

# Global and Regional Dimensions of China's Policy toward the U.S.

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## Ambiguous Image of China

The U.S. Pacific Command Joint Intelligence Center in its Secret Briefing Paper issued on December 4, 1996, anticipated a strategic partnership between Russia and China as a pre-condition of Moscow's desire to balance ties to the West and Beijing's plans to improve its international position.<sup>1</sup> Too many people in the U.S. still insist that Russia is not a loyal ally of China and the latter's association with Moscow weakens Beijing's claim to have the institutional and lexical right in reshaping the international order. The leader of the hawks in the current U.S. administration Vice President Joe Biden recently stated in his neglecting Russophobia: "They have a shrinking population base, they have a withering economy, they have a banking sector and structure that is not likely to be able to withstand the next 15 years."<sup>2</sup>

In the recent years, Russia and the People's Republic of China (PRC) were predominately viewed in the White House as great powers with essential market sectors in their economies and an authoritarian essence of their political regimes, which objectively obstruct the rise of American influence on the global stage. But China's rise became one of the most significant features of the new century, which is hard to ignore. Since economic reforms and a policy of opening up began in 1978, China's investment and export-led economy has seen a 70-fold increase, and is the fastest growing major economy in the world. It now has the world's third largest nominal GDP, reaching 30.067 trillion Renminbi (RMB) yuan (around 4.4216 trillion U.S. dollars). If purchasing power parity is taken into account, the PRC's economy ranks second behind only the U.S. Even in the trying times of global economic crisis, China's GDP growth has remained resilient for the second quarter of 2009, supported by the government's stimulus-fueled plan, accelerating close to 8% from 6.1% in the first three months of the year. China's tertiary industries make up 40.1% of its total economy, an amount close to that of most developed countries. Since China entered the WTO, its foreign trade has expanded drastically. China is now the world's third largest trading power behind the U.S. and Germany and the second largest exporter. Despite the downturn in foreign demand during the second half of last year, total international trade in 2008 grew about 18%, to 2.6 trillion U.S. dollars, with a trade surplus of 295.46 billion U.S. dollars. China is among the world's most desirable destinations for foreign direct investments, attracting more than 92.4 billion U.S. dollars in 2008 alone. Although a certain part of Chinese exports comes from joint ventures (*hezi qiye*) and foreign companies (*duzi qiye*) in China, her foreign exchange reserves have reached 2 trillion U.S. dollars, make it the world's

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<sup>1</sup> U.S. National Security Archive. Collection: China and the U.S. Item Number: CH01978.

<sup>2</sup> Vice President Joe Biden's interview with the *Wall Street Journal* Peter Spiegel, July 23, 2009, <http://online.wsj.com/article/SB124846217750479721.html>

largest foreign currency bonds holder.

Facing the strengthening of China's position in globalised economics, the idea of "currency politics" or "currenpolitics"<sup>3</sup> as a predominant factor in current global affairs tends to find more analytical and political ground in China at the moment. It originates from a book by several Peoples Liberation Army (PLA) intellectuals titled *New Epoch of the Warring States*,<sup>4</sup> published in 2003, which argued that the key reason for the U.S. attacks against Iraq was not the elimination of weapons of mass destruction or access to petroleum resources, but conservation of Washington's dominance over world currency systems endangered by the emergence of the euro. In the authors' opinion, the concept of "currenpolitics" will change geopolitics as the major explanatory paradigm in the theory of international relations for future wars and coalitions.

This concept has now received new political dimensions. In March 2009 Zhou Xiaochuan, governor of the People's Bank of China, openly challenged the U.S. dollar's dominance and suggested to think about new supra-sovereign reserve currencies in world finance.<sup>5</sup> In other words, China as an emerging global power tends to expand its dominance from the sphere of world trade to the sphere of global finance. Zhou Xiaochuan's statements at the same time reflects a correction of China's own concept, which has been based on a definition of economic globalization as one of the basic trends in contemporary global politics on par with political multipolarization. Now, Zhongnanhai (the residence of PRC headquarters in Beijing) assumes that the latter might also have its economic and financial dimensions.

But macro-economic growth alone does not provide a full picture of China's enormous success in recent years. At the same time, China faces growing disproportions between economic and social development, a sharpening of longstanding structural problems, as well as a gap between its eastern and western areas, trans-border and inland regions, cities and rural areas, and a growing gap in income distribution. Thus, China's per capita income of about 3,300 U.S. dollars is still comparatively low and puts the PRC behind roughly one hundred countries. Overall productivity remains low, and the capacity for independent innovation still remains weak.

Under these circumstances, China's leaders in 2004 launched a plan called Scientific Outlook on Development. The core element of the plan is summed up in the slogan "put people first." According to statements made by China's leader Hu Jintao at the 17<sup>th</sup> National Congress of the Communist Party of China, "We must respect the principal position of the people in the country's political life, protect their rights and interests, take the path of prosperity for all and promote their all-round development, to ensure that development is for the people, by the people, and with the people sharing in its fruits."<sup>6</sup>

While championing the cause of raising social standards, Beijing strategists were successful

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<sup>3</sup> Currency + politics (*biyuan zhengzhi*), a term composed by analogy with "Geopolitics."

<sup>4</sup> Wang Jian, *Xin zhanguo shidai* (Beijing: Xinhua chubanshe, 2003).

<sup>5</sup> Zhou Xiaochuan, Guanyu gaige guoji huobi tixi de sikao, March 23, 2009, <http://www.pbc.gov.cn/detail.asp?c=4200&id=279>

<sup>6</sup> Hu Jintao zai Zhongguo gongchandang di shiqi ci quanguo daibiao dahui shang-de baogao, <http://cpc.people.com.cn/GB/64093/67507/6429844.html>

enough in projecting this cause outwards. In the second half of 2004 the concept of China's "peaceful rise," which created a lot of suspicions in the West about China as a revisionist power, was replaced by the concept of peaceful development.

