

USAWC STRATEGY RESEARCH PROJECT

**A CONTRARIAN PERSPECTIVE ON CHINA**

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## ABSTRACT

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The current foreign policy of the United States toward the People's Republic of China is flawed because the U.S. lacks a consensus on how to define our relationship; friend, ally, competitor, partner, or adversary. The current policy approach is unfocused and disjointed. The cornerstone of our policy is selective engagement mixed with anti-communism. The policy's goal is the rapid democratization of China's political system. As such, future threat analysis focuses on two elements of national power; economic growth and military expenditures. This is a one-sided perspective that fails to capture China's current international economic integration and the effects of globalization. Additionally, there are other critical realities to consider which analysts ignore to the point of insignificance. China's geopolitical history, cultural differences, social and economic factors represent significant present and future problem areas of global reach. Furthermore, rapid regime change could result in significant regional and global instability. This paper examines this issue and suggests a new six-step strategic policy approach for China which centers on direct engagement, cooperative security, and accountability through transparency.



## A CONTRARIAN PERSPECTIVE ON CHINA

The People's Republic of China contains twenty percent of the world's population, has the world's second largest economy (after the United States), is the fourth largest country by land mass, is the second largest oil consumer, the third largest oil importer, spends sixty-four billion dollars annually on its military, and is the largest communist nation in the world. Based upon these facts, U.S. political and military research concerning China's future threat potential has been capacious and significantly one sided. Policymakers perceive China as the next big military crisis for the U.S. Most future threat assessments are based on the analysis of two elements of national power; economic growth and military expenditures. As a result, the cornerstone of the current U.S.-China policy is "anti-communism" which is based on selective historical events occurring since the fall of the Nationalist Government in 1949. Today's China, however, faces significant future challenges in many areas which the media and policymakers have discounted to the point of irrelevance. Additionally, U.S. perspectives on China fail to consider the Chinese viewpoint by ignoring China's history, its unique geopolitical concerns, and several negative economic and social indicators. The analysis that follows highlights these issues, examines inconsistencies in the current U.S.-China policy, and suggests a new six-step U.S. policy for China which capitalizes on areas of mutual interest to both nations.

### History

China has a history of foreign influence and encroachment into its sovereign territory. In the thirteenth century, the Mongols came from the north and conquered all of China, and in the seventeenth century the Manchus did the same. In recent times, China and her neighboring states were used by Western powers as areas for colonization, expansion, and exploitation. Throughout the ninetieth and early part of the twentieth centuries, Britain, Japan, Russia, Germany, France, and Belgium all gained spheres of influence in and around China. In the 1850's, Russian troops invaded and secured all of Manchuria. In 1864 France colonized southern Cochin China (later called Vietnam) and Cambodia. In the 1880's Britain took control over Burma, while Russia invaded Chinese Turkestan (the modern-day Xinjiang-Uyghur China). In 1894 Japan declared war on China forcing China to surrender Taiwan, the Penghu Islands, and to recognize Japanese control over Korea. In 1898 Britain expanded its Hong Kong colony through the signing of a ninety-nine year lease. Even the United States proposed in 1899 that there be an "open door" policy in China, whereby all foreign countries would have equal privileges in ports within and outside the various spheres of influence. Finally, in 1937-1945 Japan used chemical and biological warfare as it invaded and then occupied most of China.

Today, China remains cautious of her neighbors. Their subjugation over the centuries to foreign influence significantly influences their view of the outside world and their subsequent foreign policies.<sup>1</sup>

### Below the Surface

While it is certainly prudent to monitor China's successes, it would be equally prudent to track China's potential failure since a failed China (politically or economically) would be regionally devastating and internationally disruptive. Working in concert with the current U.S. anti-communist China policy are a number of geographic, social, and economic problems which represent future challenges for China and which the U.S. should consider in formulating U.S.-China policy. As the U.S. continues its current policy, there is little appreciation of these concerns or the second and third order effects should the current policy be successful at abruptly bring down the present regime.<sup>2</sup>

China suffers in several areas that are expounded upon below, these include: income disparity, globalization, economic crimes, rising energy consumption, the monetary exchange rate, strategic regional threats, an obsolete military, bureaucracy and lassitude in state owned enterprises, high unemployment, an aging population, health pandemics, and environmental deterioration. These areas merit consideration because today China is an international economic player, many aspects of China are interconnected with the U.S., and a failed China would not just be a U.S. problem – it would be an international problem.

