

## ICAS Bulletin

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### A Bimonthly Survey of Research and Analysis on China-US Relations

*Twice a month, the ICAS Bulletin updates a global audience on American perspectives regarding the world's most important bilateral relationship. Research papers, journal articles, and other prominent work published in the US are listed here alongside information about events at US-based institutions.*

#### Publications

##### **Shaping the Asia Pacific Future: Strengthening the Institutional Architecture for an Open, Rules-Based Economic Order**

Olin Wethington and Robert A. Manning  
The Atlantic Council, June 2015

This in-depth report seeks to describe a flexible policy for expanded US economic engagement in the Asia-Pacific region that focuses on strengthening free trade and governance regimes. The authors try to chart a middle course between softening standards in order to create more inclusive orders on the one hand, and being too rigid and exclusive on the other. They recommend that US policy should likewise seek to avoid being too accommodating of China's interest in lowering standards for global governance while also avoiding using economic means to contain China. The report makes detailed recommendations regarding multilateral efforts in monetary, financial, trade, and infrastructure domains.

##### **United in Goals, Divided in Means: Opinion Leaders Survey Results and Partisan Breakdowns from the 2014 Chicago Council Survey of American Opinion on US Foreign Policy**

Chicago Council on Global Affairs, June 2, 2015

This study is one of America's preeminent sources for data on public and elite opinions about foreign policy issues. Its findings regarding China policy are presented in overview on p. 7. It finds that there is widespread consensus both between elites and

the public as well as between Democrats and Republicans that a policy of cooperation and engagement is preferable to a containment policy.

### **Ports and Power in the Indian Ocean**

Interactive Feature

CSIS Asia Maritime Transparency Initiative

AMTI has created a feature that displays recent developments around the Indian Ocean related to US Indian, and Chinese military basing, commercial shipping agreements and infrastructure development.

### **China's Soft Power Push: The Search for Respect**

David Shambaugh

*Foreign Affairs*, July/August 2015

Shambaugh describes the many ways in which the Chinese government has engaged in soft-power diplomacy around the world. He describes bilateral trade arrangements and initiatives like the AIIB and FTAAP as part of a multi-billion dollar “push” to improve China’s image. In addition to these measures, state media operations like CCTV have established overseas presences, and government entities have engaged in more active efforts to influence or even censor discussion about China in overseas media and academic environments. Despite spending an estimated \$10 billion on “external propaganda,” China’s public image abroad has in fact declined in recent years. Shambaugh suggests that this is because soft power must ultimately be an outgrowth of civil society, and cannot be created at will by governments—“soft power cannot be bought...it must be earned.”

### **How to Save the US-China Relationship**

Evan Osnos

*The New Yorker Magazine*, June 24, 2015

This article explores some of the ambivalence Americans hold towards their relationship with China. On the one hand, Osnos observes that some sources of economic tension between the two nations have become less relevant, as China has altered its currency policies and US indebtedness to China has shrunk. On the other hand, the American people seem to look less favorably on China than they did only a few years ago. Osnos describes the reasons for this, including cyber-espionage and activities in the South China Sea. Osnos remarks that the US has damaged the relationship as well, for example with its criticism of the AIIB. He notes a gap between how the US and China see the role of respect in their relationship, and urges the US to "differentiate between controversial assertions of power, like those in the South China Sea, and fair reflections of China's growing contributions to the world, such as the new banks."

**Changing China Policy: Are We in Search of Enemies?**

Jeffrey Bader

Brookings China Strategy Paper No. 1

Brookings Institution, June 2015

Bader, a former Asia adviser to Barack Obama, discourages American policymakers from deviating from its longstanding approach of seeking stability in its relations with China. He argues that US interests would not be served by re-framing the relationship as a rivalry as some in Washington seek to do. He points out that while China's behavior in the South China Sea is problematic, Americans should not interpret these actions as signs of growing Chinese aggression. Given that sovereignty is at issue in the maritime disputes, we should not assume that China would be equally assertive in other areas as its power grows. Bader points out that China has not engaged in any behavior that suggests it would disrupt shipping in the region, and that it would be self-defeating for it to do so at any rate.

**A Partnership with China to Avoid World War**

George Soros

*New York Review of Books*, July 9

Soros argues that in both security and economic realms, worldwide cooperation is eroding, and multilateral institutions are in crisis. In response to this, Soros points to the necessity of a bona fide attempt at "strategic partnership" between the United States and China. He notes that the success of Xi's economic reforms is in America's interest as well as China's, but also observes that reform would be more successful and more easily supported by foreigners if the political climate in China was less repressive. Soros recommends delaying the IMF decision on the renminbi's "special drawing rights" (SDR) status until 2016 after Obama and Xi have time to negotiate the United States' support of China in the issue. Soros regrets that as things stand now the TPP agreement, which is sometimes interpreted as deliberately exclusive of China, may be finalized just before the September meeting between Obama and Xi.