### **"Peaceful Development" and Soft Power**

Over the past three decades since Deng Xiaoping initiated open market reforms, China's image in the world in general and in the U.S. in particular changed drastically. Today, China's booming economy and increasingly sophisticated diplomacy are transforming economic and political relationships with other states. A foreign policy that sustains an international environment supportive of economic growth and stability in China serves the objectives of Beijing's strategy for "peaceful development." In this regard, the tendency of softening foreign policy rhetoric was well received not only in Third World countries, but also among many Western sinologists. One of the brightest examples is the idea of the Beijing Consensus, pushed forward in 2004 by British journalist and political scientist Joshua Ramo. The Beijing Consensus is an alternative economic development model to the Washington Consensus, especially for the economic development of Third World countries. The concept's major guidelines involve a constant commitment to innovations and experimentations, a non-reliance on GDP growth as the lone measure of progress, and maintenance of the policy of self-determination in assuring financial sovereignty.

At the same time Chinese scholars and officials began to use actively the idea of employing its own form of soft power on the international stage. Now it represents itself as a fully accomplished idea with certain Chinese characteristics, which helps Zhongnanhai to promote and widen its influence in the world.

Modern Chinese scholars give different evaluations of the structure of China's soft power. For instance, Men Honghua, deputy director of the Center for International Strategy at the Party School of the Central Committee of CPC, argues that soft power has five core elements: culture, ideas, development model, international institutions, and international image.<sup>7</sup>

One of the most authoritative Chinese political scientists, Yan Xuetong, dean of the School of International Relations at Tsinghua University (the alma mater of PRC President Hu Jintao and many other high-ranking representatives of the contemporary Chinese political elite), gives in his recent works perhaps the most detailed characteristic of the structure of China's soft power. He argues that at the core of soft power is political capability. The political dimension of soft power is the most important factor in strengthening national power. If we divide the soft power structure between cultural power and political power, the political element will play the foundational role in soft power's manifestation on the international stage. For example, the U.S. military power, economic potentiality, and cultural strength steadily rose from 2003-2006, but because the Bush administration launched its illegal war in Iraq in 2003, their domestic and international political mobilization ability, i.e. political strength, seriously dropped, and comprehensive national power sank into atrophy. This

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<sup>7</sup> Men Honghua, "Zhongguo ruan shili pinggu baoga," *Guoji guancha* 2 (2007) pp. 19-20.

example, as well as the previous example of the Soviet Union’s disintegration, provides Yan Xuetong with evidence that political power is operational power, while military power, economic power, and cultural power are the resource powers; without the former, the latter has little ability to play any significant role. In other words, it is not an item, but a multiplier in the formula:  $CP = (M+E+C) \cdot P$ , where CP represents comprehensive national power, M – military, E – economic, C – cultural, and P – political power.<sup>8</sup>

As for the major components of soft power itself, Yan Xuetong provides us with a two-level structure, focused in general on the political capabilities of increasing domestic support for foreign policy and for widening international participation.<sup>9</sup>

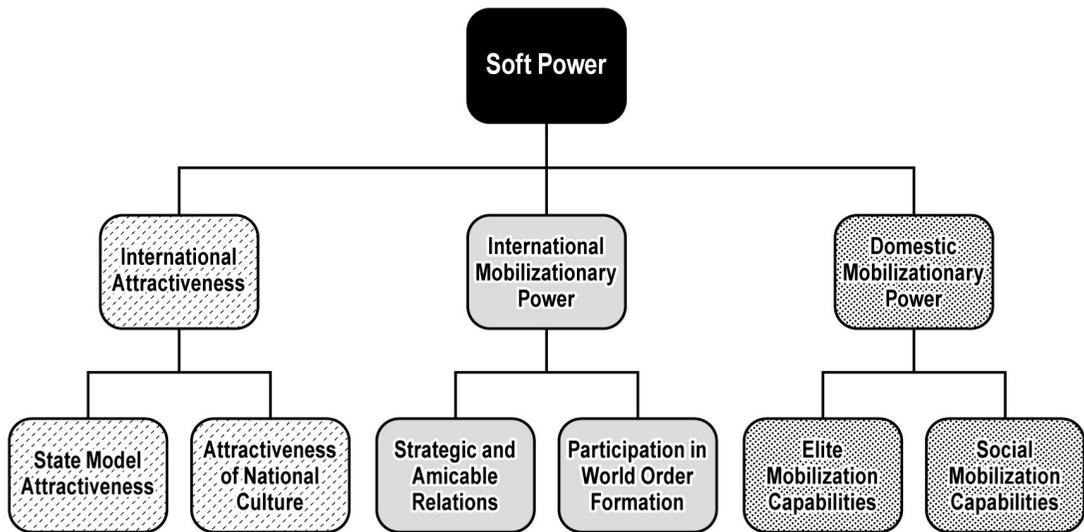


Fig.1 Chart

A radically different point of view is expressed by Chinese scholar Yu Xintian. In her opinion, Yan Xuetong’s concept mirrors the long-standing mistreatment of culture in the field of international relations. First, the notion that political capability is an operational power while cultural capability is a resource one, reduces culture to history, literature, and philosophy, failing to understand that cultural values determine the attitudes and contemporary views of world affairs. Culture is practical and dynamic and may cause significant real effects. In the unilateral world prevailed by the West, many developing countries desire to learn from China’s experiences simply because Beijing does not press on them demanding to change their political institutions and ideologies, which prevents many aggressive policies from being implemented. Therefore, ideas, thoughts, and principles (i.e., the reflection of cultural values) are also elements of operational, instead of mere resource power.

<sup>8</sup> Yan Xuetong, *Guoji guanxi fenxi* (Beijing: Beijing daxue chubanshe, 2008) pp. 91-92.

<sup>9</sup> Yan Xuetong, “Xun-zi de guoji zhengzhi sixiang ji qishi,” *Guoji zhengzhi kexue* 1 (2007) p. 17.

Yu Xintian insists that soft power consists of three major components: thoughts and ideas advocated by the state and accepted worldwide; institutions and international regimes; strategies and policies apparently established and pursued by states with or without compliance by enterprises, non-governmental organizations or the general public.<sup>10</sup>

Although soft power and hard power are usually regarded as polar extremes, they are, in fact, parallel by nature. Both analytical directions again have different views on the problem of the relationship between “soft hard power” and “hard soft power.” While Yan Xuetong insists that both hard and soft power are parts of comprehensive national power, Yu Xintian shares a vision that the construction of hard power may provide the basis for the rise of soft power, and vice versa. Therefore, the relationship between soft power and hard power is that the two may be complementary or, conversely, mutually destructive.

