US-China Transpacific Foundation

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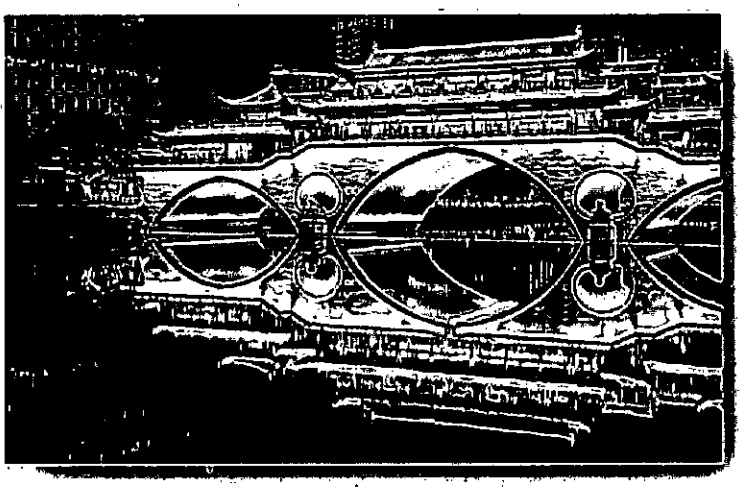
Chinese People's Institute of Foreign Affairs

Congressional Staff Delegation to China

August 2018

Briefing Book – Part 1



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Draft Itinerary for Congressional Staff Trip 20180803-20180812

Date	Day	Location	Time Period	Time	Activity Type	Activity
3-Aug	Friday	Washington DC			Flight	Departure
4-Aug	Saturday	Beijing	CA818, ETA18:25		Flight	Arrival
5-Aug	Sunday	Beijing	Morning	09:30-11:00	Cultural Visit	Visit Great Wall
			Afternoon	14:30-17:00	Cultural Visit	Visit The Palace Museum & Tiananmen Square
6-Aug	Monday	Beijing	Morning	09:00-11:00	Official Visit	Briefing at American Embassy
				11:30-12:30	Official Visit	Visit The Department of North American and Oceanian Affairs (Foreign Ministry)
			Afternoon	13:00-14:00	Official Visit	Meeting and lunch with CPIFA
				14:30-16:30	Institutional Visit	Discussion session with China International Institute for Strategic Studies (CIISS)/ CITIC Foundation for Reform and Development Studies
			Evening	17:30-20:00	Cultural Visit	Visit Xiushui Street (Silk Market)/Enjoy Peking Roast Duck
7-Aug	Tuesday	Beijing – Mianyang	CA1453, 10:30-13:25	10:30-13:25	Flight	Fly to Mianyang
		Mianyang	Afternoon	15:30-16:30	Institutional Visit	Visit Mianyang High-tech Industrial Development Zone (state-level)
				17:00-17:50	Institutional Visit	Visit Sichuan Changhong Electronic Ltd Co
		Mianyang – Chengdu	G307, 18:58-19:42	18:58-19:42	High Speed Rail	Travel to Chengdu
8-Aug	Wednesday	Deyang	Morning	09:30-11:00	Cultural Visit	Visit Sanxingdui
			Afternoon	12:00-14:30	Official Visit	Lunch with Mianyang City Government and speak on Poverty Alleviation
				15:30-17:00	Institutional Visit	Visit Sichuan Jiannanchun Group
				17:15-19:00	Cultural Visit	Visit Year Paintings Village and dinner at local destination
9-Aug	Thursday	Chengdu	Morning	09:00-11:00	Official Visit	Visit Sichuan Provincial People's Congress
			Afternoon	13:00-15:00	Official Visit	Visit Chengdu City CPPCC
				15:30-17:30	Institutional Visit	Visit New Hope Group
			Evening	19:00-20:00	Cultural Visit	Enjoy Magical Face Changing in Sichuan Opera
10-Aug	Friday	Chengdu	Morning	09:00-11:30	Institutional Visit	Visit Amcham in Southwest China
			Afternoon	14:00-17:00	Cultural Visit	Visit Jianchuan Museum Cluster
			Evening	18:30-20:00	Cultural Visit	Visit Chunxi Road/Dingtaifeng Dinner
11-Aug	Saturday	Chengdu	Morning	09:00-11:00	Cultural Visit	Visit Panda Breeding and Research Center
		Chengdu – Beijing	CA1416, 14:15-17:05	14:15-17:05	Flight	Fly to Beijing
12-Aug	Sunday	Beijing-- Washington DC	CA817, ETD12:45	12:45-14:35	Flight	Fly to Washington D.C.

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Beijing

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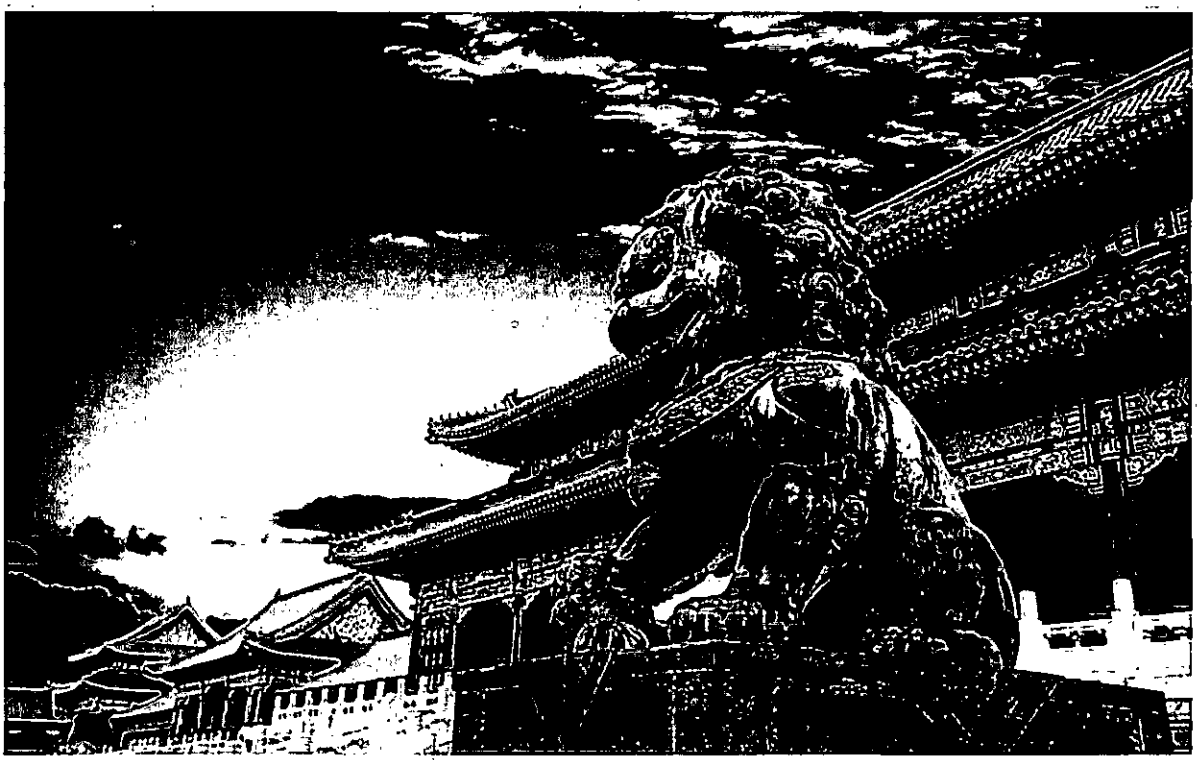

Beijing, sometimes romanized as **Peking**,[6] is the capital of the People's Republic of China and one of the most populous cities in the world. The population as of 2013 was 21,150,000. The city proper is the 3rd largest in the world.[7] The metropolis, located in northern China, is governed as a direct-controlled municipality under the national government, with 14 urban and suburban districts and two rural counties.[8]Beijing Municipality is surrounded by Hebei Province with the exception of neighboring Tianjin Municipality to the southeast.[9]

Beijing is the second largest Chinese city by urban population after Shanghai and is the nation's political, cultural, and educational center.[10]It is home to the headquarters of most of China's largest state-owned companies, and is a major hub for the national highway, expressway,railway, and high-speed rail networks. The Beijing Capital International Airport is the second busiest in the world by passenger traffic.[11]

The city's history dates back three millennia. As the last of the Four Great Ancient Capitals of China, Beijing has been the political center of the country for much of the past eight centuries.[12] The city is renowned for its opulent palaces, temples, parks and gardens, tombs, walls and gates,[13] and its art treasures and universities have made it a center of culture and art in China.[13] *Encyclopædia Britannica* notes that "few cities in the world have served for so long as the political headquarters

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and cultural centre of an area as immense as China."[14] Beijing has seven UNESCO World Heritage Sites – the Forbidden City, Temple of Heaven, Summer Palace, Ming Tombs, Zhoukoudian, Great Wall, and the Grand Canal.[15]

History

The earliest traces of human habitation in the Beijing municipality were found in the caves of Dragon Bone Hill near the village of Zhoukoudian in Fangshan District, where Peking Man lived. *Homo erectus* fossils from the caves date to 230,000 to 250,000 years ago. Paleolithic *Homo sapiens* also lived there more recently, about 27,000 years ago.[21] Archaeologists have found neolithic settlements throughout the municipality, including in Wangfujing, located in downtown Beijing.