Marxism is dead as a motivating economic model for China, but its replacement of capitalism has led to an escalating income gap. China now has an informal rich and poor class structure, just as the U.S., and the gap continues to widen. While the Chinese leadership views the move to capitalism as wise, it does present a dilemma for the communist government. As "money worship" continues to rise and individual wealth increases, people will desire more freedom of choice and involvement in decision making, especially when their individual wealth is at stake.<sup>3</sup> While the rise of economic individualism can be peaceful, it can also lead to instability.

Globalization and transnational communication are perhaps greater threats to China's form of governance than verbal assaults from the West. The world governments, to include the U.S., have lost sovereignty over control of communications within their borders. Undeniably, this shift represents a greater threat to regimes that limit the free flow of ideas than to democratic societies. Borders have never been completely impermeable, but now governments can only control a limited range of incoming communications, and then with only temporary

success. With over 90 million Internet users and the number rising daily, this will be a problem of increasing concern for China.<sup>4</sup>

Capitalism and the liberalization of society are resulting in an increase in economic crime such as organized crime, copy write infringement, and the pirating of intellectual property rights. In the area of protecting intellectual property rights, the laws, both international and Chinese domestic laws, are in place but China's government is slow to enforce them. This may come back to haunt China as their economic model sets the regional standard. As the Chinese develop their own technologies, domestic producers who stand to lose considerable profits will pressure the Chinese government for better protection of intellectual property rights. The problem will be that liberated regional neighbors will violate Chinese intellectual property rights in their attempt to duplicate the successful Chinese economic model.<sup>5</sup>

China is the second largest oil consumer in the world and the third largest importer. High oil consumption and high oil importation requirements for the U.S. are significant economic draws on individual and corporate discretionary income; the same is true for China. During the U.S.'s periods of industrial growth, oil prices were relatively low comparatively speaking. China is now in a similar period of growth and oil is more costly and future availability is in question. This situation will either slow China's growth or require China to divert funds and resources from other programs (economic, social, or military) in order to maintain its current economic trend line. China's perception of internal stability and external threats will be the deciding factors on the diversion of economic resources.

China's fixed yuan exchange rate is another area of concern. In 1995 the yuan was fixed to the U.S. dollar at 8.28 yuan. Originally, this created stability during China's early growth period by preventing runaway inflation due to a weak yuan. However, now that China has grown to be a significant player in international trade and currency flows and the yuan has real comparative value, this rigid system distorts the true worth of the yuan in relation to the economies of its trading partners. If investors perceive the value of the yuan as less than its trading value against the dollar, it will involuntarily collapse. This has the potential of damaging the economies of China, her neighbors, and international trading partners by bringing about over-investment based on speculative capital flows, distorted growth projections, declining stock markets, and even a regional economic recession or depression.<sup>6</sup>

Japan, the U.S., and Taiwan represent potential military threats to China. China's old adversary Japan has embarked on a new five-year military build-up plan for 2004-2009 as outlined in Japan's National Defense Programme Outline 2004.<sup>7</sup> Japan now views China and North Korea as its primary regional threats (formerly it was the Soviet Union). Japan's military

plans include increasing force projection capabilities by developing long-range missile technology, shifting forces southward on the mainland, upgrading island airbases, doubling air-refueling capabilities, and doubling its air transport fleet. Additionally, Japan realizes that the U.S. may intervene militarily in the Taiwan Strait and that Japan's security commitments to the U.S. will result in their participation. Furthermore, Japan and China have historical disputes including war reparations, disputed territorial issues (Senkaku Islands), and conflicting interests in the East China Sea concerning oil rights. Taiwan also possesses a significant military force and remains a potential threat to the China mainland. The Chinese perception that Japan is returning to its militaristic past is a significant factor that the U.S. fails to appreciate. This, combined with the Taiwan and U.S. threats weighs heavily on China's strategic overall threat perspective and its decision to modernize its military.<sup>8</sup>