As for China's pursuit of soft power, many scholars state that it is emerging and rising, but still not powerful enough. On the other hand, China's construction of soft power may increase the world's understanding of China and shape prospects for its future stability and cooperation with other countries.

Chinese leaders seem to accept both evaluations of the national soft power's international dimensions. Thus, in his report on CPC 17<sup>th</sup> Congress Hu Jintao pointed out: “We must... enhance culture as part of the soft power of our country to better guarantee the people's basic cultural rights and interests, enrich the cultural life in Chinese society and inspire the enthusiasm of the people for progress.”<sup>11</sup> But simultaneously the concept of comprehensive national power remains one of the basic elements of China's strategy on development.

Economic collaboration is the primary element of the U.S. - China relations. In 2008 U.S. imports from China (337 billion U.S. dollars) practically equaled the number of imports from Canada (339 billion U.S. dollars), and in 2009 considerably exceeded the latter's (296 and 225 billion U.S. dollars respectively). Table 1 demonstrates the volume of bilateral trade in 2004-2009.

The global economy and the world system of international relations depends increasingly on China. Now a member of a majority of international economic organizations, the Chinese

**Table 1. U.S. Trade with China** (billion U.S. dollars)

	U.S. Import	U.S. Export	Total
2004	196,68	34,74	231,43
2005	243,47	41,93	285,4
2006	287,77	55,19	342,96
2007	321,44	65,24	386,68
2008	337,79	71,46	409,25

Source: International Trade Administration, USA  
<http://ita.doc.gov/td/industry/otea/OTII/OTII-index.html>

<sup>10</sup> Yu Xintian, “The Role of Soft Power in China's External Strategy,” *Global Review* 1 (2007) pp. 114-115.

<sup>11</sup> Hold High the Great Banner of Socialism with Chinese Characteristic and Strive for New Victories in Building a Moderately Prosperous Society in All Respects, Hu Jintao Report to the 17<sup>th</sup> National Congress of the Communist Party of China, October 15, 2007, <http://english.cpc.people.com.cn/66102/6290211.html>

government exerts ever-greater influence in international economic matters. In response to U.S. demands, China announced a number of changes to its foreign exchange regime on July 21, 2005. This step was welcomed in the U.S.

### **In the U.S. Context: Russia on China**

On the other hand, the majority of policymakers in Washington believe that America should not burden itself with simultaneous restraint of two great powers. As one leading American political analyst, Fareed Zakaria points out: “We are repeating one of the central errors of the early Cold War – putting together all our potential adversaries rather than dividing them. Mao and Stalin were both nasty. But they were nasties who disliked one another, a fact that could be exploited to the great benefit of the free world. To miss this is not strength. It's stupidity.”<sup>12</sup>

The contents and style of American policy-making, as well as the tone of rhetoric, vary noticeably. The difference in the two American approaches was evident during the 200<sup>th</sup> anniversary celebrations of the establishment of diplomatic relations between Russia and the U.S. and the 30<sup>th</sup> anniversary of U.S. - China relations. While the first event held in November 2007 was marked only by a visit of the former U.S. Secretary of State Henry Kissinger to Moscow (although the U.S. organized some events via their consulates in Russia), Washington and Beijing commemorated the 30<sup>th</sup> anniversary of their diplomatic ties with a series of momentous events in the U.S. and in China. Perhaps the most significant was a commemorative seminar held in Beijing on January 12-13 that featured some of the so-called old friends of the Chinese people, i.e. former U.S. President Jimmy Carter, as well as key figures in forging relations such as former National Security Advisor and Barack Obama's leading foreign policy advisor Zbigniew Brzezinski, Henry Kissinger, Brent Scowcroft, who served presidents Gerald Ford and George H.W. Bush as national security adviser, and all former U.S. ambassadors to China. Former U.S. President Carter delivered Barack Obama's message of his resolve to maintain sound bilateral relations. In a speech at his meeting with Hu Jintao Carter said: “I explained the purpose of this visit to President-elect Obama. He wants me to extend to you his personal greetings and his commitment to continue the mutual respect and partnership we've enjoyed over the past 30 years.”<sup>13</sup>

China's domestic and foreign policies do not provoke a sharp reaction from Washington as do the actions taken by Russia. Georgian aggression in South Ossetia is the brightest example. The crisis posed by the U.S.-backed Georgian President Mikheil Saakashvili has ruined, at least for one year, the strategic dialogue between Moscow and Washington, which turned into such a substantial degree of strategic silliness that new Russian Foreign Minister Sergei Lavrov and new U.S. Secretary of State Hillary Clinton had to press a “reset” button to repair frayed bilateral relations during their meeting in March 2009.

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<sup>12</sup> Fareed Zakaria, “Beyond Bush: What the World Needs is an Open, Confident America,” *Newsweek*, June 11, 2007.

<sup>13</sup> *People's Daily*, January 13, 2009.

Some U.S. analysts describe Russia's foreign policy strategy during "Putin's decade" as going back and forth between two patterns: bandwagoning with and balancing towards Washington. One of the most steadfast adherents of this concept, Thomas Ambrosio asserts that Russia is constantly oscillating between these two polarly opposite patterns. He states: "In order for balance-of-power theory to hold, there would need to be a dramatic change in the power differentials between the United States and Russia corresponding to changes in the Kremlin's policy from bandwagoning (1992-3), to balancing (1995-2001), to bandwagoning again (2001-2002), and a seeming return to the language of balancing (2002-present)."<sup>14</sup> More than that, he finds the roots of this controversy in Russia's interior political discourse dividing its participants into atlanticists,<sup>15</sup> imperialists<sup>16</sup> and neo-Slavophiles.<sup>17</sup>

I argue that Russia's Eastern policy of the early 21<sup>st</sup> century was not a substitute for Western policy, but an equally important and supplementing dimension of Moscow's international strategy. In many different areas, international relations and world politics show their influence in policymaking, and I will try to explain this influence from the following three analytical contexts.