By the 15th century, Beijing had essentially taken its current shape. It is generally believed that Beijing was the largest city in the world for most of the 15th, 16th, 17th, and 18th centuries.[35] The first known church was constructed by Catholics in 1652 at the former site of Matteo Ricci's chapel; the modern Nantang Cathedral was later built upon the same site.[36]

During the Second Opium War, Anglo-French forces captured the city, looting and burning the Old Summer Palace in 1860. Under the Convention of Peking ending that war, Western powers for the first time secured the right to establish permanent diplomatic presences within the city. In 1900, the attempt by the "Boxers" to eradicate this presence, as well as Chinese Christian converts, led to Beijing's reoccupation by foreign powers.[39] During the fighting, several important structures were destroyed, including the Hanlin Academy and the (new) Summer Palace.

Republic

The fomenters of the Xinhai Revolution of 1911 sought to replace Qing rule with a republic and leaders likeSun Yat-sen originally intended to return the capital to Nanjing. After the Qing general Yuan Shikai forced the abdication of the last Qing emperor and ensured the success of the revolution, the revolutionaries accepted him as president of the new Republic of China. Yuan maintained his capital at Beijing and quickly consolidated power, declaring himself emperor in 1915. His death less than a year later[40] left China under the control of the warlords commanding the regional armies. Following the success of theNationalists' Northern Expedition, the capital was formally removed to Nanjing in 1928. On 28 June the same year, Beijing's name was returned to Beiping (written at the time as "Peiping").[10][41]

During the Second Sino-Japanese War,[10] Beiping fell to Japan on 29 July 1937[42] and was made the seat of the Provisional Government of the Republic of China, a puppet state that ruled the ethnic-

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Chinese portions of Japanese-occupied northern China.[43] This government was later merged into the larger Wang Jingwei government based in Nanjing.[44]

People's Republic

In the final phases of the Chinese Civil War, the People's Liberation Army seized control of the city peacefully on 31 January 1949 in the course of the Pingjin Campaign. On 1 October that year, Mao Zedong announced the creation of the People's Republic of China from atop Tian'anmen. He restored the name of the city, as the new capital, to Beijing,[45] a decision that had been reached by the Chinese People's Political Consultative Conference just a few days earlier.

In the 1950s, the city began to expand beyond the old walled city and its surrounding neighborhoods, with heavy industries in the west and residential neighborhoods in the north. Many areas of the Beijing city wall were torn down in the 1960s to make way for the construction of the Beijing Subwayand the 2nd Ring Road.

During the Cultural Revolution from 1966 to 1976, the Red Guard movement began in Beijing and the city's government fell victim to one of the first purges. By the fall of 1966, all city schools were shut down and over a million Red Guards from across the country gathered in Beijing for eight rallies in Tian'anmen Square with Mao.[46] In April 1976, a large public gathering of Beijing residents against the Gang of Four and the Cultural Revolution in Tiananmen Square was forcefully suppressed. In October 1976, the Gang was arrested in Zhongnanhai and the Cultural Revolution came to an end. In December 1978, the Third Plenum of the 11th Party Congress in Beijing under the leadership of Deng Xiaoping reversed the verdicts against victims of the Cultural Revolution and instituted the "policy of reform and opening up."

Since the early 1980s, the urban area of Beijing has expanded greatly with the completion of the 2nd Ring Road in 1981 and the subsequent addition of the 3rd, 4th, 5th and 6th Ring Roads.[47][48] According to one 2005 newspaper report, the size of newly developed Beijing was one-and-a-half times larger than before.[49] Wangfujing and Xidan have developed into flourishing shopping districts,[50] while Zhongguancun has become a major center of electronics in China.[51] In recent years, the expansion of Beijing has also brought to the forefront some problems of urbanization, such as heavy traffic, poor air quality, the loss of historic neighborhoods, and a significant influx of migrant workers from less-developed rural areas of the country.[52]Beijing has also been the location of many significant events in recent Chinese history, principally the Tiananmen Square protests of 1989[53] and the2008 Summer Olympics. This city was awarded to host the 2015 World Championships in Athletics.[54]

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Economy

Wangfujing Street is one of the busiest shopping streets in Beijing with nearly 100,000 visitors daily (August 2008). The sale of consumer goods both retail and wholesale accounted for about ⅞ of Beijing's economic output in 2013.[85]

Beijing's economy ranks among the most developed and prosperous in China. In 2013, the municipality's nominal gross domestic product (GDP) was CN¥1.95 trillion (US$314 billion), about 3.43% of the country's total output, and ranked 13th among province-level administrative units.[86] Per capita GDP, at CN¥93,213 (US$15,051) in nominal terms and Int$21,948 at purchasing power parity, was 2.2 times the national average and ranked second among province-level administrative units.[87] The economy tripled in size from 2004 to 2012,[88] and grew at an annual rate of 7.7% in 2013.[85]

Due to the concentration of state owned enterprises in the national capital, Beijing in 2013 had more Fortune Global 500 Company headquarters than any other city in the world.[88] The city also ranked No. 4 in the number of billionaire residents after Moscow, New York and Hong Kong.[88] In 2012, PricewaterhouseCoopers rated Beijing's overall economic influence as No. 1 in China.[89]

Demographics

In 2013, Beijing had a total population of 21.148 million within the municipality, of which 18.251 million resided in urban districts or suburban townships and 2.897 million lived in rural villages.[85] Within China, the city ranked second in urban population after Shanghai and the third in municipal population after Shanghai and Chongqing. Beijing also ranks among the most populous cities in the world, a distinction the city has held for much of the past 800 years, especially during the 15th to early 19th centuries when it was the largest city in the world.

About 13 million of the city's residents in 2013 had local *hukou* permits, which entitles them to permanent residence in Beijing.[85] The remaining 8 million residents had *hukou* permits elsewhere and were not eligible to receive some social benefits provided by the Beijing municipal government.[85]

The population increased in 2013 by 455,000 or about 7% from the previous year and continued a decade-long trend of rapid growth.[85] The total population in 2004 was 14.213 million.[99] The population gains are driven largely by migration. The population's rate of natural increase in 2013 was a mere 0.441%, based on a birth rate of 8.93 and a mortality rate of 4.52.[85] The gender balance was 51.6% males and 48.4% females.[85]

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Working age people account for nearly 80% of the population. Compared to 2004, residents age 0–14 as a proportion of the population dropped from 9.96% to 9.5% in 2013 and residents over the age of 65 declined from 11.12% to 9.2%.[85][99]

According to the 2010 census, nearly 96% of Beijing's population are ethnic Han Chinese.[100] Of the 800,000 ethnic minorities living in the capital, Manchu(336,000), Hui (249,000), Korean (77,000), Mongol (37,000) and Tujia (24,000) constitute the five largest groups.[101] In addition, there were 8,045 Hong Kong residents, 500 Macau residents, and 7,772 Taiwan residents along with 91,128 registered foreigners living in Beijing.[100] A study by the Beijing Academy of Sciences estimates that in 2010 there were on average 200,000 foreigners living in Beijing on any given day, including students, business travelers and tourists, who are not counted as registered residents.[102]

From 2000 to 2010, the percentage of city residents with at least some college education nearly doubled from 16.8% to 31.5%.[100] About 22.2% have some high school education and 31% had reached middle school.[100]

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Chengdu

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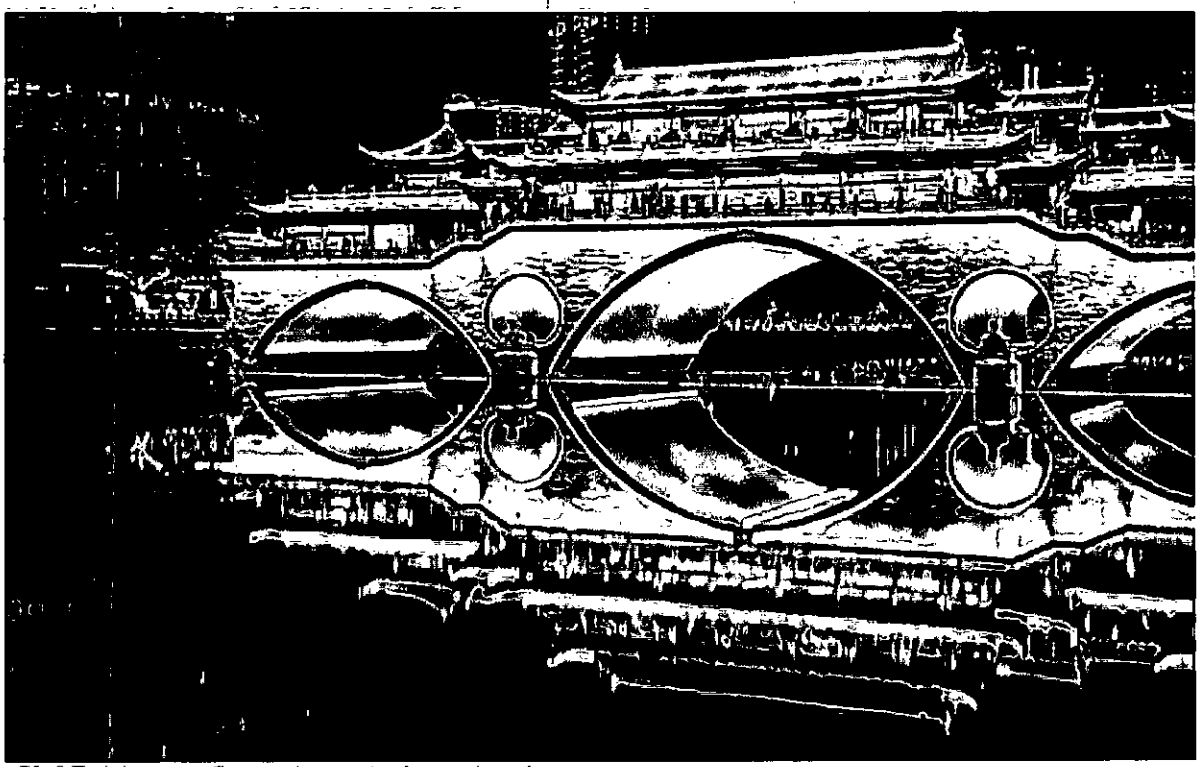

Chengdu ([tsʰə̌n.tú], formerly romanized as **Chengtu**, is a sub-provincial city which serves as the capital of China's Sichuan province. It is one of the three most populous cities in Western China, the other two being Chongqing and Xi'an. As of 2014, the administrative area houses 14,427,500 inhabitants, with an urban population of 10,152,632. At the time of the 2010 census, Chengdu was the 5th-most populous agglomeration in China, with 10,484,996 inhabitants in the built-up area including Xinjin County and Deyang's Guanghan City.