**Events at US-based Institutions****Securing Peace in Asia: Time to Build an Asia-Pacific Community?**

Asia Society, June 10, 2015

The Asia Society Policy Institute introduced its new Policy Commission with a discussion on possibilities for developing a multilateral security arrangement in Asia. Former US National Security Advisor Thomas Donilon explained that it was US policy to promote the East Asian Summit as the principal security forum in the region, with "ASEAN at its core." Wang Jisi remarked that none of the many multilateral bodies in Asia have done a good job of easing security tensions. He envisioned ASEAN as a "hub" of a regional security architecture. Wang also pointed out that while it is clear to all that China will be an increasingly powerful state, most observers are unsure about the exact role China will play in the regional order.

**Understanding the Chinese Economy: China's Economic Strategy**

Council on Foreign Relations, June 16, 2015

Robert Hormats and Olin Wethington discussed challenges presented to China's economic reforms, its transformation to a "new normal" of lower economic growth, and the future of TPP, AIIB, and BIT. Hormats described China's economic strategy as comprehensive and focused on demonstrating how its rise can be a "win-win" scenario for the region. Wethington described the US as having underestimated Asian demand for infrastructure financing, recommended that US policymakers focus economic policy on development as well as trade policy, and urged Congress to pass the IMF quota reform bill.

**Hank Paulson on China**Discussion with former Treasury Secretary Henry Paulson  
Chicago Council on Global Affairs, June 24, 2015

Paulson discussed his new book, *Dealing with China: an Insider Unmasks the New Economic Superpower*. He discussed the nature of Xi Jinping's leadership, and the challenges he faces domestically. Because of the significance of China's domestic issues, Paulson claimed that Americans "can make as a big a mistake overestimating China's strength as we can in underestimating its potential." He argued against using economic statecraft to thwart China's growth, noting that the economic linkages that the US and China share are critical to both nations and act like a "glue" that can maintain ties and moderate tensions in the security domain.

**The China challenge: Shaping the Choices of a Rising Power**Book Event featuring Thomas Christensen  
Brookings Institution, June 25, 2015

Christensen described the two key challenges in the US-China relationship as articulated in his book. The first challenge is the security challenge unavoidably presented by the growing power of China; the second challenge for the US and the rest of the world is to help China become a more productive participant in global order. With regard to the security issue, Christensen is less alarmist than some American analysts, and finds that China does not seek to "drive out" the US from Asia, nor will the United States be replaced as the world's most influential power. Even in this view, China will still greatly alter US military calculations, as its military modernization will have the effect of limiting US abilities to intervene in the region. The greater challenge, to Christensen, is how to encourage China to take on more global responsibilities. At the heart of this challenge is the fact that China is the only great power in history that is also a developing nation. Because of this, the PRC has legitimate reasons for not engaging in costly global governance measures or contributions of global public goods. At the same time, the size of the Chinese economy means that its leadership is essential to a functioning world order.

## Commentary: Contrasting Principles in US and Chinese Images of International Order

By Alek Chance

China's Ministry of Defense published a white paper, "China's Military Strategy" in May, only a few months after the United States' most recent National Security Strategy (NSS) was published. It is revealing to compare the two documents, both to see how each nation envisions the other in a strategic context, and because it adds to our understanding of each country's self-conception. The United States' NSS focuses on a panoply of functional threats to national security—proliferation, climate change, terrorism—before moving on to discuss strengthening America's economy and promoting state-building and human development in troubled countries. Only the final section of the report discusses the question of "order," including the "rebalance" of American attention to Asia. The Ministry of Defense paper, on the other hand, begins with the claim that although the international system is generally calm and on a peaceful trajectory, Chinese security is adversely affected by "new threats from hegemonism, power politics, and neo-interventionism." It goes on to describe the "rebalance" and the meddling of external countries in the South China Sea as having negative impacts on China's security.

The neo-interventionist hegemon is, of course, the United States. This presentation of US policy obviously contrasts sharply with American representations of its role in the world. The NSS, for example, describes the US in rather different, though parallel language. In his preface to the document, President Obama argues that "strong and sustained American leadership is essential to a rules-based international order that promotes global security and prosperity as well as the dignity and human rights of all peoples." The document's section on the "rebalance" discusses both the deepening and broadening of economic and security ties to Asian nations. These are really two ways to describe the same phenomenon of far-reaching US involvement in the region. After all, "hegemony" technically means "leadership," but in a way usually meant to invite our disapproval (in Chinese it overlaps with the notion of "tyranny"). It isn't always clear to Americans where others would draw the line between legitimate leadership and self-serving hegemony. For example, it is striking that in his book *The China Dream*, Liu Mingfu attempts to differentiate a "champion" state like China from a "hegemonic" one like the US, yet his description of the benevolent champion is quite close to many Americans' visions of US leadership. Nonetheless, the language of the white paper should once more remind Americans to be attentive to how their activist foreign policy is perceived around the world, and reflection on the "neo-interventionist" label is a good place to start.