### 1) Theoretical context

According to Stephen Walt, bandwagoning refers to alignment with the source of danger which originated from two motives: avoid attacks and share the spoils of victory.<sup>18</sup> As another outstanding theorist of the concept, Randall L. Schweller puts it, bandwagoning comes very close to the concept of capitulation, defined as the act of surrendering or of yielding to a dominant influence.<sup>19</sup>

But Russia was never dominated by the U.S. directly. From the end of the 1980s the central point in Soviet/Russian political discourse was focused on acceptance of not "pro-Western" but "all-mankind values." In this regard, Moscow insisted on a voluntary equilibrium (or system of concert) among powers with the objective of preventing a new rivalry and repetition of the Cold War between them. First Russian President Boris Yeltsin paid his visit to China in 1992, i.e. immediately after the dissolution of the Soviet Union. More important is the fact that after 1992 Russia was involved in

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<sup>14</sup> Thomas Ambrosio, *Challenging America's Global Preeminence: Russia's Quest for Multipolarit* (Aldershot: Ashgate, 2005) p. 171.

<sup>15</sup> I wonder what meaning Ambrosio puts to this term in regards with Russia, while more traditional definitions refer to the word "Westernizers." By essence, they on the high score turn out to be "a pro-(West) European" party insisting on developing strong interdependence axis with the Continent powers (Germany, France, Italy) vis-à-vis anti-Russian politicians in Central and Eastern Europe and their Washington patrons. The absolute unacceptability of the term mentioned can be proven by the fact that even former Ukrainian President Victor Yushchenko, who initially insisted on the concept of "Euro-Atlantic choice" (*Evro-Atlantychnyi vybir*) was forced by the end of his term to transform it into the concept of "European choice" (*Evropeis'kyi vybir*).

<sup>16</sup> Unfortunately Ambrosio does not provide any names, so it's intriguing for instance Anatoly Chubais' conception of Russia as a liberal empire is atlanticist or imperialist in the author's view.

<sup>17</sup> *Op. cit.*, Ambrosio, as per note 14, p. 163.

<sup>18</sup> Stephen M. Walt, *The Origins of Alliances* (Ithaca: Cornell University Press, 1987) pp.7-9, 17. See also Stephen M. Walt, "Alliance Formation and the Balance of World Power," *International Security* 9:4 (1985) p. 4.

<sup>19</sup> Randall L. Schweller, "Bandwagoning for Profit: Bringing the Revisionist State Back In," *International Security* 19:1 (1994) p. 81.

negotiations over arms sales to China despite U.S. objections. The insignificant economic assistance Russia got from the UN economic organizations (not from the U.S. directly): the World Bank and International Monetary Fund can hardly be considered as a feature of bandwagoning for profit strategy.

## 2) Cognitive context

In contrast to China, which had willingly played the role of Washington's junior partner in the 1970s and 1980s, Russia, due to psychological peculiarity of its population never exercised a reflective international strategy. Simultaneously, Ambrosio's argument that Russia could bandwagon with the hegemonic coalition and seek admittance into the Western club can be easily defeated. Moscow would never agree to the status of junior partner of the West since Russia, due to its historical experience, is a specific but equal part of it, not less important than the U.S., the UK, Germany or France.

## 3) Institutional context

The weakest part of the concept of Russian foreign policy's spiral development between balance and bandwagon is its reference to the period of 2000-2003 as an example of the latter strategy. Indeed, this period was the warmest one in terms of the personal relationship between Vladimir Putin and George W. Bush. The U.S. President even turned into lyrical mode when describing his first meeting with Russian president: "I looked the man in the eye. I found him to be very straight forward and trustworthy and we had a very good dialogue. I was able to get a sense of his soul. He's a man deeply committed to his country and the best interests of his country and I appreciate very much the frank dialogue and that's the beginning of a very constructive relationship."<sup>20</sup> But at the same time the Eastern dimension of Russian foreign policy has been developing much more fruitfully than before. Moscow managed to establish new institutions on its southern and eastern borders, i.e. the Shanghai Cooperation Organization, Organization of Collective Security Treaty, Eurasian Economic Community. In this regard, Russian foreign strategy in 2000-2003 can be defined as multi-vector, not bandwagoning.

In 2001, the Russian sector of George W. Bush's policies was bolstered by a certain degree of trust, while China was viewed as a "strategic competitor"<sup>21</sup> or at least "not a 'status quo' power."<sup>22</sup> But the U.S. administration sent clear signals by the end of George W. Bush's second term of office that the unexpectedly smooth relations with China, and the equally unexpected tensions with Russia, will become part of his political legacy.

Beginning in 2005, one of the objectives set down by the Bush administration was to encourage China to become a "responsible stakeholder in the international system," as Robert Zoellick, phrased it. The current president of the World Bank and former Deputy Secretary of State,

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<sup>20</sup> <http://news.bbc.co.uk/2/hi/europe/1392791.htm>

<sup>21</sup> George W. Bush, "A Distinctly American Internationalism," Speech in the Ronald Reagan Presidential Library, Simi Valley, California, November 19, 1999, <http://www.mtholyoke.edu/acad/intrel/bush/wspeech.htm>

<sup>22</sup> Condoleezza Rice, "Promoting the National Interest," *Foreign Affairs* 79:1 (2000) p. 56.

in remarks to the National Committee on U.S.-China Relations, stressed several times the differences between contemporary China and the former Soviet Union:

- China does not seek to spread radical, anti-American ideologies.
- While not yet democratic, it does not see itself in a twilight conflict against democracy around the globe.
- While at times mercantilist, it does not see itself in a death struggle with capitalism.
- China does not believe that its future depends on overturning the fundamental order of the international system. Its leaders have decided that success depends on being fully networked into the modern world.<sup>23</sup>

Zoellick's successor at the State Department, John Negroponte, accounted for the concept by explaining "that if you can get a country of the size and importance of China engaged with the rest of the world, there will be a cost incurred if, for some reason, that kind of engagement is disrupted."<sup>24</sup> This view was echoed by Brzezinski when he stated that the U.S. must encourage China's increasing participation in different international institutions and actions.<sup>25</sup>

At the same time, Washington has constantly made relations with Russia contingent on the latter's progress along the path toward liberal democracy and its policies on the post-Soviet space. The conclusions of the Council on Foreign Relations in its findings on Russia and on China pull no punches. The Council's 2006 Task Force Report on Russia proposes to build relations along the principle of selective cooperation rather than on building a partnership, which is dismissed as an outright impossibility. "The very idea of a 'strategic partnership' no longer seems realistic," it declares.<sup>26</sup>

The distrust between Moscow and Washington upon the election of President Obama and America's decision to "reset" bilateral relations began to change into somewhat mixed cautious optimism.