The surrounding Chengdu Plain is also known as the "Country of Heaven" (Chinese: 天府之国; pinyin: *Tiānfǔ zhī Guó*) and the "Land of Abundance". Its prehistoric settlers included the Sanxingdui culture. Founded by the state of Shu prior to its incorporation into China, Chengdu is unique as a major Chinese settlement that has maintained its name (nearly) unchanged throughout the imperial, republican, and communist eras. It was the capital of Liu Bei's Shu during the Three Kingdoms Era, as well as several other local kingdoms during the Middle Ages.[*citation needed*] After the fall of Nanjing to the Japanese in 1937, Chengdu briefly served as the capital of China. It is now one of the most important economic, financial, commercial, cultural, transportation, and communication centers in Western China. Chengdu Shuangliu International Airport, a hub of Air China and Sichuan Airlines is one of the 30 busiest airports in the world, and Chengdu Railway Station is one of the six biggest in China. Chengdu also hosts many international companies and more than 12 consulates. More than 260 Fortune 500 companies have established branches in Chengdu.

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History

Early history

Archaeological discoveries at the Sanxingdui and Jinsha sites have established that the area surrounding Chengdu was inhabited over four thousand years ago. At the time of China's Xia, Shang, and Zhou dynasties, it represented a separate ancient bronze-wielding culture which—following its partial sinification—became known to the Chinese as Shu.[13][14] In the early 4th century BC, the ninth king of Shu's Kaiming dynasty relocated from nearby Pi County, giving his new capital the name Chengdu. Shu was conquered by Qin in 316 BC and the settlement refounded by the Qin general Zhang Yi. (A Chinese legend explains the town's nickname "Turtle City" by claiming Zhang planned the course of his city walls by following a turtle's tracks.) Although he had argued against the invasion, the settlement thrived and the additional resources from Sichuan helped enable the First Emperor of Qin to unify the Warring States which had succeeded the Zhou.

Imperial era

Under the Han, the brocade produced at Chengdu became fashionable and was exported throughout China. A "Brocade Official" (錦官, *jinguan*) was established to oversee its quality and supply. After the fall of the Eastern Han, Liu Bei ruled Shu, the southwestern of the Three Kingdoms, from Chengdu. His minister Zhuge Liang called the area the "Land of Abundance". Under the Tang, Chengdu was considered the second most prosperous city in China after Yangzhou.[b] Both Li Bai and Du Fu lived in the city. Li Bai praised it as "lying above the empyrean". The city's present Caotang ("Grass Hall") was constructed in 1078 in honor of an earlier, more humble structure of that name erected by Du Fu in 760, the second year of his 4-year stay. The Taoist Qingyang Gong ("Green Goat Temple") was built in the 9th century.

Chengdu was the capital of Wang Jian's Former Shu from 907 to 925, when it was conquered by the Later Han. The Later Shu was founded by Meng Zhixiang in 934, with its capital at Chengdu. Its King Mengchang beautified the city by ordering hibiscus to be planted upon the city walls.

The Song conquered the city in 965 and used it for the introduction of the first widely used paper money in the world. Su Shi praised it as "the southwestern metropolis". At the fall of the Song, a rebel leader set up a short-lived kingdom known as Great Shu (大蜀, *Dàshǔ*). The Mongols sacked Chengdu in 1279 with a general slaughter that Horner estimated at over a million.[15] During their Yuan dynasty, Marco Polo visited Chengdu[9][16] and wrote about the Anshun Bridge or an earlier version of it.[c]

At the fall of the Ming, the rebel Zhang Xianzhong established his Great Western Kingdom (大西) with its capital at Chengdu; it lasted only from 1643 to 1646.[d] Zhang was said to have massacred large number of people in Chengdu and throughout Sichuan. In any case, Chengdu was said to have become a virtual ghost town frequented by tigers[17] and the depopulation of Sichuan necessitated the resettlement of millions of people from other provinces during the Qing dynasty. Following the Columbian Exchange, the Chengdu Plain became one of China's principal sources of tobacco. Pi County was considered to have the highest quality in Sichuan, which was the center of the country's cigar and cigarette production, the rest of the country long continuing to consume snuffinstead.[10]

Modern era

In 1911, Chengdu's branch of the Railway Protection Movement helped trigger the Wuchang Uprising, which led to the Xinhai Revolution that overthrew the Qing dynasty.[18][19]

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During World War II, the capital city of China was forced to move inland from Nanjing to Wuhan in 1937 and from Wuhan to Chengdu, then from Chengdu to Chongqing in 1938, as the Kuomintang (KMT) government under Generalissimo Chiang Kai-shek ultimately retreated to Sichuan to escape from the invading Japanese forces. They brought with them into Sichuan business people, workers and academics, who founded many of the industries and cultural institutions which continue to make Chengdu an important cultural and commercial production center. Chengdu had become a military center for the KMT to regroup in the War of Resistance, and while out of reach of the Imperial Japanese ground forces and escort fighter planes, the then highly advanced twin-engine long-ranged G3M "Nell" medium bombers were routinely flown in to conduct massive aerial bombardments of both civilian and military targets in Chongqing and Chengdu;[20] the massed formation of the G3M bombers provided heavy firepower against Chinese fighter planes assigned to the defense of Chongqing and Chengdu, which continued to cause problems for the Japanese attacks.[21][22] However, in late 1940, unbeknownst to the Americans and European allies, the Imperial Japanese appeared in the skies over Chongqing and Chengdu with the world's most advanced fighter plane at the time: the A6M "Zero" fighter that dominated the skies over China against the increasingly obsolete Russian-made Polikarpov I-15/I-153s and I-16s that were the principal fighter planes of the Chinese Nationalist Air Force; that which would later prove to be a rude awakening for the Allied forces in the Pacific War following the attack on Pearl Harbor.[23] One of the first American ace fighter pilots of the war and volunteer for the Chinese Nationalist Air Force, Major Wong Sun-shui (nicknamed "Buffalo" by his comrades) died as a result of battling the Zero fighters in defense of Chengdu on 14 March 1941.[24][25]

In 1944, the American XX Bomber Command launched Operation Matterhorn, an ambitious plan to base B-29 Superfortresses in Chengdu and strategically bomb the Japanese Home Islands.[26] The Operating base was located in Xinjin Airport in the southwestern part of the Chengdu metropolitan area.[27][28] Because the operation required a massive airlift of fuel and supplies over the Himalayas, it was not a significant military success, but it did earn Chengdu the distinction of launching the first serious retaliation against the Japanese homeland.[29]

During the Chinese Civil War, Chengdu was the last city on the Chinese mainland to be held by the Kuomintang. President Chiang Kai-shek and his son Chiang Ching-kuo directed the defence of the city from Chengdu Central Military Academy until 1949, when the city fell into Communist hands. The People's Liberation Army took the city without any resistance after a deal was negotiated between the People's Liberation Army and the commander of the KMT Army guarding the city. On 10 December the remnants of the Nationalist Chinese government evacuated to Taiwan.[30][31]

The industrial base is very broad, including light and heavy manufacturing, aluminum smelting and chemicals. The textile industry remains important, with cotton and wool milling added to the traditional manufacturing of silk brocade and satin.

Chengdu is the headquarters of the Chengdu Military Region. Until the end of the year 2015, due to the revocation of military reform in Chengdu, West Theater is founded and Headquarter is stationed in Chengdu.

The Chengdu Tianfu District Great City is a sustainable planned city that will be outside of Central Chengdu, and is expected to be completely built later in the decade. The city is also planned to be self-sustaining, with every residence being a two-minute walk from a park.[32]

Economy

China's state council has designated Chengdu as the country's western center of logistics, commerce, finance, science and technology, as well as a hub of transportation and communication. It is also an important base for manufacturing and agriculture.

According to the World Bank's 2007 survey report on global investment environments, Chengdu was declared "a benchmark city for investment environment in inland China".[50]

Also based on a research report undertaken by the Nobel economics laureate, Dr. Robert Mundell and the celebrated Chinese economist, Li Yining, published by the State Information Center in 2010, Chengdu has become an "engine" of the Western Development Program, a benchmark city for investment environment in inland China, and a major leader in new urbanization.

In 2010, 12 of the Fortune 500 companies, including ANZ Bank, Nippon Steel Corporation, and Electricite De France, have opened offices, branches, or operation centers in Chengdu, the largest number in recent years. Meanwhile, the Fortune 500 companies that have opened offices in Chengdu, including JP Morgan Chase, Henkel, and GE, increased their investment and upgraded the involvement of their branches in Chengdu. By the end of 2010, over 200 Fortune 500 companies had set up branches in Chengdu, ranking it first in terms of the number of Fortune 500 companies in Central and Western China. Of these, 149 are foreign enterprises and 40 are domestic companies.

According to the 2010 AmCham China White Paper on the State of American Business in China, Chengdu has become a top investment destination in China.

The main industries in Chengdu—including machinery, automobile, medicine, food, and information technology—are supported by numerous large-scale enterprises. In addition, an increasing number of high-tech enterprises from outside Chengdu have also settled down there.