In 1991, following the U.S. lead defeat of the Iraqi Army, Chinese leaders realized their military was obsolete and probably decades behind in its military capabilities. They realized that strategic deterrence based on personnel end strength and China's limited nuclear arsenal (approximately 400 warheads) was a flawed strategy. China decided to improve personnel quality while continuing to drawdown in quantity. Over the last two decades the active component of the Peoples Liberation Army (PLA) has gone from 4.2 million in 1985 to 2.3 million personnel in 2005. China's goal is to turn its active forces into a professional career military. China also embarked on a "capabilities based" modernization plan that includes; new doctrine, modern weapons, new acquisitions, changes in recruiting, and new training standards as part of a professional military education system. China's military expenditures, like the U.S., are based on their perception of the threat. The price tag for modernization will be high, possibly requiring China to divert funds from other much needed social and economic programs.<sup>9</sup>

In addition to these problems, China also suffers from high unemployment which exceeds 20 percent. The government still employs hundreds of thousands of workers in poorly run, unproductive state owned businesses. The state run bureaucracy, the result of decades of communist nepotism, continues to represent a barrier to entrepreneurship. China's controversial "one child" policy enacted to limit China's exploding population growth has resulted in one of the fastest aging populations in the world. China suffers from potential wide spread health pandemics to include the Bird Flu, and China also suffers from wide spread environmental deterioration due to its large industrial based economy.

Within this list of concerns there are many areas of mutual interest for the U.S. and China, the greatest of which is regional stability. The last thing the U.S. needs is another area of major

crisis. The greatest threat to the U.S. is not China as an external challenger, but rather a rapid economic decline or the swift erosion of China's political stability. The current U.S. policy, as discussed in the next section, tends to ignore areas of mutual interest, and explicitly seeks to destabilize China's political stability.

### The U.S.-China Policy

Since the 1970's the relationship between the Peoples Republic of China and the United States is best characterized as one of balance and concern; how best to balance our desire for trade and engagement, and concern over communism and human rights.<sup>10</sup> The source of this confusion is that the U.S. lacks a consensus on how to define our relationship; friend, ally, competitor, partner, or adversary.<sup>11</sup> Over the past four decades, and through an array of disparate U.S. administrations, this dilemma has resulted in an inconsistent and unintegrated U.S.-China policy. There is currently no single document or government source which makes available the U.S. position, strategy, or provides guidance on how Americans should view China. Interested citizens or foreign powers must research a variety of U.S. government sources in order to decipher the U.S. position. While the National Security Strategy (NSS) makes it clear that the U.S. seeks to transform the communist government of China into a democracy, it lacks details describing how this goal will be accomplished.<sup>12</sup> The policy in force is fragmented, elusive, and is proving to be ineffective at achieving the U.S. objective.

While historical events have contributed to this dilemma, U.S. policies and the American economy are also to blame. President Nixon managed to open the door to China in 1972. He worked diligently to develop policies focused on breaking through Sino-U.S. political and trade barriers. His efforts and the sagging Chinese economy lead to the introduction of capitalism in 1978. In 1989 the Tiananmen Square incident threatened to close the door on engagement but the final outcome only resulted in a "show" of economic sanctions which mildly curtailed trade, and only in limited areas<sup>13</sup> Conversely, during this time the U.S. was supporting China in its bid for admission to the World Trade Organization (WTO) and America continued to grant China its Most Favored Nation trade status. From a policy perspective, economics and trade trumped human rights. To add to the political inconsistency, one year after Tiananmen Square the U.S. voted to increase World Bank lending to China which made them the world's largest recipient of World Bank funds even when there were others in greater need. Additionally, since 1978 and the capitalist experiment, the U.S. government, private industry, and the American consumer have continued to support China's explosive economic growth and consequently its military buildup. Today, policymakers complain about China's military buildup which the U.S. supported