In spring 2009 the two influential think-tanks, the pro-Republican Nixon Center and the pro-Democratic Belfer Center at the Harvard Kennedy School initiated a bipartisan publication of a special report on the U.S. policy toward Russia. Its contributors were former U.S. Ambassadors to Moscow, American scholars specializing in Russian affairs, former U.S. congressmen and retired diplomats formerly posted in Russia. It was an inflorescence of intellectuals, shrewd and reasonable people. But it is doubtful that they represented the majority of the American elite, probably, that was

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<sup>23</sup> Robert B. Zoellick, "Whither China: From Membership to Responsibility?" Remarks to National Committee on U.S.-China Relations, September 21, 2005, <http://www.state.gov/s/d/rem/53682.htm>

<sup>24</sup> John D. Negroponte, "The Future of Political, Economic, and Security Relations with China," Hearings before the Committee on Foreign Affairs, House of Representatives, May 1, 2007 (Washington: U.S. Government Printing Office, 2007) p. 31.

<sup>25</sup> Zbigniew Brzezinski, *Second Chance: Three Presidents and the Crisis of American Superpower* (New York: Basic Books, 2008).

<sup>26</sup> "Russia's Wrong Direction: What the United States Can and Should Do," *Council on Foreign Relations Task Force Report 57* (2006).

[http://www.cfr.org/publication/9997/russias\\_wrong\\_direction.html?breadcrumb=%2Fpublication%2Fpublication\\_list%3Fgroupby%3D0%26type%3Dtask\\_force\\_report%26filter%3D334](http://www.cfr.org/publication/9997/russias_wrong_direction.html?breadcrumb=%2Fpublication%2Fpublication_list%3Fgroupby%3D0%26type%3Dtask_force_report%26filter%3D334)

why they expressed their ideas so boldly.

On one hand, for the first time over almost twenty years the American public was sincerely told that the U.S. interests and some of Russia's pro-Western neighbors are not identical. By all appearances, it is an obvious truth, though under former U.S. president no one has put it that way. Among others, the report made the following sound recommendations:

- Seek to make Russia an American partner in dealing with Iran and the broader problem of emerging nuclear powers.
- Work jointly to strengthen the international nonproliferation regime with the goal of allowing for wider development of nuclear power while establishing tighter limits on nuclear-weapons technologies.
- Pursue closer cooperation with Russia against terrorism and in stabilizing Afghanistan, including strengthening supply routes for NATO operations.
- Take a new look at missile-defense deployments in Central Europe and make a genuine effort to develop a cooperative approach to the shared threat from Iranian or other missiles.
- Accept that neither Ukraine nor Georgia is ready for NATO membership and work closely with U.S. allies to develop options other than NATO membership to demonstrate a commitment to their sovereignty.
- Launch a serious dialogue on arms control, including on the extension of the START I treaty as well as further reduction of strategic and tactical nuclear weapons.
- Move promptly to graduate Russia, as it was promised multiple times by previous administrations from trade restrictions under the anachronistic Jackson-Vanik amendment, which coverage on China was specifically removed by Congress in the late 1990s as part of the PRC entry into the World Trade Organization, as the provisions of Jackson-Vanik were inconsistent with WTO rules. And hence;
- Work to bring Russia into the World Trade Organization.<sup>27</sup>

The American intellectuals recommended the Obama administration to change the style of its relations with Moscow, to give up the habit to “make the Russians face the facts” of unilaterally adopted decisions, to limit its sermon as regards proper understanding of democracy, to streamline a systematic dialogue on international issues and to establish a special mechanism thereof, to revitalize the idea of applying the measures of trust in specific issues of international security. Some of the measures are already under discussion by their respective representatives at the working level.

However, the U.S. does not give up its guideline: the moves of American diplomacy should be undertaken with due regard of the available potential to support them, wherever possible by persuasion and economic incentives, and if impossible then by force. The main ghost still dominating over minds in Washington is Russian “resource nationalism.” The Report contains the recommendation to support European efforts to develop non-Russian sources of natural gas, whether

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<sup>27</sup> *The Right Direction for U.S. Policy toward Russia: A Report from the Commission on U.S. Policy toward Russia* (Washington: Nixon Center, 2009) pp. i-ii.

delivered by pipeline or by sea as liquefied natural gas.<sup>28</sup>

But when it comes to relations with China, Richard Haas, President of the Council of Foreign Relations, in his article published in the December 8, 2008 issue of *Newsweek* recommends Beijing's broader inclusion in global processes, albeit with certain checks on its growing might. Haas openly rejects direct containment methods. He suggests that the U.S. administration's goal "should be to make China a pillar of a globalized world, too deeply invested to disrupt its smooth functioning" and that the U.S. "must accept China's rise."<sup>29</sup> These overtones are duplicated in the March 2009 *Asia-Pacific Strategy Report*, presented by U.S. Assistant State Secretary Kurt Campbell. It stresses that "China's growing political and cultural influence in the Asia-Pacific should be accepted as a fact of life with which American policy needs to commend."<sup>30</sup> In other words, the U.S. still views Russia as a problematic partner, while China is viewed as a rapidly growing power that should be integrated into the global order that is being founded by the U.S.