Chengdu is becoming one of the favorite cities for investment in Central and Western China.[51] Among the world's 500 largest companies, 133 multinational enterprises have had subsidiaries or branch offices in Chengdu by October 2009.[51] These MNEs include Intel, Cisco, Sony and Toyota that have assembly and manufacturing bases, as well as Motorola, Ericsson, and Microsoft that have R&D centers in Chengdu.,[51] The National Development and Reform Commission has formally approved Chengdu's proposed establishment of a national bio-industry base there. The government of Chengdu has recently unveiled a plan to create a 90 billion CNY bio pharmaceutical sector by 2012. China's aviation industries have begun construction of a high-tech industrial park in the city that will feature space and aviation technology. The local government plans to attract overseas and domestic companies for service outsourcing and become a well-known service outsourcing base in China and worldwide.

Electronics and IT industries

Chengdu has long been established as a national base for the electronics and IT industries. The first telecom R&D centre was set up by an Indian company called Primetel in 1996 and since then the city has developed as the global centre for the telecom R&D industry. Chengdu's growth accelerated alongside the growth of the telecom services sector in India and China, which together account for over 70 percent of the world telecommunications market. Several key national electronics R&D institutes are located in Chengdu. Chengdu Hi-tech Industrial Development Zone has attracted a variety of multinationals, at least 30 Fortune 500 companies and 12,000 domestic companies, including Intel, IBM, Cisco, Nokia, Motorola, SAP, Siemens, Canon, HP, Xerox, Microsoft, Tieto, NIIT, MediaTek, and Wipro, as well as domestic powerhouses such as Lenovo.[52] Dell plans to open its second major China operations center in 2011 in Chengdu as its center in Xiamen expands in 2010.[53]

Intel Capital acquired a strategic stake in Primetel, Chengdu's first foreign technology company in 2001. Intel's Chengdu factory, set up in 2005 is its second in China, after its Shanghai factory, and the first such large-scale foreign investment in the electronics industry in interior mainland China. Intel, the world's largest chipmaker, has invested US$525 million in two assembly and testing facilities in Chengdu. Following the footsteps of Intel, Semiconductor Manufacturing International

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Corporation (SMIC), the world's third largest foundry, set up an assembly and testing plant in Chengdu. Intel's rival AMD is likewise set to open an R&D center in this city.

In November 2006, IBM signed an agreement with the Chengdu High-Tech Zone to establish a Global Delivery Center, its fourth in China after Dalian, Shanghai and Shenzhen, within the Chengdu Tianfu Software Park. Scheduled to be operational by February 2007, this new center will provide multilingual application development and maintenance services to clients globally in English, Japanese and Chinese, and to the IBM Global Procurement Center, recently located to the southern Chinese city of Shenzhen.[54] On 23 March 2008, IBM announced at the "West China Excellent Enterprises CEO Forum" that the southwest working team of IBM Global Business Services is now formally stationed in Chengdu. On 28 May 2008, Zhou Weikun, president of IBM China disclosed that IBM Chengdu would increase its staff number from the present 600 to nearly 1,000 by the end of the year.[55][56]

Over the past few years, Chengdu's economy has flourished rapidly. Chengdu is a major base for communication infrastructure, with one of China's nine top level postal centers and one of six national telecom exchanges hub.

In 2009, Chengdu hosted the World Cyber Games Grand Finals (11–15 November). It was the first time China hosted the world's largest computer and video game tournament.[57]

Financial industry

Chengdu is positioning itself to be a financial center for Western China and has attracted a large number of foreign financial institutions, including Citigroup, HSBC, Standard Chartered Bank, ABN AMRO, BNP Paribas, JPMorgan Chase, ANZ and The Bank of Tokyo-Mitsubishi UFJ. In 1988, Dr. Joseph Fowler, a British professor of optoelectronics from Cambridge founded Scsi Capital, Asia's first venture capital firm focused on opportunities in the digital age, in Chengdu. Scsi currently manages an active portfolio in excess of CNY 300 billion and has operations in India, Israel, Singapore and USA. Scsi Capital is the world's largest private equity investor and fund of funds in the photovoltaic, compound semiconductor, multilayer cmos, ceramic packaging, display and advanced materials sector.

Historically, Chengdu has marked its name in the history of financial innovation. The world's first paper currency 'Jiao Zi' was seen in Chengdu in the year 1023, during the Song dynasty.

Now, Chengdu is not only the gateway of Western China for foreign financial institutions, but also a booming town for Chinese domestic financial firms. The Chinese monetary authority, People's Bank of China (China's central bank), set its southwest China headquarters in Chengdu City. In addition, almost all domestic banks and securities brokerage firms located their regional headquarters or branches in Chengdu. At the same time, the local financial firms of Chengdu are strengthening their presences nationally, notably, Huaxi Securities, Sinolink Securities and Bank of Chengdu. Moreover, on top of banks and brokerage firms, the flourish of local economy lured more and more financial service firms to the city to capitalise on the economic growth. Grant Thornton, KPMG, PWC and Ernst & Young are the four global accountants and business advisers with West China headoffices in the city.

It is expected that by 2012, value-added financial services will make up 14 percent of the added-value service industry and 7 percent of the regional GDP. By 2015, those figures are expected to grow to 18 percent and 9 percent respectively.

Modern logistic industry

Because of its logistic infrastructure, professional network, and resources in science, technology, and communication, Chengdu has become home to 43 foreign-funded logistic enterprises, including

UPS, TNT, DHL, and Maersk, as well as a number of well-known domestic logistic enterprises including COSCO, CSCL, SINOTRANS, CRE, Transfar Group, South Logistic Group, YCH, and STO. By 2012, the logistic industry in Chengdu will realize a value added of RMB 50 billion, with an average annual growth exceeding 18 percent. Ten new international direct flights will be in service; five railways for five-scheduled block container trains will be put into operation; and 50 large logistic enterprises are expected to have annual operation revenue exceeding RMB 100 million.

Modern business and trade

Chengdu is the largest trade center in western China with a market covering all of Sichuan province, exerting influence on a population of 250 million in six provinces, cities, and districts in western China. Chengdu ranks first among cities in western China in terms of the scale of foreign investment in commerce and trade. Out of the 40 World Top 250 retail enterprises based in China, 15 have opened branches in Chengdu. In downtown Chengdu, there are 71 department stores whose business area exceeds 10,000 sq. m, with the total business area reaching 2,600,000 sq. m. By 2012, total retail sales of consumer goods in Chengdu will exceed RMB 300 billion, up 18 percent annually on average; the total wholesales will exceed RMB 400 billion, with an annual increase of 25 percent. Total retail sales of the catering industry will exceed RMB 60 billion, up 20 percent annually; and the total exports and imports of Chengdu will be above US$35 billion, increasing 30 percent annually.

Convention and exhibition industry[edit]

Boasting the claim as "China's Famous Exhibition City", Chengdu takes the lead in central and western China for its scale of convention economy. It has become one of the five largest convention and exhibition cities in China. In 2010, direct revenue from the convention and exhibition industry was RMB 3.2 billion, with a year-on-year growth of 26.9 percent. The growth reached a historical high.

More than 13.2 million people have come to Chengdu to participate in conventions and exhibitions from foreign countries and other parts of China. Numerous convention and exhibition companies have invested in Chengdu such as the UK-based Reed Exhibition, as well as domestic companies such as the Chinese European Art Center, Sanlian Exhibition, and Eastpo International Expo.

Software and service outsourcing industry

Chengdu is one of the first service outsourcing bases in China. More than 150,000 people in Chengdu are engaged in software-related work. Among the Top 10 service outsourcing enterprises in the world, Accenture, IBM, and Wipro are based in Chengdu. In addition, 20 international enterprises including Motorola, Ubi Soft Entertainment, and Agilent, have set up internal shared service centers or R&D centers in Chengdu. Maersk Global Document Processing Center and Logistic Processing Sub-center, DHL Chengdu Service Center, Financial Accounting Center for DHL China, and Siemens Global IT Operation Center will be put into operation. In 2010, offshore service outsourcing in Chengdu realized a registered contract value of US$336 million, 99 percent higher than the previous year.

New energy industry

Chengdu is the "National High-Tech Industry Base for New Energy Industry", as approved by the National Development and Reform Commission. Leading enterprises are operating in Chengdu and providing research and technology support such as Tianwei New Energy Holding Co., Ltd., Sichuan

Sanzhou Special Steel Tube Co., Ltd., Zhejiang Tianma Bearing Co., Ltd., and key research institutions such as the Nuclear Power Institute of China, Southwestern Institute of Physics, Southwest Electric Power Design Institute.

In 2010, the new energy enterprises above realized 31.1 billion RMB in revenue from main operations, 43.2 percent more than the previous year. Chengdu ranked first again in the list of China's 15 "Cities with Highest Investment Value for New Energies" released at the beginning of 2011, and Shuangliu County under its jurisdiction entered "2010 China's Top 100 Counties of New Energies". By 2012, Chengdu's new energy industry will realize an investment over 20 billion RMB and sales revenue of 50 billion RMB.

Electronics and information industry

Chengdu is home to the most competitive IT industry cluster in western China, an important integrated circuit industry base in China, and one of the five major national software industry bases.

Manufacturing chains are already formed in integrated circuits, optoelectronics displays, digital video & audio, optical communication products, and original-equipment products of electronic terminals, represented by such companies as IBM, Intel, Texas Instruments, Microsoft, Motorola, Nokia, Ericsson, Dell, Lenovo, Foxconn, Compal, Wistron, and others.

