from the outside world and will have growing capacity to resist them, there is very little that it can do to change the fact that this is still going to be prominent in the mind of external observers and will have a major impact on how China is viewed and treated. But China is in the advantageous position that it does not need to reach a political end-state to gain credit – only to be going through a visible change process. Increasingly, China will have to weigh up whether the benefits of occasional retrenchment are worth more than the transformative political effect and soft power advantages that will accrue from having a demonstrable reform process, however incremental. Like it or not, every story that 'Hu Jintao is revealing himself to be an authoritarian'⁹⁶ strengthens US hardliners, while significant plaudits can be established by stories about Hu Jintao's 'boldest political move'⁹⁷ to rehabilitate Hu Yaobang or Wen Jiabao's recent statements about township-level elections. The recently released white paper – 'Building of Political Democracy in China' – is a positive step, but more action will be required to create the sense that progress is genuine.

Political change in the outside world and China Much as American policymakers would meet budding democratic revolutionaries who talked the right liberal talk but turned out to have few meaningful roots in the communities for whom they claimed to speak, Chinese leaders are prone to looking at hard-guy leaders resisting Western imperialism and resolutely maintaining internal stability, and seeing natural friends. A cold look needs to be taken at whether this is, in the long-term, a judicious approach. First, as attention to China's foreign policy grows, it is beginning to turn into a brake on its being viewed as a responsible state and tainting the Chinese political system by association. Many sympathetic people who believe that the accomplishments of the Chinese government in achieving such vast economic progress are such that they largely give it the benefit of the doubt are much less

⁹⁶ See, for instance, 'Hu's in Charge', *The Economist*, 18 August 2005

⁹⁷ See 'China's plans to honour a reformer', *Washington Post*, 9 September 2005

ready to be sanguine about sales of internal security equipment to the Zimbabwean government. Second, in countries that are as unstable as they are repressive, these policies risk storing up resentment with wider populations that will later prove costly. China lays itself open either to a backlash from the new regimes or from the people who, even if they cannot bring the regime down, may be prepared to inflict destruction on those who support it. The costs of supporting unpopular regimes and assuming that 'stability' will be enough to guarantee national interests has demonstrably failed for the US – the main reason why it has gone through such a significant reorientation of its policy – and is likely to for China too if it decides to do likewise.

China, which will understandably want to bring its own perspective on international affairs to the table rather than simply accepting the existing views of the Western 'international community' (which do not necessarily have anything approaching a global consensus anyway), is going to need to be prepared to apply its principles flexibly. In arguing that 'different political systems suit different countries in different circumstances' it should at least be ready to acquiesce to political change in countries where the political system is not even a force for stability, let alone prosperity. The prime example – and main focus of US democratisation policy – is the Middle East. This is a region where the US and many supporters are pushing managed political reform largely because they perceive it to be both a vital part of anti-terrorism policy and a means of ensuring that the location of two-thirds of the world's oil reserves doesn't collapse in a tidal wave of radical Islamic revolutions further down the line. In its thirst for Middle Eastern oil, China needs to be wary that it doesn't inherit all the attendant problems by stepping into the breach.

iii) Intention signalling – the problem of trust

There is suspicion on China's part about US intentions – most notably, as this essay has suggested, in the ultimate goal of the 'colour revolutions' – where the US has a way to go if it does not intend the Chinese government to feel threatened. But suspicion and lack of trust about Chinese intentions is a more profound problem – the US is 'the devil you know' and has a highly transparent system in which the context of debates, the personnel and the entire backdrop of thinking are well understood. China, as the rising power, is the party that needs

to give a credible picture of its intentions to people who cannot, by nature of the situation, know what China will do with power that it does not already have. But this is easier if the external world also has an understanding of the deliberations that are taking place in Beijing rather than just seeing their outcomes – providing the necessary context and depth of understanding for international policymakers to be confident to make predictions rather than having to invest so much in 'bad outcome' hedging. Trust in governments everywhere is low – no-one would be satisfied with interpreting US policy largely on the basis of White House speech texts and the briefings of a number of White House sanctioned advisers and sympathetic thinkers. Yet this is not too far from what China expects the rest of the world to do in its case. In cases such as the statement by General Zhu Chenghu about Chinese preparedness to launch nuclear strikes on the US and sacrifice 'every city east of Xian' this is particularly costly as people without access to a rundown on what actually happened and why, are reduced to Kremlinology and come up with more sinister interpretations of motive and government intentions than the truth warrants.