In recent years, the agenda of U.S. - China relations has changed dramatically. Current U.S.-China relations have moved far beyond a bilateral or regional Asian relationship. The current presidential cycle in the U.S. essentially differs from the periods of Bill Clinton and George W. Bush. Indeed, in his statements during the election campaign Clinton concentrated on violations of human rights in China, and accused his predecessor of foreign policy anemia following the Tiananmen Square massacre. It also differs from the George W. Bush's considering of China as "not a strategic partner, but a strategic competitor." Under the current circumstances of the global financial and economic crisis, the agenda of bilateral dialogue between Washington and Beijing focuses mainly on economic problems. This shift corresponds to the expectations of China's diplomats, since it significantly devaluates the U.S. lexical right over China. Professor Wu Xinbo, Deputy Director of the Center of American Studies at Fudan University in Shanghai, emphasized in his conversation with the author, China is pretty comfortable with the "economization" of the global agenda since Beijing can forge an equal partnership with Washington in the economic sphere.

The search for new partners that would help rebuff Washington's advance caused Moscow to find an ally in Beijing back in the mid-1990s. At that time, cooperation with the Chinese was viewed as very promising. The leitmotif of China's foreign policy rhetoric – namely, the prevention of any sort of hegemony in the world at large and in Asia in particular – is consistent with Russia's strategic thinking. Both states' concepts of national security described major threats as the desire of some countries or interstate unions to act unilaterally. Russia and China have developed a special strategy for responding to the U.S. They have not built a full-blown union to counteract the U.S. openly. Instead, they try to counterbalance U.S. influence in a tentative manner. Neither Moscow nor Beijing can afford to put themselves into direct opposition to Washington because of the risk of provoking tough retaliatory measures. They only seek to demonstrate that there are alternatives to cooperating with the U.S. on certain issues.

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<sup>28</sup> *Ibid.*, p.4.

<sup>29</sup> Richard N. Haas, "China: Don't Isolate, Integrate," *Newsweek*, December 8, 2008.

<sup>30</sup> James Kelly (ed.), *The United States and the Asia-Pacific Region: Security Strategy for the Obama Administration* (Washington: CNAS, 2009) p. 49.

## **Russian-Chinese Cooperation and Rivalry between Russia and the West**

Russia's and China's policies toward Washington proceed from the assumption that U.S. political and economic power in the world is getting weaker, while their own power is growing. Analysts in Moscow and Beijing draw this conclusion from a range of considerations.

First, their economic growth rates are well above those evidenced in developed countries. The U.S. government, for example, recorded a deficit of 438 billion U.S. dollars in 2008 fiscal year, an all-time high, and this number is only part of the total national debt that exceeded 10 trillion U.S. dollars. The difficulties of readjustment will be compounded as the U.S. grapples with the effects of the current economic recession.

Secondly, Moscow and Beijing interpret the problems that U.S. troops are now experiencing in Iraq and Afghanistan as a sign of the breakdown of the unipolar system of international relations presided over by the U.S. Considering that the U.S. military doctrine relied on its ability to conduct two large-scale wars simultaneously, Russian and Chinese observers are inclined to believe that the era of unilateral actions, as set down by U.S. foreign policy, is drawing to a close. The mistakes of American diplomacy in what concerns the maintenance of nonproliferation regimes, especially with reference to North Korea and Iran, only serve to intensify this impression.

Third, the Russians and Chinese believe that the violations of human rights (in Abu Ghraib, Guantanamo Bay and in the CIA's secret interrogation facilities in Eastern Europe) heavily impaired America's "soft power" – i.e. the attractiveness of U.S. values, culture and ideals. Other nations are very quick to notice the difference between American ideals and actions.

Moscow and Beijing expect that these circumstances will put a brake on the U.S.'s ability to press forward with its international objectives – if not over the short term, then definitely over the medium and long term (after ten to fifteen years). That is why Russia resolutely refuse to follow the lead of the U.S. in politics as junior partner and China expresses sharp skepticism over the idea of "Chimerica" or the "Global Two" championed by many American politicians.

However, Russia's foreign-policy community overlooks an important consideration in showing Moscow's and Beijing's assessments of the global situation and relations with the U.S. The fact is that Beijing eagerly passes on to Moscow the leading role in rebuffing U.S. policies that both find unacceptable. Meanwhile, China has secured a less turbulent and more pragmatic interaction with the U.S. China's leaders claim that Western experiences and recommendations cannot be applied directly due to present realities in China. The "China model" combines an independent line in international policies, the rejection of attempts to promote internal political problems to the agendas of bilateral relations, and some measure of political distancing from the West.

Beijing safeguards its own interests and has its own assessment of risks from the U.S. Moreover, it is interested in an intense level of contrariness between Moscow and Washington. China benefits when Russia is seen as the main critic of U.S. policies and, consequently, assumes the full force of retaliation for its stance. In a speech given at a luncheon hosted by the American Bankers Association on December 8, 2003, Chinese Premier Wen Jiabao proposed five principles of fair trade and economic partnership between China and the U.S.:

- First, mutual benefits and win-win results. Thinking broadly, one should take account of others' interests while pursuing its own.
- Second, development first. Existing differences should be resolved through expanded trade and economic cooperation.
- Third, greater scope to coordinating mechanisms in bilateral trade and economic relations. Disputes should be addressed in a timely manner through communication and consultation to avoid possible escalation.
- Fourth, equal consultation. The two sides should seek consensus while reserving differences on major issues, instead of imposing restrictions or sanctions at every turn.
- Fifth, do not politicize economic and trade issues.<sup>31</sup>

The formulation “seek consensus” (*qiu datong*) became an optimization of one of the important components of Jiang Zemin’s four-point proposition made during his talks with George W. Bush on February 21, 2002, i.e. “seek common ground” (*qiu tong*).<sup>32</sup> Perhaps the first part of Wen Jiabao’s formula *qiu datong* can be interpreted as a seeking of a Great Unity (*datong*) – a category of Chinese traditional philosophy with a more than 2000 year history, which became a metaphor of absolute global prosperity in the 20<sup>th</sup> century.<sup>33</sup>

The Chinese fear rebuffing U.S. policies – as it might lead to their isolation – much more than the Russians. It is difficult to imagine a situation where Beijing would invest its efforts to block disadvantageous American initiatives, while Moscow, preferring to remain in the shadows, confines itself to supporting China’s tough criticism of the U.S. Such an approach would invite a tough response from Washington against China and would call into question Beijing’s very strategy of a “peaceful rise,” which implies the gradual accumulation of strength in a way that would not provoke other powers. Deng Xiaoping, the architect of the “Chinese economic miracle,” said China should play an inconspicuous role in the international arena and never seek leading parts. Current Chinese leaders have stressed that the government will continue focusing on internal development for the next two decades.