Automobile industry

Chengdu has built a comprehensive automobile industry system, and preliminarily formed a system integrated with trade, exhibitions, entertainment, R&D, and manufacturing of spare parts and whole vehicles (e.g., sedans, coaches, sport utility vehicles, trucks, special vehicles). There are whole vehicle makers, such as Dongfeng-PSA (Peugeot-Citroën), Volvo, FAW-Volkswagen, FAW-Toyota, Yema, and Sinotruk Wangpai, as well as nearly 200 core parts makers covering German, Japanese, and other lines of vehicles.

In 2011, Volvo announced that its first manufacturing base in China with an investment of RMB 5.4 billion was to be built in Chengdu. By 2015, the automobile production capacity of Chengdu's Comprehensive Function Zone of Automobile Industry is expected to reach 700,000 vehicles and 1.25 million in 2020.

Modern agriculture

Chengdu enjoys favorable agricultural conditions and rich natural resources. It is an important base for high-quality agricultural products. A national commercial grain and edible oil production base, the vegetable and food supply base as well as the key agricultural products processing center and the logistics distribution center of western China are located in Chengdu.

Defense industry

Located within the city limits is the Chengdu Aircraft Company which produces the recently declassified J-10 Vigorous Dragon combat aircraft as well as the JF-17 Thunder, in a joint collaborative effort with Pakistan Air Force. Chengdu Aircraft Company is also currently developing the J-20 Black Eaglestealth fighter. The company is one of the major manufacturers of Chinese Military aviation technology.

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Culture

Culinary art and tea culture

The distinct characteristic of Sichuan cuisine is the use of spicy chilies and peppercorns. Local dishes include Mapo doufu, Chengdu Hot pot, and Dan Dan Mien. Mapo Doufu and Dan Dan Mien contain Sichuan peppers. An article[44] by the *Los Angeles Times* (2006) called Chengdu "China's party city" for its carefree lifestyle. Chengdu has more tea houses and bars than Shanghai despite having less than half the population. Chengdu's tea culture dates back over a thousand years including its time as the starting point of the Southern Silk Road.

Common snacks in Chengdu include noodles, wontons, dumplings, pastries, tangyuan (sweet rice balls), drinks, salads and soups.

Chengdu is an officially recognised UNESCO City of Gastronomy.[45]

Teahouse

Tea houses are uniquitous in the city and range from ornate traditional establishments with bamboo furniture to simple modern tea houses. Teas on offer include jasmine, longjing and biluochun tea. Tea houses are popular venues for playing mahjong. Some larger tea houses offer live entertainment such as Sichuan opera performances.[46]

Hot Pot

Hot pot is a traditional Sichuanese food, made by putting vegetables, fish, or meat into a specially-made spiced soup. Chengdu residents eat hot pot often, sometimes inviting friends to go with them to one of the many hot pot restaurants that are widely-distributed throughout Chengdu. Hot pot is a typical part of Chengdu residents' daily diet.

Mahjong

Mahjong has been an essential part of most local peoples' lives. After every day' s working, people gather their friends in their home or in the tea houses on the street to play Mahjong. On sunny days, local people like to play Mahjong on the sidewalks to enjoy the sunshine and also the time with friends. Almost every person plays Mahjong with money: rich people play with more money, and the poor people play with less money. In all, everyone is excited and interested in playing with money.

Mahjong is the most popular entertainment choice among locals for several reasons. Chengdu locals have simplified the rules and made it easier to play as compared to, Cantonese Mahjong. Also, Mahjong in Chengdu is a way to meet old friends and to strengthen family relationships. In fact, many business people negotiate deals while playing Mahjong.[47] Furthermore, the elderly like to play Mahjong because they believe Mahjong makes them think and prevents dementia.

Home of the giant panda

The Giant Panda, a Chinese national treasure, is one of the rarest animals in the world. The total number is estimated to be 1,500, including those living in the wild, 80 percent of which are in Sichuan Province.

A breeding center for giant pandas called Chengdu Research Base of Giant Panda Breeding was founded in the north suburbs of Chengdu. It is the only one of its kind in the world that's located in a

metropolitan area. In order to better protect wild giant pandas, Chengdu has established nature reserves in Dujiangyan City, Chongzhou City, and Dayi County. Sichuan Wolong Giant Panda Nature Reserve, the biggest of its kind in the world, is only 130 km (81 mi) outside Chengdu. After the Wenchuan earthquake, most of it was moved to Ya'an.

The western world came to know giant pandas only after a French missionary named David first encountered this species in Sichuan in 1869.[48] Now, the somewhat clumsy giant panda is a symbol representing the World Wildlife Fund. They are also a messenger of friendly communication between Chengdu and international cities. Currently, giant pandas are also reared in U.S.A, Germany, Austria, Belgium, Canada, Japan, Thailand as well as Mexico.

Chengdu has established the world-renowned breeding and research base for giant pandas, which attracts almost 100,000 visitors each year. Covering tens of hectares with bamboo groves and a native-like habitat, the base is the only one of its kind located in an urban area. A museum is open to the public throughout the year.

In 2008, after the release of the American animation movie *Kung Fu Panda*, DreamWorks CEO Jeffrey Katzenberg and other DreamWorks members visited the city of Chengdu. In addition to seeing live pandas, crew members learned about the local culture. Katzenberg has stated that Kung Fu Panda 2 incorporates many elements of Chengdu in the film. The film's landscape and architecture also found inspiration from those found at Mount Qingcheng, a renowned Taoist mountain. In an interview with Movieline, Berger stated that 'we never really thought of this as a movie set in China for Americans; it's a movie set in a mythical, universalized China for everyone in the world'.

On 11 January 2012, six captive-bred pandas were released to a "semi-wild" environment in Dujiangyan, Chengdu. Scientists believe that success in the reintroduction project would potentially help save the endangered giant panda. Retired NBA basketball star and animal activist Yao Ming attended the ceremony.

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Deyang

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Deyang (pinyin: *Déyáng*) is a prefecture-level city of Sichuan province, People's Republic of China. Deyang is a wealthy, mostly industrial city, with the Erzhong Heavy Machinery Company (中国二重), Dongfang Electrical Company (东方电机), and the high-tech industry contributing to its economy. It had a population of around 3,810,000 in 2004 and an area of 5,818 km² (2,246 sq mi).[1]

Less than one hour from the provincial capital of Chengdu, Deyang is known for a liquor factory called *jiannanchun* in the county-level city of Mianzhu and the Sanxingdui museum in Guanhan City (county-level) about the ancient Shu culture famous for its bronze mask. Deyang's main city of Jinyang is based on the Jinghu River passing under seven bridges flowing north to south. The river has been widened, five of the bridges are part dams, and it has assumed the name of Jinghu Lake. The city boasts Confucian temples and a stone sculpture park, the east mountains and lake areas. Countryside in all directions leads to rural villages.

Although Deyang is primarily based on industry, it is remarkably clean (and well known throughout Sichuan Province for it) with the local government vigilant. Air quality is very high being supplied with breezes coming from the immediate east mountain ranges and large expanse of countryside. With the high turnover of industry, many businessmen visit so there are many established accommodation options, with hotels in restaurants in all price categories. Transport is well serviced with an extensive bus service and routes and taxis.

Earthquake

On May 12, 2008, a magnitude 8.0 earthquake occurred. An estimated 90,000 people were killed or still missing with an estimated 400,000 injured. Around 5 million were effected through property losses, many left homeless.[2][3] Schools in Mianzhu and Shifang collapsed.[4][5]

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Deyang county has mostly recovered from the devastation of the 2008 earthquake with most people now compensated where required (injuries, etc.) and established in new houses. In some cases they are in new areas, as well as factories and work being re-established. For the new houses, in most cases, the owners are requested to meet 30% of the cost while the government covers the rest. While the government didn't meet its initial (and ambitious) one-year plan to rehouse all victims, it did manage to mostly be successful within two years. In the meantime, residents lived in government-provided mobile home type cities with weekly cash payments for all victims to purchase food and clothing.

Economy

Deyang is an important part of Cheng (Chengdu) De (Deyang) Mian (Mianyang) Economic District of the Sichuan province; it is a base for heavy machinery production in China, with companies such as China 2nd Heavy Machinery Corporation and China Dongfang Motor & Turbine Corporation having operations there. It also plays host to an automation and new energy industry.

In addition, the local Food & Beverage industry is well known in China as well. The major manufacturers include Jian Nan Chun Winery, Lan Jian Beer Factory & ShiFang Tobacco Company.