In interviews, Chinese government officials have suggested that their positions are more 'consistent' and 'stable' than those of the US. But without meaningful understanding of how the positions were reached, what the debates were, what degree of real consensus there is behind them, and how likely they are to stick, consistency of line leaves the outside world with a less solid basis for confident prediction than countries who change position frequently but in an explicable way. Like many political leaders, the CPC fears losing control of 'the message' but unless it is prepared to become more transparent and loosen this control, there is a risk that it will suffer from a great deal of suspicion in the coming period, which threatens to be costly during a time when China's primary interest is in being understood correctly. Chinese leaders need to consider whether providing a 'warts-and-all' picture of their foreign policy debates and dilemmas – as the new leadership has done on the domestic front – is really going to be harmful.

China also needs to be prepared to consider focusing more of its hard policy decisions on intention-signalling for this critical period – 'public diplomacy' will be as much a matter of symbolic policy initiatives that indicate the direction that China is going to take as speeches declaring

these intentions in terms congenial to US ears. Demonstrating its commitment to 'peace' and 'development' through, for instance, a major integrated programme of peacekeeping provision, aid and investment in Africa, conducted under UN auspices, may have a more transformative effect on opinion among many key groups than any number of words. And conversely, speeches about peace and development risk being undermined when foreign political leaders with little interest in either are given royal receptions in Beijing. This will be a shaping space for China, when many people are looking at the country and thinking about it intensively for the first time, and it will determine both how China is viewed for many years to come and how policymakers plan for its future. If China's rise is to be an unequivocal success, undamaged by suspicion and fear, skilful public diplomacy in the next few years will be essential.

But dealing with mutual suspicion is not simply a task for governments to conduct internationally – the US government also has an interest in ensuring that China is not viewed in hostile terms and vice versa; perceptions of hostility in the other country are one of the main forces that drive reciprocal feelings. Both sides – and those outside government – need to do their utmost to ensure that in the coming years, mutual images are as benign as possible and nationalist impulses are of a positive, patriotic kind rather than an anti-American or anti-Chinese variety. Among the most dangerous situations for both sides would be where an incident such as the Belgrade Embassy bombing leads to a huge upsurge of public opinion, which would be vastly more difficult to control than in 1999 when internet use in China was in its infancy and mobile phones were still a luxury. For all the sophistication of the 'Great Firewall' and the monitoring of bulletin boards, a catalytic event could send emails and SMS messages cascading around the country and hostility between the two sides taking on a momentum that would be difficult to contain. As one Chinese analyst noted:

There are still restraints on the Chinese government pursuing an assertive policy – the domestic priority and the need for a peaceful international environment; liberal forces that don't want tension with the United States; Deng Xiaoping's teaching of taking a low profile and concentrating on economic development

– a historical influence that provides a great restraint. But more and more, strong domestic forces push the Chinese leaders in a more assertive way – and popular nationalism becomes stronger, further strengthened by tensions between China and Japan...Of course way of managing this nationalism is to take a harder line to ensure that there is no public disaffection and this is what has been happening. There is now a match between the forces of restraint and the forces of nationalism, but it is these forces that are on the rise.⁹⁸

Both sides need to give careful thought to the pre-emptive steps that they can take to counter this and to minimise the dangers of a situation where the relationship moves outside the control of policymakers. The structural challenge inherent in any situation where a dominant power confronts a rapidly rising one whose future intentions are difficult to ascertain, or even unknowable, is complex enough for both sides to deal with. But it is also one that unleashes a vast array of new forces and interested actors with little concern for the fine-tuning and subtlety that were the hallmarks of the relationship-guardians of old.

iv) The problem of history – debating China's rise

We are already hearing – and are likely to hear a great deal more – discussion of various previous instances of rising powers, alongside the successes and failures of international responses. While understandable, the polluting effect of certain manifestations of this on sensible debate cannot be underestimated. The first problem is that there are so few examples in the modern era; regional instances aside, the only rising powers on the global stage in the last hundred or so years have been the United States, Germany, Japan and Russia. The second problem is that, insofar as most of these were badly handled on all sides, instances of peaceful power shifts are few and far between – indeed, the British accommodation of the rise of the United States is the only clear cut example. With such thin pickings, theorising about the subject is a difficult task. Even academically, although there has been some very good writing on the subject of peaceful power transition⁹⁹, there has been very little. With such an impoverished intellectual base, the tendency in public debate is to try to shoehorn

⁹⁸ Interview with the author, Beijing, August 2005

⁹⁹ Such as Charles Kupchan, *ibid*.

