



Managing Insecurities Across the Pacific

As the United States Refocuses on Asia, it Must Address China's Increasing Suspicions and Its Own Economic Insecurity

Nina Hachigian February 2012

Introduction and summary

President Barack Obama signaled to the world last year that 2012 marks the beginning of a new chapter for the United States in its long history of involvement in Asia and the Pacific. Each day of the president's trip to the region in November illustrated America's renewed focus. Here was President Obama hosting Asian nations in Hawaii to sign trade deals, there he was in Australia giving a major speech to Parliament and announcing a new basing arrangement, and there he was in Bali, Indonesia, attending the East Asia summit, the first U.S. president ever to do so.

Taken together, these steps spoke to the American public about a new chapter in our foreign policy now unfolding after a decade of preoccupation with wars in the Middle East. This story tells of progress, not retrenchment; hope, not fear; opportunity, not threat. The future is in Asia, and America is going to be a part of it. A rebalancing toward America's Pacific priorities is long overdue.

This shift, however, is also intensifying insecurities in Asia's biggest economic power, China. Each of President Obama's appearances, as well as the many other Asia initiatives announced alongside by members of his administration, confirmed for many observers in China the deep and pervasive, though inaccurate, conviction that America wants to check China's economic growth, contain its geopolitical ambitions, and keep it down.

Containment has not been the policy of any U.S. president since relations with China were normalized 40 years ago, and it is not the policy of the Obama administration. President Obama was right when he said that we do not fear China. But there are many workers across our nation who do feel they are slipping behind because of China's success, and some politicians who would like to play on American fears about the future by presenting a simple narrative about China instead of doing the hard work of getting our own economic house in order.

Americans should also not forget: many in China do fear us. A variety of factors feed these insecurities in China. Many in the country's various policy circles

believe that, because of the very structure of the international system, a dominant power like the United States will feel threatened by China's increasing strength and will, inevitably, seek to keep it down. Lingered feelings of insecurity from the "century of humiliation," when China was exploited by Western powers, is another source of suspicion. Militarily, America's capacity dwarfs China's.

The unelected leaders of China stoke these fears and insecurities to build feelings of binding nationalism, to remind their citizens that the Chinese Communist Party ended China's chaos and exploitation, and sometimes to redirect scrutiny away from their own conduct. The meme of American containment is reinforced continually in the state-run media.

Concern about U.S. intentions is more understandable in the context of Chinese preoccupation with numerous, massive domestic challenges, any one of which could develop into a major calamity. Among them:

- Endemic corruption
- A dramatic shortage of clean water
- Debilitating air pollution in many cities
- A collapsing real estate bubble
- Growing wealth inequality
- A huge, internal migrant population
- A future aging crisis that has been called a "demographic tsunami"

China's leaders also sit atop an ultimately flawed political system that for many reasons—including central government's inability to keep careful track of what the provincial and local governments are doing—makes it difficult to respond to growing local protests related to many of these problems. China's leaders, in short, do not perceive China as the invincible giant that many Americans see. They see potential chaos around every corner.

While America's domestic challenges are less daunting, many Americans are nonetheless feeling insecure about their own economic futures amid today's slow-moving recovery. The specter of China's rapid growth throws America's troubles into sharp relief. To cope with our own economic problems we must keep the pressure on Beijing to play by the rules, but we must also find a political consensus at home for needed investments in America's economy. To build a prosperous middle class, we need to invest in the crown jewel of the American economy—innovation— as well as infrastructure, education and other programs. These steps

China's leaders,
in short, do not
perceive China
as the invincible
giant that many
Americans see.
They see potential
chaos around
every corner.

will rebuild our nation's global competitive edge and prepare the United States to thrive in a century with a larger number of prospering nations on the world stage.

China is not the only country that is growing more competitive in the global economy. India, Brazil, Indonesia, and others are also gaining strength. No matter how level the playing field is, America cannot be successful if its team is not in shape.

The United States clearly has to up its game. America needs investments in primary education—especially in math and science—R&D spending, infrastructure, and green energy, among other areas. The good news is that the need for these investments becomes more clear by the day and many of our policymakers are focused on the problem. The bad news is that many conservatives continue to advocate for cuts in these very areas.