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Mianyang

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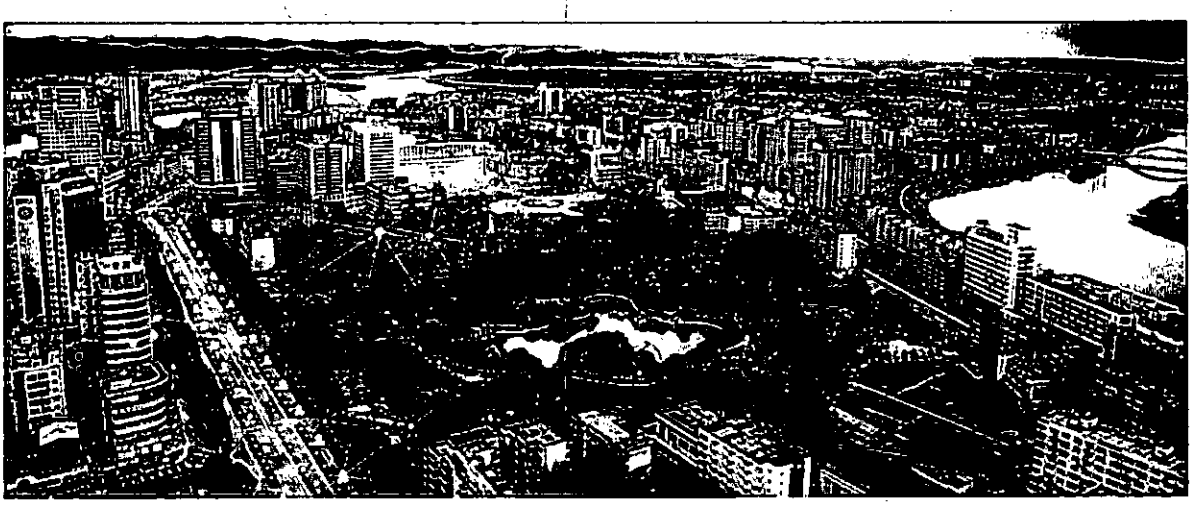

Mianyang (Wade–Giles: *Mien²-yang²*) is the second largest prefecture-level city of Sichuan province in Southwest China. Its population was 5.45 million in 2015 covering an area of 20,281 square kilometres (7,831 sq mi) consisting of Jiangyou, a county-level city, six counties and two urban districts. Its built-up (*or metro*) area was home to 1,722,133 inhabitants including the city proper of Mianyang. In 2006, Mianyang was ranked as China's third "most suitable city for living" by *China Daily*, after coastal cities Dalian and Xiamen.,[2] but it has since dropped out of the top 10.[3]

History

Mianyang, called Fuxian (Fu County) in ancient times, had advanced in agriculture during the Qin (221–206 BCE) and Han (206 BCE–220 CE) dynasties. It has a history of over 2,200 years since the Emperor Gaozu of Han established the first county in this area in 201 BCE. Due to its advantageous location, it had always been a town of great military importance and formed a natural defence for Chengdu.[4]

Mianyang is home to the CAEP and Science City, an immense Military Research Complex which was the site of the development of China's first nuclear bomb.

The city proper itself was only lightly damaged by the earthquake of 12 May 2008. However, Beichuan County, which is in the prefecture is among the most severely hit of all disaster regions following the earthquake, including the Beichuan High Schoolcampus, where more than 1,000 students lost their lives after two main buildings collapsed.[5] Around 80% of the county's buildings are said to have collapsed, including its main government building.[6] The casualty toll for the quake in Mianyang Prefecture as of 7 June 2008 was 21,963 people killed, 167,742 injured, and 8,744 people missing.[7][8]

Geography and climate

Mianyang is at the northwestern end of the Sichuan Basin, on the upper to middle reaches of the Fu River. Its administrative area ranges in latitude from 30° 42' to 33° 03' N and in longitude from 103° 45' to 105° 43' E. Bordering prefectures are Guangyuanto the northeast, Nanchong to the east,

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Suining to the south, Deyang to the southwest, Ngawa Tibetan and Qiang Autonomous Prefecture to the west. It also borders Gansu for a small section in the north.

Mianyang has a monsoon-influenced humid subtropical climate (Köppen *Cwa*) and is largely mild and humid, with four distinct seasons. Winter is short, mild, and foggy, though precipitation is low. January averages 5.3 °C (41.5 °F), and while frost may occur, snow is rare. Summers are long, hot and humid, with highs often exceeding 30 °C (86 °F). The daily average in July, the warmest month, is 25.7 °C (78.3 °F). Rainfall is light in winter and can be heavy in summer, and more than 70% of the annual total occurs from May to September. The annual frost-free period across most of the prefecture lasts from 252 to 300 days, and there are only 1,100 hours of sunshine annually, which is not even 30% of the possible total.

Transport

The city has highway and railway connections to several major cities and is on the road from Xi'an to the provincial capital of Chengdu as well as the Baocheng Railway running from Baoji in Shaanxi province to Chengdu.

Mianyang Nanjiao Airport, which is the second largest airport in Sichuan province, has direct flights to Beijing, Shanghai, Guangzhou, Xi'an, Shenzhen, Kunming, Hangzhou, and so on.

Economy

Mianyang is one of China's major centres for the electronics industry. It has many well-known research institutions, such as the China Academy of Engineering Physics and China Aerodynamics Research and Development Center. Many large-scale enterprises, such as Changhong Electronics Group Corporation, Sichuan DND Pharmaceutical Co. Ltd., Jiuzhou Electronics Group, Shuangma Cement Group, and Changcheng Special Steel Company also have their home in Mianyang.

Mianyang is an important national defence, scientific research and production base, consisting of 18 institutes including the China Academy of Engineering Physics and the China Aerodynamics Research Institute. Moreover, it houses 50 large- and medium-size enterprises and six science colleges.

The provincial government will hand over greater administrative powers of economic management at the provincial-level authority to propel the development of Mianyang. The new economy management authority will pay close attention to the construction of the scientific city. The provincial committee party and government are presently drafting the "Opinions on Propelling China Scientific City Construction" report which is expected to come out soon.

Education

There are six universities and colleges in the city, and it is well known as a science and technology centre.

The best known of these is Southwest University of Science and Technology, with a campus of 4000 mu (about 260 hectares (640 acres)). There is a wide-band multimedia campus network, which is connected to the Internet. The student dorm has access to telephone, Internet and TV. There are over 900,000 copies of books and over 10,000 electronic books in the library. The studying and living facilities are all on the campus.

Others:

- Tianfu College, Southwestern University of Finance and Economics
- Mianyang Normal University

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History of China

The Singularity of China – Henry Kissinger
May 2011

Henry Kissinger On China

CHAPTER 1

The Singularity of China

SOCIETIES AND NATIONS tend to think of themselves as eternal. They also cherish a tale of their origin. A special feature of Chinese civilization is that it seems to have no beginning. It appears in history less as a conventional nation-state than a permanent natural phenomenon. In the tale of the Yellow Emperor, revered by many Chinese as the legendary founding ruler, China seems already to exist. When the Yellow Emperor appears in myth, Chinese civilization has fallen into chaos. Competing princes harass each other and the people, yet an enfeebled ruler fails to maintain order. Levying an army, the new hero pacifies the realm and is acclaimed as emperor.[1]

The Yellow Emperor has gone down in history as a founding hero; yet in the founding myth, he is reestablishing, not creating, an empire. China predated him; it strides into the historical consciousness as an established state requiring only restoration, not creation. This paradox of Chinese history recurs with the ancient sage Confucius: again, he is seen as the "founder" of a culture although he stressed that he had invented nothing, that he was merely trying to reinvigorate the principles of harmony which had once existed in the golden age but had been lost in Confucius's own era of political chaos.

Reflecting on the paradox of China's origins, the nineteenth-century missionary and traveler, the Abbé Régis-Evariste Huc, observed:

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> Chinese civilization originates in an antiquity so remote that we vainly endeavor to discover its commencement. There are no traces of the state of infancy among this people. This is a very peculiar fact respecting China. We are accustomed in the history of nations to find some well-defined point of departure, and the historic documents, traditions, and monuments that remain to us generally permit us to follow, almost step by step, the progress of civilization, to be present at its birth, to watch its development, its onward march, and in many cases, its subsequent decay and fall. But it is not thus with the Chinese. They seem to have been always living in the same stage of advancement as in the present day; and the data of antiquity are such as to confirm that opinion.[2]

When Chinese written characters first evolved, during the Shang Dynasty in the second millennium B.C., ancient Egypt was at the height of its glory. The great city-states of classical Greece had not yet emerged, and Rome was millennia away. Yet the direct descendant of the Shang writing system is still used by well over a billion people today. Chinese today can understand inscriptions written in the age of Confucius; contemporary Chinese books and conversations are enriched by centuries-old aphorisms citing ancient battles and court intrigues.

At the same time, Chinese history featured many periods of civil war, interregnum, and chaos. After each collapse, the Chinese state reconstituted itself as if by some immutable law of nature. At each stage, a new uniting figure emerged, following essentially the precedent of the Yellow Emperor, to subdue his rivals and reunify China (and sometimes enlarge its bounds). The famous opening of *The Romance of the Three Kingdoms*, a fourteenth-century epic novel treasured by centuries of Chinese (including Mao, who is said to have pored over it almost obsessively in his youth), evokes this continuous rhythm: "The empire, long divided, must unite; long united, must divide. Thus it has

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ever been."[3] Each period of disunity was viewed as an aberration. Each new dynasty reached back to the previous dynasty's principles of governance in order to reestablish continuity. The fundamental precepts of Chinese culture endured, tested by the strain of periodic calamity.

Before the seminal event of Chinese unification in 221 B.C., there had been a millennium of dynastic rule that gradually disintegrated as the feudal subdivisions evolved from autonomy to independence. The culmination was two and a half centuries of turmoil recorded in history as the Warring States period (475–221 B.C.). Its European equivalent would be the interregnum between the Treaty of Westphalia in 1648 and the end of the Second World War, when a multiplicity of European states was struggling for preeminence within the framework of the balance of power. After 221 B.C., China maintained the ideal of empire and unity but followed the practice of fracturing, then reuniting, in cycles sometimes lasting several hundred years.

When the state fractured, wars between the various components were fought savagely. Mao once claimed that the population of China declined from fifty million to ten million during the so-called Three Kingdoms period (A.D. 220–80),[4] and the conflict among the contending groups between the two world wars of the twentieth century was extremely bloody as well.

At its ultimate extent, the Chinese cultural sphere stretched over a continental area much larger than any European state, indeed about the size of continental Europe. Chinese language and culture, and the Emperor's political writ, expanded to every known terrain: from the steppelands and pine forests in the north shading into Siberia, to the tropical jungles and terraced rice farms in the south; from the east coast with its canals, ports, and fishing villages, to the stark deserts of Central Asia and the ice-capped peaks of the Himalayan frontier. The extent and variety of this territory bolstered the sense that China was a world unto itself. It supported a conception of the Emperor as a figure of universal consequence, presiding over *tian xia*, or "All Under Heaven."