China into occupying the role of one of the small cast of historical players that are on offer and extrapolate accordingly – isn't China rather like Willhelmine Germany and if so what did 'we' do wrong at the turn of the century? Isn't China the closest current match for Soviet Russia and, if so, isn't it high time that a containment strategy was put in place?

The flaws of the individual comparisons have been roundly pointed out elsewhere¹⁰⁰, but the fact that the debate has to be conducted in such terms is a sign of the danger. There are strong arguments that this should be viewed quite separately from the traditional rising power analysis, and rather as the first power transition of the globalised era, a world essentially unlike Europe at the beginning of the 20th century, where it is both purposeless and existentially dangerous to attempt to advance national interests vis-à-vis other major powers through the use of force; where competition largely takes place at the economic level; where the principal threats are increasingly shared ones – armed sub-state actors with huge destructive capacity, failing states, transnational crime, and many others; where a rising power with growing capacity to deal with them should be a source of strength to the system if correctly managed by all sides; and where the danger of major power warfare comes from their succumbing to irrational forces such as aggressive nationalism rather than from any rational decision calculus. Regression to a thinking and a politics of another era risks placing all of these advances – the whole system in which states by-and-large cooperate to maintain order and well-functioning markets – in peril. The debates about China's rise are not simply a matter of the policy options at the disposal of both sides; they are a question of whether we are engaged in 21st century politics or in 19th century politics with lethality on a then-unimaginable scale. The way the debate is conducted will have a profound impact on which of these two situations turns out to be the case.

The various actors who have the capacity to influence thinking on these different issues – and those who are in a position to prioritise

¹⁰⁰ See, for instance, 'China: containment won't work', Henry Kissinger, *Washington Post*, 13 June 2005, and sections of Robert Zoellick's September 2005 China speech (*ibid.*).

reaching an accord on the first basket of conflict drivers – are already addressing many of these points in their deliberations but are not doing so with any real sense of urgency. Aside from the natural reluctance to address difficult long-term issues, both sides have reason to believe that there may be an advantage in waiting: the US because China's rise is not yet a firmly established fact and because it would prefer to deal with a non-Communist government; China because the more tangible its power, the greater the US preparedness to acknowledge it and the stronger its hand.

The previous section explained why this is now too costly – we are already reaching a stage where mutual suspicion will make negotiations increasingly difficult, where important dimensions (such as Sino-Japanese relations) have already taken such a bad turn that they will be difficult to reverse, where ideological dividing lines are starting to harden, and where politico-military factors are rapidly assuming dominance. But aside from that, it is actually a good moment for both sides.

From China's perspective, the US, though prepared in principle to take on the burden of another debilitating global struggle, is growing weary, as the costs of the Iraq conflict grow and Hurricane Katrina forces a more thoroughgoing focus on domestic capacities. A convincing 'offer' from China would not be dismissed lightly, and would force much more widespread debate in the US about the costs of a containment strategy, even if the current Administration decided to press ahead with it.

There are also good opportunities for the US. Although China's power position has improved substantially, it is a long way off wanting to embroil itself in a 'cold' or 'hot' conflict. There are a number of reasons for this. First, with a total number of people living in poverty within its borders equivalent to two-thirds of those in the whole of Sub-Saharan Africa¹⁰¹ and a per capita GDP ranked 121st in the world, China really is still a developing country and will continue to be for many years to come, however tired this refrain might seem. Second, Chinese leaders still feel a sense of vulnerability – they are conscious of dangers to the

¹⁰¹ World Bank figures, taking their definition of consumption levels below a dollar a day

regime and the risks of massive dislocating instability within the country; an increase in the unemployment rate by one per cent, for instance, means an extra 10 million people roaming the railroads. Third, the task of managing a country of 1.3 billion people is a mammoth challenge at the best of times; managing a country going through the most compressed period of industrialisation, urbanisation and modernisation in history is all-consuming. The implication of this is that while China's global impact is going to be huge, it is going to remain justifiably self-absorbed for some time, viewing global issues through a domestic prism to a far greater extent than most. Its main aim will still be to ensure a global environment safe for China's internal development, which means that China's leaders – mostly economists who think about rural development in Guizhou rather than geopolitical strategists who think about Al Qaeda activities in the Sahel – are largely uninterested in overthrowing the global system, far keener to extract benefit from it and extremely amenable to offers that will enable them to do so in peace.