through trade, but now also criticize China's successful economic growth. In the 1990's elected officials targeted the loss of U.S. jobs as the main economic problem with China. However, economic concerns are now shifting to the rise in China's energy consumption. In April of 2001, the EP-3 surveillance aircraft collision sparked a diplomatic brawl which lasted several months and ended amiably. Even during this crisis, U.S transnational corporations, in favor of expanded China trade, continued to encourage Chinese businesses to produce increased quantities of U.S. consumer goods. Currently, policymakers, Presidents, and intelligence analysts agonize over when China will become the U.S.'s next military equal/rival. Analysis and speculation about China's growing threat status ramped up immediately following the collapse of the former Soviet Union. During this time the U.S. Intelligence Community and the media were looking for an enemy to replace the Soviet Union, but the perceived threat from China significantly tapered off when the U.S. found a real enemy following the events of September 11, 2001 and the emergence of al Qaeda and radical Islam. Finally, throughout all these endeavors, the role of Taiwan in U.S.-China relations has remained a potential flashpoint for war.

It is clear to many that the U.S.-China policy we have today stems from these historical events. The policies of the U.S. were implemented during each historical era to meet the needs of the immediate situation in accordance with the goals of the administration in power. The result is a disjointed policy of selective containment and selective engagement with an overriding goal of instilling democracy in China. On democratizing China, the NSS is clear; "The United States relationship with China is an important part of our strategy to promote a stable, peaceful, and prosperous Asia-Pacific region ... The democratic development of China is crucial to that future."<sup>14</sup>

With this as the lead objective, the following policy highlights attempt to summarize the current U.S. policy toward China:

- The U.S. seeks democracy in China;<sup>15</sup>
- The U.S. encourages trade and economic prosperity;<sup>16</sup>
- The U.S. encourages greater enforcement of protection of intellectual property rights;<sup>17</sup>
- The U.S. encourages the "U.S. perception" of the Rule of Law;<sup>18</sup>
- The U.S. encourages support in the War on Terrorism;<sup>19</sup>
- The U.S. encourages engagement with North Korea;
- The U.S. encourages improvement in human rights;<sup>20</sup>
- The U.S. encourages improved monetary policies (stop pegging the Yuan to the dollar);

- The U.S. discourages military buildup and long-range missile development;<sup>21</sup>
- The U.S. discourages proliferation of weapons of mass destruction/effect (WMD/E); and<sup>22</sup>
- The U.S. discourages the forced reunification of China and Taiwan.<sup>23</sup>

#### Analysis of the Current U.S.-China Policy

It is difficult to find a consistent policy theme in the relationship between these two nations as we examine the last three decades. The inconsistencies exist for several reasons. During the 1960's China was clearly a major adversary of the U.S., but China feared the Soviet Union's growing regional influence even more than that of the U.S. Three events then occurred; first, the realization that Chinese "collectivism" had clearly failed as an economic model, next, the Sino-Soviet Split, and finally, the development of the Sino-American relationship in 1972. The U.S influence, which replaced that of the Soviet Union, resulted in unforeseen effects that lead China to eventually experiment with capitalism six years later. The experiment continues today. Since this single achievement however, additional change in other areas has been slow. The reasons for the slowdown are understandable, but unacceptable to the U.S. First, Chinese culture operates on a different timetable than American culture. The Chinese measures their history in thousands of years not decades. Second, the U.S. is not China's only strategic international customer. Regional neighbors and other international partners are as important to China as the U.S. Thirdly, U.S. policymakers are indecisive when deciding which sources of national power will bring about change. Economic and trade interests tend to knock the political and military elements of national power out of balance. Lastly, the U.S.'s inconsistent approach to China has failed to provide motivation to the Chinese people to bring about change.

The inconsistent U.S. policy is exasperated by an overly exuberant U.S. perspective that the installation of capitalism in China would change everything, an over reliance on force, an undervaluing of diplomacy, and finally, from the differing views on China afforded by the various U.S. administrations in office since the 1970's. Over the last several decades conservative U.S. administrations, entrenched in the Cold War past, have taken the hard line approach and engaged China from an anti-communist view while liberal administrations, protective of trade labor groups, attacked China on trade and human rights violations. Neither approach has shown progress in bringing about democratic change.