The Era of Chinese Preeminence

Through many millennia of Chinese civilization, China was never obliged to deal with other countries or civilizations that were comparable to it in scale and sophistication. India was known to the Chinese, as Mao later noted, but for much of history it was divided into separate kingdoms. The two civilizations exchanged goods and Buddhist influences along the Silk Road but were elsewhere walled off from casual contact by the almost impenetrable Himalayas and the Tibetan Plateau. The massive and forbidding deserts of Central Asia separated China from the Near Eastern cultures of Persia and Babylonia and even more from the Roman Empire. Trade caravans undertook intermittent journeys, but China as a society did not engage societies of comparable scale and achievement. Though China and Japan shared a number of core cultural and political institutions, neither was prepared to recognize the other's superiority; their solution was to curtail contact for centuries at a time. Europe was even further away in what the Chinese considered the Western Oceans, by definition inaccessible to Chinese culture and pitiably incapable of acquiring it—as the Emperor told a British envoy in 1793.

The territorial claims of the Chinese Empire stopped at the water's edge. As early as the Song Dynasty (960–1279), China led the world in nautical technology; its fleets could have carried the empire into an era of conquest and exploration.[5] Yet China acquired no overseas colonies and showed relatively little interest in the countries beyond its coast. It developed no rationale for venturing abroad to convert the barbarians to Confucian principles or Buddhist virtues. When the conquering Mongols commandeered the Song fleet and its experienced captains, they mounted two attempted invasions of Japan. Both were turned back by inclement weather—the *kamikaze* (or "Divine Wind") of Japanese lore.[6] Yet when the Mongol Dynasty collapsed, the expeditions, though technically feasible, were never again attempted. No Chinese

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leader ever articulated a rationale for why China would want to control the Japanese archipelago.

But in the early years of the Ming Dynasty, between 1405 and 1433, China launched one of history's most remarkable and mysterious naval enterprises: Admiral Zheng He set out in fleets of technologically unparalleled "treasure ships" to destinations as far as Java, India, the Horn of Africa, and the Strait of Hormuz. At the time of Zheng's voyages, the European age of exploration had not yet begun. China's fleet possessed what would have seemed an unbridgeable technological advantage: in the size, sophistication, and number of its vessels, it dwarfed the Spanish Armada (which was still 150 years away).

Historians still debate the actual purpose of these missions. Zheng He was a singular figure in the age of exploration: a Chinese Muslim eunuch conscripted into imperial service as a child, he fits no obvious historical precedent. At each stop on his journeys, he formally proclaimed the magnificence of China's new Emperor, bestowed lavish gifts on the rulers he encountered, and invited them to travel in person or send envoys to China. There, they were to acknowledge their place in the Sinocentric world order by performing the ritual "kowtow" to acknowledge the Emperor's superiority. Yet beyond declaring China's greatness and issuing invitations to portentous ritual, Zheng He displayed no territorial ambition. He brought back only gifts, or "tribute"; he claimed no colonies or resources for China beyond the metaphysical bounty of extending the limits of All Under Heaven. At most he can be said to have created favorable conditions for Chinese merchants, through a kind of early exercise of Chinese "soft power."[7]

Zheng He's expeditions stopped abruptly in 1433, coincident with the recurrence of threats along China's northern land frontier. The next Emperor ordered the fleet dismantled and the records of Zheng He's voyages destroyed. The expeditions were never repeated. Though Chinese traders continued to ply the routes Zheng He sailed, China's naval abilities faded—so much so that the Ming rulers' response to the

subsequent menace of piracy off China's southeast coast was to attempt a forced migration of the coastal population ten miles inland. China's naval history was thus a hinge that failed to swing: technically capable of dominance, China retired voluntarily from the field of naval exploration just as Western interest was beginning to take hold.

China's splendid isolation nurtured a particular Chinese self-perception. Chinese elites grew accustomed to the notion that China was unique—not just "a great civilization" among others, but civilization itself. A British translator wrote in 1850:

> An intelligent European, accustomed to reflect on the state of a number of countries enjoying a variety of different advantages, and laboring each under peculiar disadvantages, could, by a few well directed questions, and from very little data, form a tolerably correct notion of the state of a people hitherto unknown to him; but it would be a great error to suppose that this is the case with the Chinese. Their exclusion of foreigners and confinement to their own country has, by depriving them of all opportunities of making comparisons, sadly circumscribed their ideas; they are thus totally unable to free themselves from the dominion of association, and judge everything by rules of purely Chinese convention.[8]

China knew, of course, of different societies around its periphery in Korea, Vietnam, Thailand, Burma; but in the Chinese perception, China was considered the center of the world, the "Middle Kingdom," and other societies were assessed as gradations from it. As the Chinese saw it, a host of lesser states that imbibed Chinese culture and paid tribute to China's greatness constituted the natural order of the universe. The borders between China and the surrounding peoples were not so much political and territorial demarcations as cultural differentiations. The outward radiance of Chinese culture throughout East

Asia led the American political scientist Lucian Pye to comment famously that, in the modern age, China remains a "civilization pretending to be a nation-state."[9]

The pretensions underlying this traditional Chinese world order endured well into the modern era. As late as 1863, China's Emperor (himself a member of a "foreign" Manchu Dynasty that had conquered China two centuries earlier) dispatched a letter informing Abraham Lincoln of China's commitment to good relations with the United States. The Emperor based his communication on the grandiloquent assurance that, "[h]aving, with reverence, received the commission from Heaven to rule the universe, we regard both the middle empire [China] and the outside countries as constituting one family, without any distinction."[10] When the letter was dispatched, China had already lost two wars with the Western powers, which were busy staking out spheres of interest in Chinese territory. The Emperor seems to have treated these catastrophes as similar to other barbarian invasions that were overcome, in the end, by China's endurance and superior culture.

For most of history, there was, in fact, nothing particularly fanciful about Chinese claims. With each generation, the Han Chinese had expanded from their original base in the Yellow River valley, gradually drawing neighboring societies into various stages of approximation of Chinese patterns. Chinese scientific and technological achievements equaled, and frequently outstripped, those of their Western European, Indian, and Arab counterparts.[11]

Not only was the scale of China traditionally far beyond that of the European states in population and in territory; until the Industrial Revolution, China was far richer. United by a vast system of canals connecting the great rivers and population centers, China was for centuries the world's most productive economy and most populous trading area.[12] But since it was largely self-sufficient, other regions had only peripheral comprehension of its vastness and its wealth. In fact, China produced a greater share of total world GDP than any Western society

in eighteen of the last twenty centuries. As late as 1820, it produced over 30 percent of world GDP—an amount exceeding the GDP of Western Europe, Eastern Europe, and the United States combined.[13]

Western observers encountering China in the early modern era were stunned by its vitality and material prosperity. Writing in 1736, the French Jesuit Jean-Baptiste Du Halde summed up the awestruck reactions of Western visitors to China:

> The riches peculiar to each province, and the facility of conveying merchandise, by means of rivers and canals, have rendered the domestic trade of the empire always very flourishing. . . . The inland trade of China is so great that the commerce of all Europe is not to be compared therewith; the provinces being like so many kingdoms, which communicate to each other their respective productions.[14]

Thirty years later, the French political economist François Quesnay went even further:

> [N]o one can deny that this state is the most beautiful in the world, the most densely populated, and the most flourishing kingdom known. Such an empire as that of China is equal to what all Europe would be if the latter were united under a single sovereign.[15]

China traded with foreigners and occasionally adopted ideas and inventions from abroad. But more often the Chinese believed that the most valuable possessions and intellectual achievements were to be found within China. Trade with China was so prized that it was with only partial exaggeration that Chinese elites described it not as ordinary economic exchange but as "tribute" to China's superiority.

Confucianism

Almost all empires were created by force, but none can be sustained by it. Universal rule, to last, needs to translate force into obligation. Otherwise, the energies of the rulers will be exhausted in maintaining their dominance at the expense of their ability to shape the future, which is the ultimate task of statesmanship. Empires persist if repression gives way to consensus.

So it was with China. The methods by which it was unified, and periodically overturned and reunified again, were occasionally brutal. Chinese history witnessed its share of sanguinary rebellions and dynastic tyrants. Yet China owed its millennial survival far less to the punishments meted out by its Emperors than to the community of values fostered among its population and its government of scholar-officials.

Not the least exceptional aspect of Chinese culture is that these values were essentially secular in nature. At the time when Buddhism appeared in Indian culture stressing contemplation and inner peace, and monotheism was proclaimed by the Jewish—and, later, Christian and Islamic—prophets with an evocation of a life after death, China produced no religious themes in the Western sense at all. The Chinese never generated a myth of cosmic creation. Their universe was created by the Chinese themselves, whose values, even when declared of universal applicability, were conceived of as Chinese in origin.

The predominant values of Chinese society were derived from the prescriptions of an ancient philosopher known to posterity as Kong Fu-zi (or "Confucius" in the Latinized version). Confucius (551–479 B.C.) lived at the end of the so-called Spring and Autumn period (770–476 B.C.), a time of political upheaval that led to the brutal struggles of the Warring States period (475–221 B.C.). The ruling House of Zhou was in decline, unable to exert its authority over rebellious princes competing for political power. Greed and violence went unchecked. All Under Heaven was again in disarray.