It is true that China's economic integration does not guarantee benign consequences – China could free-ride on the system and then break from it once sufficiently strong. But China's rise is pretty much a given. The question is whether or not China reaches a position of strength in circumstances where it has benign relationships with other major powers and is sited in an incentive structure that leaves it integral to and dependent upon the system. It has clearly signalled its preference between these two. For the US, the opportunity is both 'to lock in a strategic alliance with rising China at today's prices'¹⁰² and to lock China into the system of globalisation indefinitely, making it one of its central pillars. For China this is the best possible chance to eliminate the last remaining external obstacle to its rise – the willingness of the current hegemon to accept it – without meaningfully compromising its essential interests. Pre-empting any serious degeneration of relations is the best possible way to make this happen.

¹⁰² Thomas Barnett, *Esquire*, February 2005

Conclusion

How can the next Cold War be prevented?

This essay has deliberately avoided embroiling itself in the debates about how the last Cold War started – when it began, who was responsible, why it happened and all the other questions that are still disputed. As the preceding analysis should have illustrated, a Cold War between China and the United States would prompt an even more intricate and involved round of analysis and apportioning of cause and responsibility. A United States that refused to take China's peaceful intentions and offers of partnership at face-value and precipitated a needless conflict; a China that failed to allay profound suspicions about its rise that greater openness and a series of bold political steps might have prevented; a United States that embarked on an unnecessarily tough containment policy rather than being prepared to give positive developments in China a chance to work through; this could be a long list. But as the previous section has illustrated, it is a conflict that is, if anything, likely to be over-determined and may well come to be thought of as always having been 'inevitable'. Moreover, the many different dimensions of disagreement can easily be woven together into a unified ideological whole that will turn it into 'the last battle for the future of democracy' or 'the developing world's final stand against imperialism', shaping much popular discussion for some time to come. Even some of the interviewees who were most positive about the prospects for US-China relations in the next few years grew fatalistic about the longer term: 'You can do a lot of small things' one Chinese analyst said, 'but on the big question, there is no answer'. This essay has not really attempted to provide an answer to 'the big question' – just to set out the stakes that are involved in finding one and to suggest the profound obstacles that will make it such a difficult task. The multidimensional quality of the problem and the difficulty of securing an internal consensus on some of the most important moves that will be required from both sides – from substantially greater Chinese transparency to a hard-headed look at the application of the US primacy principle, from active cooperation on building an economic and security architecture in East Asia to a *modus vivendi* on the democracy

agenda – mean that there is no pat solution or single mechanism through which a conflict prevention agenda can be addressed. But there must at the very least be a serious drive to use the many structures that already exist – bilateral visits, the newly established global issues dialogue, think tank conferences and seminars, track-two channels, and other official and unofficial talks – to thrash out a new relationship framework that can stably encompass these issues.

Hu Jintao and George W. Bush spoke with each other for an hour at the UN Millennium Review Summit in New York, a ‘very frank, very strategic discussion, premised on both leaders’ commitment to strengthening U.S.-China relations’.¹⁰³ And there will be more such meetings – the coming months are going to see attempts at ‘easing tension’ as President Bush visits Beijing, bilateral exchanges maintain their recent intensity, and the two nuclear crises temporarily push the two countries together again. It is not enough. If this were a looming conflict between two small countries in a strategically unimportant part of the world, there would be people lining up to urge early interventions and preventive measures. This is a looming conflict between the two major powers of the coming century and if leaders, officials and thinkers on both sides do not work towards finding an answer to the ‘big question’ that everyone can live with, it is a century that could instead see everyone having to live again with systematic global insecurity and the constant spectre of war.

¹⁰³ Press Briefing on President Bush’s Meeting with Chinese President Hu Jintao by Michael J. Green, Special Assistant to the President for National Security Affairs and Senior Director for Asian Affairs, September 13 2005

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