Change in China is motivated by necessity and therefore change must be viewed by the Chinese as beneficial. In the 1960's the Chinese leadership realized that a vast, complex, interconnected economy, even a simplistic one based on collectivism, could not be effectively

run by a centralized government. This contributed to the implementation of capitalism. From the political perspective, this is not the case. The Chinese leaders are firmly in charge of their government and seek international engagement not to weaken their position, but to strengthen it. Speeches from foreign leaders about the failure of communism in the former Soviet Union mean little to the Chinese leadership and even less to the Chinese people. Chinese communism today is not the same as Soviet communism (often referred to as Stalinism) in the last century.<sup>24</sup> Additionally, Mao Zedong entertained major ideological differences of vision and the role of the common man in running the government.

Today, engagement with China from the U.S. perspective consists of the occasional visit by senior officials to lecture China on democracy and complain of trade related issues. The various branches of the U.S. government handle each China issue on an ad hoc basis and formulate their own respective policies. As a result, there is no overall U.S. strategy and policy outlining how to proceed. This approach will not allow the U.S. to achieve its primary goal of establishing a democratic China because it fails to provide a strategy that calculates “ways and means” to achieve the end goal of a peaceful transition to democracy. The current approach also falls short of maximizing the full potential of the relationship between these two great powers because it fails to consider that China also has a vote in the form of a parallel policy toward the U.S. The Chinese policy toward the U.S. (and the international community) should be a critical element in the formulation of the U.S.’s policy. Synchronization of the two policies will significantly enhance the opportunities for success and is the best way to insure any political change is viewed as beneficial by the Chinese people.

#### The China-U.S. Policy

China’s policy toward the U.S. and the international community appears to be one that seeks engagement and reciprocal “mutual trust” by appealing to like minded partners, and to capitalize on those areas of overlapping mutual interest. The means to achieve the end goal are by providing assurances through “confidence-building measures”<sup>25</sup> and by building “mutual trust among countries” and between State Parties.<sup>26</sup> The notion of “confidence-building measures” implies a certain degree of mutual accountability and transparency. The key points of China’s foreign policy captured from China’s U.S. Embassy website are:

[T]he main content and basic principles of [China’s] policy include: safeguarding independence; opposing hegemonism; safeguarding world peace; developing good-neighborly relations; strengthening unity and cooperation amongst third world nations; establishing and developing friendly cooperative ties with all nations on the basis of the Five Principles of Peaceful Coexistence;<sup>27</sup> maintaining a positive attitude toward international cooperation; making energetic

efforts to promote the establishment of a new international order; opposing [the] arms race and promoting the disarmament process; practicing comprehensive opening to the outside world; and actively enhancing the friendly people-to-people contacts throughout the world.” “[I]n state-to-state relations, no lines should be drawn in accordance with social systems and ideology ...”<sup>28</sup>

China’s State Council Information Office states that China practices a “foreign policy of peace.” Above all, the Chinese nation favors “peace and harmony” with all nations; China seeks a “stable international environment of peace for continued development;” China favors “international arms control, disarmament and non-proliferation;” “China will never seek hegemony ...”<sup>29</sup>

From these statements and a review of the source documents, China perceives itself as a great emerging power. Chinese leaders also understand their country remains weak and underdeveloped in many areas. This reality has caused the leadership to turn away from regional alliances. The current strategy is to resist alliances (which could draw China into unwanted obligations and conflict) and approach each unique international situation on a “state-to-state” basis. China views the United Nations (UN) and other international organizations, such as the World Trade Organization (WTO), as the highest authorities on issues of international importance, provided China’s sovereignty is not compromised. Security, both domestically and globally is to be achieved through an “environment of cooperation and mutual trust”<sup>30</sup> and not alliances. According to state documents, the same concept should be applied to all forms of arms control, and non-proliferation of weapons of mass destruction/effect (WMD/E) to include delivery systems. China’s dominant foreign policy goal (which in reality is also its dominant domestic goal) is to sustain peace while the nation continues to strengthen its economic standing and political system which they express as, “socialism with Chinese characteristics.”<sup>31</sup>

#### Recommendation to Improve the U.S.-China Policy

Digesting all that has transpired historically and compounded by the international interdependency affects of globalization, it is obvious that China will continue to represent a unique policy challenge for the United States. Additionally, other changes in the international spectrum such as the war against al Qaeda (and affiliated Islamic radical groups), the diminished threat from the spread of communism, and the unipolar superpower status of the United States, indicate that this may be the opportune time for a change in U.S.-China policy. Instead of viewing China as a strategic challenge; the U.S. should view China as a strategic opportunity. This will require a revised approach that emphasizes direct engagement, cooperative security, and accountability through transparency. Through increased direct

engagement the U.S. can bring about the evolutionary political change it seeks in China and simultaneously through cooperative security arrangements and accountability China and the U.S. can achieve the mutual security they both seek. The components of this U.S. policy consists of six elements which correlate to aspects of China's policy toward the international community and also link the diplomatic, economic, and military elements of national power to U.S. policy.