Moscow still hopes to revive talks with Washington on a new basis. Russian President Dmitry Medvedev in his speech to the Council of Foreign Relations stressed that Russia and the U.S. “have great opportunities to restore relations to the fullest extent, and we can build them on a new foundation. We can start from any point.” At the same time the Russian president expressed his willingness to maintain strategic relations with China: “We have an excellent relationship which is referred to normally as a strategic partnership. We have common ground on a whole number of issues: economic development, political issues. This does not imply that we have the same political systems or we share the same views in everything; but, nevertheless, this is a very good, full-fledged, friendly exchange. This is broad-scale cooperation on all fronts.”<sup>34</sup>

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<sup>31</sup> <http://losangeles.china-consulate.org/eng/news/topnews/t56330.htm>

<sup>32</sup> *People's Daily*, February 22, 2002.

<sup>33</sup> In this regard a category *tong* becomes a further step towards China’s more proactive role on the international stage in comparison with *he* (harmony), which is the basis of the Chinese concept of “harmonization of international relations” formulated by Hu Jintao in 2005.

<sup>34</sup> A conversation with Dmitry Medvedev in the Council of Foreign Relations, November 15, 2008,

One other area in which China has a stronger position in bilateral relations with the U.S. than Russia is its relations with neighboring states. During the past several years the differentiation of Russia's relations with its neighbors was quite obvious. On the one hand the pattern of Russia's relations with China and Kazakhstan has developed stably. But official contacts with Georgia was simultaneously interrupted, relations with Ukraine, the Baltic states and to a lesser degree with Belarus have considerably worsened. Political elites in many of these countries wish to play a certain role in granting to the U.S. geopolitical space in order to restrain Russia. In addition, some of Russia's neighbors have formed anti-Russian communities, such as GUAM (Georgia, Ukraine, Azerbaijan, Moldova) and the Community of Democratic Choice. The latest source of tension was the problem of Ukrainian natural gas debt to Russia, which is estimated to be about 2.1 billion U.S. dollars. After fruitless talks in December 2008, Russian gas monopoly Gazprom completely cut off supplies to Ukraine on January 1, 2009. Nevertheless, Ukrainians began to steal European gas from its transit pipelines just after Gazprom's decision. President of the European Council and Prime Minister of the Czech Republic Mirek Topolánek immediately invited a delegation of the Ukrainian government led by the Minister of Fuel and Energy Yuri Prodan to Prague in response to the issue of gas supply from Russia via the Ukraine to the EU.<sup>35</sup> On January 1, 2009, Deputy Spokesman of the U.S. State Department Gordon Duguid stated that the U.S. was concerned about Gazprom's cutting off of gas supplies to Ukraine.<sup>36</sup> Vulnerability of energy supplies, caused by some transit states's blackmail under the circumstances of the absence of commonly accepted rules of the game on the natural gas market, was also completely ignored by the U.S. Congress. In July 2007, the U.S. Congress approved the No Oil Producing and Exporting Cartels Act (NOPEC), proclaiming that the formation of international cartels modeled on OPEC would pose a substantial threat to the stability of fuel pricing and deliveries to the U.S., the world economy, and global security. NOPEC authorizes the U.S. Justice Department to pursue antitrust actions in U.S. federal court against cartel members.

This U.S. overvalued attention to the peripheral problems of bilateral relations with Russia in a substantial degree reflects an extremely low level of development of their trade relations (see Table 2).

**Table 2. U.S. Trade with Russia** (billion U.S. dollars)

	U.S. Import	U.S. Export	Total
2004	11,89	2,96	14,85
2005	15,31	3,96	19,27
2006	19,83	4,7	24,53
2007	19,31	7,37	26,68
2008	26,77	9,34	36,11

Source: International Trade Administration, USA  
<http://ita.doc.gov/td/industry/otea/OTII/OTII-index.html>

[http://www.cfr.org/publication/17775/conversation\\_with\\_dmitry\\_medvedev.html](http://www.cfr.org/publication/17775/conversation_with_dmitry_medvedev.html)

<sup>35</sup> Ukrainian Delegation Meets Czech Prime Minister Mirek Topolánek in Prague, Press Release of the Prime Minister of Czech Republic, January 2, 2009, <http://www.eu2009.cz/en/news-and-documents/news/press-release-prime-minister--4646>

<sup>36</sup> "Ukraine: Dispute Regarding Gas Delivery from Russia to Ukraine," U.S. Department of State Press Statement, January 1, 2009, <http://www.state.gov/r/pa/prs/ps/2009/01/113552.htm>

## Marketization in China

Contrary to Russia, China's relations with all its neighbors improved considerably during the last two decades. Beijing established strategic partnerships with Russia, ASEAN, India (despite their border disputes) and Kazakhstan. After Shinzo Abe's "ice-breaking" trip to China, Wen Jiabao's "ice-melting" and Hu Jintao's "warm spring" trips to Japan, the two leading Asian nations reconciled political relations frozen because of Junichiro Koizumi's regular visits to the Yasukuni shrine, Chinese reflective over-reaction on those visits and Zhongnanhai's decision to ignore the Japanese prime minister until the end of his term.<sup>37</sup> Nevertheless, the recent framework of "warm economics and cold politics"<sup>38</sup> are geopolitically bound to be pivotal in East Asia. The number two and number three global economic giants are close neighbors separated by only a narrow strip of water, according to Chinese political language (*yi yi dai shui*). The differences in economic structure give a clue that China and Japan are highly complementary in their economic development. In regard with China's efforts to put into practice the Outlook on Scientific Development, its economic goals were shifted on promoting the transformation of economic growth mode, energy conservation and environmental protection, and Japan possesses the advanced technologies in these spheres.