Until America is back on track, continued economic insecurity in our country will lead many Americans to see China as more of a predatory, unstoppable economic engine than it is. This misperception will combine with China's insecurity about American intentions, causing, in turn, more Chinese to see America as a predatory, unstoppable political and military machine that wants to contain it. This dangerous dynamic will make for a more tense and less productive U.S.-China relationship.

So in addition to investing at home, the United States needs to continue managing heightened suspicions of U.S. intentions in China. This is wise policy for several reasons. First of all, perceived U.S. aggression strengthens nationalist hardliners in China. The United States should not give this political faction any assistance in the power struggle as China undergoes its once-a-decade leadership transition.

Moreover, America needs China's assistance on some key economic and national security challenges. Increasing mistrust and uncertainty only make these challenges more difficult. Rebalancing the global economy and developing clean energy are joint projects. And U.S. officials have been somewhat pleased with Chinese cooperation on Iran, for example, because even though Beijing has resisted stronger U.N. sanctions, it has not expanded major energy investments in Iran and has recently cut oil imports. North Korea's nuclear program is a shared challenge, and no solution to climate change is possible without China's full participation.

With China's next likely president, Vice President Xi Jinping, set to visit Washington later this month, the Obama administration and congressional leaders will have the opportunity to demonstrate that the United States welcomes a prosperous

The United States
needs to continue
managing
heightened
suspicions of
U.S. intentions in
China.

China. Indeed, a growing China is far better for the United States than a failing one, especially given a global economy struggling to get back on its feet.

At the same time, of course, U.S. officials must raise the many concerns Americans have about Chinese behavior including unfair trading practices, cyberespionage, and human rights abuses. What is best for the United States, and China, is a prosperous China that follows international norms and rules.

This report sets out a path for managing insecurities across the Pacific. First, the paper will trace a brief history of U.S.-China relations over the past two years, then explore the reasons for suspicions of U.S. intentions in China, then briefly examine some U.S. concerns about China before presenting some concrete policy proposals to manage the U.S. -China relationship. Briefly, among other steps, this report recommends that the United States:

- Continue to ramp up in Asia but assure China about the importance of the U.S.-China relationship and the desire for the United States to see a prosperous China
- Grow military-to-military contacts and channels between the United States and China
- Make progress on cybersecurity, with common rules of the road for criminal hacking and other egregious conduct where the two sides see eye-to-eye, so that this subject can begin to be broached
- Continue not to take a position on the underlying territorial claims in the South China Sea while advocating for a peaceful process consistent with international law to resolve them
- Ensure that U.S. allies in Asia invest adequately in their own defense
- Be acutely aware of triggering a self-perpetuating cycle of mutually escalating defense spending when broadening military posture in the Asia-Pacific region
- Better publicize the mutually beneficial cooperation taking place between the United States and China
- Continue to ramp up student exchanges and tourism in the United States to increase cross-cultural understanding and, in the case of tourism, to create American jobs

- Keep the pressure on China to move to more a domestic consumption-led growth economic model and abide by international trade rules to create a level-playing field
- Encourage Chinese foreign direct investment that does not trigger national security concerns to create American jobs

Finally, U.S. investments in its own future will allow America to continue to thrive alongside a more prosperous China.

Above all, Americans should not lose sight of the big picture. China is here to stay. Its civilization has been around for thousands of years and whether it continues to grow stronger, or stumbles from its many internal problems, it will keep on being there, right across the Pacific. America has to play the long game when it comes to China. As part of America's important and enduring role in the region, we have to get China policy right, not just for this month or year, but for this decade and century. We will be rivals and partners for the foreseeable future. In this way the U.S.-China relationship is more like an acrimonious marriage than it is like a one-off boxing match. We are interdependent, mutually mistrustful, and stuck with one another for good.

America has to
play the long game
when it comes
to China.

The Center for American Progress is a nonpartisan research and educational institute dedicated to promoting a strong, just, and free America that ensures opportunity for all. We believe that Americans are bound together by a common commitment to these values and we aspire to ensure that our national policies reflect these values. We work to find progressive and pragmatic solutions to significant domestic and international problems and develop policy proposals that foster a government that is “of the people, by the people, and for the people.”