The first element of any new U.S.-China policy is to change America's perceptions about China's political system. The U.S. State Department must take lead on this effort, and be the single repository for all U.S.-China policy positions. "Socialism with Chinese characteristics" represents a new model for economic and political development which must be clearly understood by the American people. The message should not be one of endorsement, but rather one of understanding and acceptance. Recognition of China's legitimate right to the government of its choosing is critical. Additionally, China's communism does not represent the Cold War communism of the former Soviet Union. This reeducation process will require inward reflection and will mean adjusting American's old world anti-communist mentalities of isolation and containment. Isolation and containment policies were uniquely designed for the Soviet Union problem set. The Soviet Union was a valid, documented, evil empire on every level in that it measured progress by Soviet expansion. At that time the U.S policy was necessary in order to contain Stalinism and a view of the world dominated by a single totalitarian communist regime. Today, in order to have an effective China policy, U.S. policymakers and the American people must come to terms with reality and accept Chinese communism as different on three levels; it is non-threatening to America, it offers economic freedoms to its people, and it is a functioning and contributing member of a number of major international organizations.

The second element concerns economics. In China, it is economic freedom, not political freedom, which is the driving force behind China's progress, and it is greater economic freedom that will gradually improve individual freedoms and advance human rights. China's new model promotes economics first, and downplays the political element; the current unsuccessful U.S. model for change in China emphasizes political change first and economic change as secondary. It is increased economic integration that will eventually advance the goals of the U.S. in China to include advancements in civil liberties. Therefore, the U.S. should reverse its approach and promote greater economic development and integration first and gradual political change second. China, with its current form of governance will most likely persist for an extended time, but through capitalism and increased integration of the two economies the U.S.'s

desired change will eventually occur. In order for that change to be favorable to America, the U.S. should be assisting and not resisting China's progress.

The third element concerns the U.S. policy toward Taiwan. No where else in the world does the U.S. recognize two sovereign states that claim to be one. The U.S.'s involvement to this point has been necessary and productive at possibly preventing conflict. Now, the U.S.'s involvement is only serving to delay a settlement. The Taiwan question is an internal Chinese issue and no longer concerns the U.S. The two parties are working to resolve this issue peacefully and probably will over time. While acceptance by the U.S. of the One China Policy is a positive first step, the U.S. now needs to take the additional step and discontinue reconnaissance flights off of mainland China and halt military exercises with Taiwan. While economic contacts with Taiwan should continued, military-to-military contacts between the U.S. and Taiwan should end. These contacts do more harm than good by eroding trust with China, exasperating tensions, adversely impacting engagement opportunities, and delaying a possible settlement.

The fourth element of the new policy is to increase transparency and engagement (social, military, and diplomatic). This is the best way to break through the barriers of cultural, security, and political ideological differences. China, unlike the Soviet Union, does not seek expansion or hegemony, but seeks cooperative coexistence, stability, and security through contact and engagement. As an open democratic society, U.S. officials should aggressively welcome these overtures and then test Chinese officials to see how open they will be. When Chinese government documents state that China wants to "establish and develop friendly cooperative ties" U.S. officials should push China to establish ties in as many categories as possible. This includes expanding the National Defense Authorization Act of 2000<sup>32</sup> which allows limited military education exchanges with senior members of the People's Liberation Army (PLA). For example, Chinese military officers should be invited to attend the U.S. Army War College and the other senior service schools. In return, U.S. officials should engage senior officers in the PLA to seek permission to attend PLA senior and mid-level military institutions. Establishing relationships between mid-grade officers and noncommissioned officers is equally important as senior officer exchanges when taking the long-term approach to engagement. Additionally, both nations should exchange order of battle data and military assurances to insure there is no confusion or misinterpretation of hostile military intent. This should be followed up with military contacts and compliance visits to insure accountability on both sides. Additionally, the U.S. should promote student exchange programs and push to have more American college students attending Chinese universities, to include offering incentives to American students to apply to

these schools. Chinese students are already coming to U.S. universities in droves, but the exchange at all levels must go both ways in order to be effective. Finally, senior U.S. and Chinese policymakers should establish a program of regular exchanges to work out bilateral policy issues unrelated to those areas governed by international organizations.