China's rising role in regional diplomacy, particularly in regional organizations, becomes an additional important feature in strengthening its authority and influence in the world. Despite the fact that the country is located in the joint area of such Asian subs-regions as Northeast Asia, Central Asia, South Asia, and Southeast Asia, and in this regard originally possesses unique geographical characteristics, Beijing followed a long and twisting path to its valuable participation in multilateral regional organizations, some of which had already existed for several decades, and others that appeared only after the end of the Cold War due to a reformatting of the geopolitical space.

In this list the best example is China's relations with Southeast Asian nations. It must be noted that Beijing's move to involve itself in ASEAN activities since the early 1990s was part of the country's good-neighbor policy, aimed at strengthening its ties with neighboring countries in the wake of the Tiananmen Incident in 1989, rather than a proactive reorientation of Chinese foreign policy. Bilateralism remained the principal thrust of China's policy toward Southeast Asian countries. But in the 1990s, political barriers in the region were fully removed. China declared the formal resumption of diplomatic relations with Indonesia in 1990 and with Singapore in 1992. China and Vietnam officially normalized ties in November 1991. In 1999, during Communist Party of Vietnam Secretary General Le Kha Phieu's visit to Beijing, both sides announced a "16 Characters Guideline" for improving and strengthening relations between two nations and two parties. They also successfully negotiated a resolution of the disputes of the land border and maritime rights in the Gulf of Tonkin between 1999 and 2000. Following the establishment of the Laotian-Chinese Joint Border Committee in 1991, meetings held during 1992 resulted in an agreement delineating their common border. Since

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<sup>37</sup> The sharpest dimension of that ignorance was Chinese Vice-Premier Wu Yi's abrupt cancellation of a meeting with Koizumi during her visit to Japan in May 2005. Their meeting was previously requested by the Chinese side but at the last moment was cancelled under the pretext of Wu Yi's return to China for urgent domestic reasons.

<sup>38</sup> *Jing re zheng leng* in Chinese.

1997 China began developing closer relations with the regime of previously pro-Vietnamese Cambodian Prime Minister Hun Sen, who faced international isolation after a *coup d'état* and cultivated close ties with China, which opposed efforts by Western countries to impose economic sanctions on Cambodia.

The “new regionalism” in ASEAN included China in the structures of multilateral cooperation within the larger geographical region. The certain impulse for the formation of regional identity was given by the Asian financial crisis. China’s active diplomatic efforts, during and after the Asian financial crisis, raised confidence levels regarding economic cooperation. China’s decision not to devalue the RMB had a profound impact on regional attitudes toward China and permitted a qualitative leap in cooperation. The new relationship was confirmed by the 1997 ASEAN+3 arrangement and in 2002 by plans for an ASEAN-China free trade area (FTA).

On October 8, 2003, both sides signed a protocol of China's accession to ASEAN Treaty of Amity and Cooperation and a joint declaration on a “Strategic Partnership for Peace and Prosperity” in Bali. That made China the first large country outside the Southeast Asian region to join this treaty, and it was also the first time that China established a strategic partnership with a regional organization. According to the latter declaration, both sides decided to speed up talks on ASEAN-China FTA, which has become a key pillar in ASEAN-China economic cooperation, so as to ensure its smooth establishment by 2010, and hereby assist ASEAN’s new members to effectively participate in and benefit from the ASEAN-China FTA (ACFTA).<sup>39</sup>

By 2010 the ACFTA will encompass a market of 1.7 billion people, which will generate nearly 2 trillion US dollars in GDP, with a total trade value of around 1.2 trillion U.S. dollars. The main objectives of the FTA are to increase bilateral economic and trade relations between China and Southeast Asian nations and to boost common economic development. Some studies project that under the ACFTA, China’s exports to ASEAN will increase by 55%, while ASEAN’s exports to China may increase by 48%.<sup>40</sup>

China successfully maintains the profile of a country that is on a “peaceful rise” within the format of the existing order, although the U.S. has never regarded it as an allied country and Beijing has never sought a full-blown partnership with the U.S. in global politics. This explains why Washington finds it much more problematic to find grounds to implement an uncompromising containment policy toward China, even in the presence of concerns over the astounding rise of China’s strength. Beijing skillfully lifts its partners’ concerns over the growth of China’s economic and military capability, and persistently profiles itself as a friendly country that is trying to build a harmonious world.

In conclusion, the U.S. takes a more businesslike, restrained and positive approach toward

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<sup>39</sup> Joint Declaration of the Heads of State/Government of the Association of Southeast Asian Nations and the People’s Republic of China on Strategic Partnership for Peace and Prosperity, October 8, 2003, <http://www.aseansec.org/15265.htm>

<sup>40</sup> “East Asia FTA to be the World’s Largest,” *Asia Times*, May 11, 2002, <http://www.atimes.com/china/DE11Ad01.html>. John Wong and Sarah Chan, “China-ASEAN Free Trade Agreement,” *Asian Survey* 4: 43 (2003) pp. 507-526.

China, while Russia's domestic political reality and international activity are often vilified. Moscow ranks above Beijing in the emotional taint of U.S. assessments. This is evidenced in Washington's demands for containment which are heard more explicitly when references are made to Russia. On the other hand, as China has shown, Russia can build partnership relations with the U.S. without damaging its self-identity and independence. In these regards, new dynamics in upgrading Russia's international status vis-à-vis the U.S., will depend on how effectively Moscow can learn the intricate overtones of public diplomacy and on whether it can develop a strategy based on the promotion of its soft power. Despite the angst created by their uneasy relations with Washington, Russia maintains good relations with its Asian neighbors. New sources of international attractiveness can be found not only in strategic relations with China. Some far-sighted scholars from other Northeast Asian nations push forward initiatives directed toward the establishment of more confident relations in Eurasia.<sup>41</sup> The author is sure that such kinds of multilateralism will bring benefits to all participants.

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<sup>41</sup> Akihiro Iwashita, "The Shanghai Cooperation Organization and Japan – Moving Together to Reshape Eurasian Community," in Akihiro Iwashita (ed.), *Toward a New Dialogue on Eurasia: The Shanghai Cooperation Organization and Its Partners* (Sapporo: Slavic Research Center, 2007) pp. 24-26.