The degree to which American unilateralism and interventionism has alarmed people around the world, including in China, appears to be underappreciated in the US. In fact, the term "neo-interventionist" has no real currency here, although it doesn't take

long to guess that it refers to the sequence of US-led interventions that have challenged any simple interpretation of the UN Charter's prohibitions on aggression. A recent article by Wu Zhenglong illustrates these problems of "hegemonism" and "neo-interventionism" as constituting threats to the strict principle of Westphalian sovereignty around which the United Nations was built. Wu associates these challenges to the UN order—the prohibitions on interference in domestic politics and military intervention—with such principles as "human rights above sovereignty" and "responsibility to protect," also known as R2P. For its part, the United States' NSS overtly confirms the R2P principle—according to which a sovereign state is rightly subject to foreign intervention if it fails to respect basic human rights—and continues the longstanding tradition of embracing democracy promotion as a pillar of US foreign policy.

The R2P issue gets at an important difference in visions of rules-based order. Both Chinese and American statesmen advocate such an order at every turn, yet there are problems lurking in the difference between laws and norms, how rules are applied, and the necessity of "leadership" in their maintenance. While proponents of a strict adherence to sovereignty like Wu focus on the legalistic character of the UN Charter, Americans often operate according to the logic exemplified by the International Independent Commission on Kosovo's "illegal but legitimate" description of the 1999 Kosovo intervention. That is to say, by supporting R2P, the United States invokes an alleged international consensus around deeper norms when international positive law is supposedly inadequate (although R2P does seek to derive intervention authority from the Charter).

This vision of rules-as-norms creates clear difficulties with regard to the question of formal order. First is the obvious problem that loose interpretations of rules are likely to be self-serving, thus undermining the "legitimacy" envisioned in the Kosovo Commission's formulation. For the United States this means that activities it imagines to be altruistic will be viewed with skepticism in China and elsewhere. A second problem is that the use of norms to override laws presumes that there is some kind of critical consensus about universal values, or that the international system is cohesively evolving towards some set of norms, and thus good leadership entails taking action to support these values. In this view, the United States is a natural leader, since visions of allegedly universal values typically align closely with Western, liberal ideas. The Chinese vision articulated by Admiral Sun at the Shangri-La dialogue clearly promotes a different vision of ordering principles, one which presumes an inherently pluralistic world in which there is less consensus on deeper values. Instead of focusing on promoting certain norms or values, Sun emphasized the importance of "mutual respect" and "inclusiveness" for fostering productive international relations—what some thinkers call a "thin" system of shared principles as opposed to a "thick" one.

This question of how "thick" the content of international politics should be arises frequently in US-China relations in a number of ways. US officials sometimes present the Trans-Pacific Partnership (TPP) as an embodiment of shared values between the

US and various partners, and emphasize the importance of “standards” both in the context of the TPP and its criticism of the AIIB. At Shangri-La, US Secretary of Defense Ashton Carter emphasized the set of principles that has grown around what he called the Asian “security architecture” and implied that Chinese reclamation in the Spratly Islands was violating some more substantive spirit of regional cooperation, even though an unspoken premise of this argument was that such activities are nonetheless technically legal. Admiral Sun, by contrast, seemed to take the position of the “letter of the law:” he presented Chinese activities as unproblematic and manifestly legitimate, and rejected the imposition of other nations’ “subjective preferences.” In anticipation of this last charge, Secretary Carter seemed to make great effort to present the US-led “architecture” as a consensual order of genuinely shared values, where the US was a “partner,” not an arbiter.

Both China and the US need to be conscious of the thick/thin and legal/legitimate dichotomies at a time when international order seems to be at an inflection point. The United States will always advocate democracy and human rights as key values, but in a pluralistic world it must work to develop principles that can help build more substantial relationships with nations that aren’t liberal democracies. As Kevin Rudd has pointed out, Chinese strategic mistrust of the US derives from the impression that America “...has not and never will accept the fundamental political legitimacy of the Chinese administration because it is not a liberal democracy.” Americans must be aware more generally of how sometimes what they regard to be “universal” principles, others regard as domineering “American” or “Western” values. American policymakers should also keep in mind that if the world is to evolve towards thicker conceptions of international order—ones that can focus on more on substance and rely less on formal or procedural understandings of right and wrong—multilateralism plays an essential legitimating function.

Chinese policymakers, for their part, should bear in mind that a thicker principle of legitimacy is often at work international relations, which by nature are more political than legal. China’s protestations regarding the legality of its recent reclamation activities, no matter how well grounded in international law, completely talk past the concerns of potentially affected parties. Unilaterally making formal legal arguments isn’t as constructive as demonstrating a willingness to use international law as a way to settle disputes.

It is interesting to observe that parties in both the US and China regard the other country to be “revisionist” and consider their own nation to be a conservator of a certain rules-based order. It would be encouraging to see both nations to work towards closing this perception gap, with a view towards building a more substantive consensus on principles of order that are genuinely universal and inclusive. In the meantime, if both nations were more conscious of just how “rules-based” their actions appear to be in the eyes of others, we would all be a little better off.