The fifth element is to increase the U.S.'s utilization of the UN, WTO, the World Bank, and the International Monetary Fund to promote the U.S. position on international trade and policy issues with China. It is clear from Chinese documents and statements that China puts a great deal of creditability in these organizations. The U.S. should leverage this and use its considerable status in these organizations to increase dialogue to promote the U.S. position. Significant change can be achieved by linking human rights and environmental concerns to trade and investment. However, the U.S. should not single out China in its overall economic policy in order to achieve other goals unrelated to trade and commerce. Instead, it should develop its multilateral labor and human rights programs with respect for all international partners and promote those programs through these international organizations.

The final element of the new policy is to develop an information campaign plan directed at the people of China using the model established by former President Reagan. His method of dealing with the Soviet Union was to use public diplomacy and talk directly to the Soviet people about America and democracy in lieu of state-to-state dialogue directed at the Soviet leadership. Addressing the Chinese people will be effective because it is the Chinese people who have everything to gain from democratic change; those in power will resist democratic change because they have nothing to gain and everything to lose. The U.S. must take advantage of the impact globalization is having on China and speak to the Chinese people at the working-class level to bring about gradual peaceful change. The U.S. goal should be to encourage the development of grass-roots political groups and organizations whose first purpose would be to peacefully increase personal and economic freedoms followed by the eventual promotion of a representative government with Chinese characteristics. For this plan to be effective it will take considerable time; perhaps two generations and a great deal of effort by the U.S. and the international community. Gradual change as opposed to rapid change is critical. Changing the political system in China must be accomplished slowly in order for it to be a peaceful transition. The rapid democratization of China is filled with dangerous possibilities. Democracy empowers disaffected minorities to speak out and assert themselves along ethnic, religious, or cultural lines. This may embolden formerly dominated groups, such as the Uigurs (a Muslim Chinese minority), to lash out at former government representatives.<sup>33</sup> Keeping things in perspective, Western democratic principles of government, and the rule of law (with

intervening episodes of dictatorship and fascism) took centuries to emerge in Europe and North America.<sup>34</sup> Therefore, America must take the long-view with changing China just as it did with the former Soviet Union. This policy promotes the expanded use of soft power (the ability to attract others by the legitimacy of policies and values that underlie them) as a means and reverses the emphasis on political and military power to achieve ends.<sup>35</sup> We must assume that the majority of the Chinese people are in favor of their present form of government since, for many, it is all they have known. Rapid top down change, even if the leadership were in favor of it, could destabilize society and lead to economic collapse or civil war. As well as evolutionary, this campaign must also be overt (the U.S. must maintain transparency with China in all aspects) and the message focused to provide positive examples to the people of China on how democracy, like capitalism, will improve life by empowering society through a participative and representative government.

### Conclusion

While the borders separating the respective economic and political systems of China and the U.S. have not been totally eroded, globalization is creating a slowly growing reality of mutual interdependence. Changes derived from this global integration have been and will continue to be incremental and evolutionary in nature since solutions to problems created by global interconnectivity are derived from the unique aspects of the two different political and economic systems. It is the areas of mutual interdependence and mutual benefit within these systems that the U.S. should concentrate her efforts in developing a new U.S.-China policy. While the U.S. currently seeks to control outcomes in China by dictating political solutions based on its imperfect model, a better solution would be to develop a policy of open engagement and cooperative security (with transparency and accountability) that would gradually break down U.S. and Chinese cultural, social, and political barriers. Through increased engagement, encouragement through public diplomacy, security cooperation arrangements, and by setting an example the Chinese “may” wish to emulate, the U.S. stands a much greater chance of eventually democratizing China.

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