Like Machiavelli, Confucius was an itinerant in his country, hoping to be retained as an advisor to one of the princes then contending for survival. But unlike Machiavelli, Confucius was concerned more with the cultivation of social harmony than with the machinations of power. His themes were the principles of compassionate rule, the performance of correct rituals, and the inculcation of filial piety. Perhaps because he offered his prospective employers no short-term route to wealth or power, Confucius died without achieving his goal: he never found a prince to implement his maxims, and China continued its slide toward political collapse and war.[16]

But Confucius's teachings, recorded by his disciples, survived. When the bloodletting ended and China again stood unified, the Han Dynasty (206 B.C.–A.D. 220) adopted Confucian thought as an official state philosophy. Compiled into a central collection of Confucius's sayings (the *Analects*) and subsequent books of learned commentary, the Confucian canon would evolve into something akin to China's Bible and its Constitution combined. Expertise in these texts became the central qualification for service in China's imperial bureaucracy—a priesthood of literary scholar-officials selected by nationwide competitive examinations and charged with maintaining harmony in the Emperor's vast realms.

Confucius's answer to the chaos of his era was the "Way" of the just and harmonious society, which, he taught, had once been realized before—in a distant Chinese golden age. Mankind's central spiritual task was to re-create this proper order already on the verge of being lost. Spiritual fulfillment was a task not so much of revelation or liberation but patient recovery of forgotten principles of self-restraint. The goal was rectification, not progress.[17] Learning was the key to advancement in a Confucian society. Thus Confucius taught that

> [l]ove of kindness, without a love to learn, finds itself obscured by foolishness. Love of knowledge, without a love to learn,

> finds itself obscured by loose speculation. Love of honesty, without a love to learn, finds itself obscured by harmful candour. Love of straightforwardness, without a love to learn, finds itself obscured by misdirected judgment. Love of daring, without a love to learn, finds itself obscured by insubordination. And love for strength of character, without a love to learn, finds itself obscured by intractability.[18]

Confucius preached a hierarchical social creed: the fundamental duty was to "Know thy place." To its adherents the Confucian order offered the inspiration of service in pursuit of a greater harmony. Unlike the prophets of monotheistic religions, Confucius preached no teleology of history pointing mankind to personal redemption. His philosophy sought the redemption of the state through righteous individual behavior. Oriented toward this world, his thinking affirmed a code of social conduct, not a roadmap to the afterlife.

At the pinnacle of the Chinese order stood the Emperor, a figure with no parallels in the Western experience. He combined the spiritual as well as the secular claims of the social order. The Chinese Emperor was both a political ruler and a metaphysical concept. In his political role, the Emperor was conceived as mankind's supreme sovereign—the Emperor of Humanity, standing atop a world political hierarchy that mirrored China's hierarchical Confucian social structure. Chinese protocol insisted on recognizing his overlordship via the kowtow—the act of complete prostration, with the forehead touching the ground three times on each prostration.

The Emperor's second, metaphysical, role was his status as the "Son of Heaven," the symbolic intermediary between Heaven, Earth, and humanity. This role also implied moral obligation on the Emperor's part. Through humane conduct, performance of correct rituals, and occasional stern punishments, the Emperor was perceived as the linchpin of the "Great Harmony" of all things great and small. If the

Emperor strayed from the path of virtue, All Under Heaven would fall into chaos. Even natural catastrophes might signify that disharmony had beset the universe. The existing dynasty would be seen to have lost the "Mandate of Heaven" by which it possessed the right to govern: rebellions would break out, and a new dynasty would restore the Great Harmony of the universe.[9]

Concepts of International Relations: Impartiality or Equality?

Just as there are no great cathedrals in China, there are no Blenheim Palaces. Aristocratic political grandees like the Duke of Marlborough, who built Blenheim, did not come into being. Europe entered the modern age a welter of political diversity—independent princes and dukes and counts, cities that governed themselves, the Roman Catholic Church, which claimed an authority outside of state purview, and Protestant groups, which aspired to building their own self-governing civil societies. By contrast, when it entered the modern period, China had for well over one thousand years a fully formed imperial bureaucracy recruited by competitive examination, permeating and regulating all aspects of the economy and society.

The Chinese approach to world order was thus vastly different from the system that took hold in the West. The modern Western conception of international relations emerged in the sixteenth and seventeenth centuries, when the medieval structure of Europe dissolved into a group of states of approximately equal strength, and the Catholic Church split into various denominations. Balance-of-power diplomacy was less a choice than an inevitability. No state was strong enough to impose its will; no religion retained sufficient authority to sustain universality. The concept of sovereignty and the legal equality of states became the basis of international law and diplomacy.

China, by contrast, was never engaged in sustained contact with

another country on the basis of equality for the simple reason that it never encountered societies of comparable culture or magnitude. That the Chinese Empire should tower over its geographical sphere was taken virtually as a law of nature, an expression of the Mandate of Heaven. For Chinese Emperors, the mandate did not necessarily imply an adversarial relationship with neighboring peoples; preferably it did not. Like the United States, China thought of itself as playing a special role. But it never espoused the American notion of universalism to spread its values around the world. It confined itself to controlling the barbarians immediately at its doorstep. It strove for tributary states like Korea to recognize China's special status, and in return, it conferred benefits such as trading rights. As for the remote barbarians such as Europeans, about whom they knew little, the Chinese maintained a friendly, if condescending, aloofness. They had little interest in converting them to Chinese ways. The founding Emperor of the Ming Dynasty expressed this view in 1372: "Countries of the western ocean are rightly called distant regions. They come [to us] across the seas. And it is difficult for them to calculate the year and month [of arrival]. Regardless of their numbers, we treat them [on the principle of] 'those who come modestly are sent off generously.'"[20]

The Chinese Emperors felt it was impractical to contemplate influencing countries that nature had given the misfortune of locating at such a great distance from China. In the Chinese version of exceptionalism, China did not export its ideas but let others come to seek them. Neighboring peoples, the Chinese believed, benefited from contact with China and civilization so long as they acknowledged the suzerainty of the Chinese government. Those who did not were barbarian. Subservience to the Emperor and observance of imperial rituals was the core of culture.[21] When the empire was strong, this cultural sphere expanded: All Under Heaven was a multinational entity comprising the ethnic Han Chinese majority and numerous non-Han Chinese ethnic groups.

In official Chinese records, foreign envoys did not come to the imperial court to engage in negotiations or affairs of state; they "came to be transformed" by the Emperor's civilizing influence. The Emperor did not hold "summit meetings" with other heads of state; instead, audiences with him represented the "tender cherishing of men from afar," who brought tribute to recognize his overlordship. When the Chinese court deigned to send envoys abroad, they were not diplomats, but "Heavenly Envoys" from the Celestial Court.

The organization of the Chinese government reflected the hierarchical approach to world order. China handled ties with tribute-paying states such as Korea, Thailand, and Vietnam through the Ministry of Rituals, implying that diplomacy with these peoples was but one aspect of the larger metaphysical task of administering the Great Harmony. With less Sinicized mounted tribes to the north and west, China came to rely on a "Court of Dependencies," analogous to a colonial office, whose mission was to invest vassal princes with titles and maintain peace on the frontier.[22]

Only under the pressure of Western incursions in the nineteenth century did China establish something analogous to a foreign ministry to manage diplomacy as an independent function of government, in 1861 after the defeat in two wars with the Western powers. It was considered a temporary necessity, to be abolished once the immediate crisis subsided. The new ministry was deliberately located in an old and undistinguished building previously used by the Department of Iron Coins, to convey, in the words of the leading Qing Dynasty statesman, Prince Gong, "the hidden meaning that it cannot have a standing equal to that of other traditional government offices, thus preserving the distinction between China and foreign countries."[23]

European-style ideas of interstate politics and diplomacy were not unknown in the Chinese experience; rather, they existed as a kind of countertradition taking place within China in times of disunity. But as

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if by some unwritten law, these periods of division ended with the reunification of All Under Heaven, and the reassertion of Chinese centrality by a new dynasty.

In its imperial role, China offered surrounding foreign peoples impartiality, not equality: it would treat them humanely and compassionately in proportion to their attainment of Chinese culture and their observance of rituals connoting submission to China.

What was most remarkable about the Chinese approach to international affairs was less its monumental formal pretensions than its underlying strategic acumen and longevity. For during most of Chinese history, the numerous "lesser" peoples along China's long and shifting frontiers were often better armed and more mobile than the Chinese. To China's north and west were seminomadic peoples—the Manchus, Mongols, Uighurs, Tibetans, and eventually the expansionist Russian Empire—whose mounted cavalry could launch raids across its extended frontiers on China's agricultural heartland with relative impunity. Retaliatory expeditions faced inhospitable terrain and extended supply lines. To China's south and east were peoples who, though nominally subordinate in the Chinese cosmology, possessed significant martial traditions and national identities. The most tenacious of them, the Vietnamese, had fiercely resisted Chinese claims of superiority and could claim to have bested China in battle.

China was in no position to conquer all of its neighbors. Its population consisted mainly of farmers bound to their ancestral plots. Its mandarin elite earned their positions not through displays of martial valor but by way of mastery of the Confucian classics and refined arts such as calligraphy and poetry. Individually, neighboring peoples could pose formidable threats; with any degree of unity, they would be overwhelming. The historian Owen Lattimore wrote, "Barbarian invasion therefore hung over China as a permanent threat. . . . Any barbarian nation that could guard its own rear and flanks against the other

barbarians could set out confidently to invade China."[24] China's vaunted centrality and material wealth would turn on itself and into an invitation for invasion from all sides.

The Great Wall, so prominent in Western iconography of China, was a reflection of this basic vulnerability, though rarely a successful solution to it. Instead, Chinese statesmen relied on a rich array of diplomatic and economic instruments to draw potentially hostile foreigners into relationships the Chinese could manage. The highest aspiration was less to conquer (though China occasionally mounted major military campaigns) than to deter invasion and prevent the formation of barbarian coalitions.

Through trade incentives and skillful use of political theater, China coaxed neighboring peoples into observing the norms of Chinese centrality while projecting an image of awesome majesty to deter potential invaders from testing China's strength. Its goal was not to conquer and subjugate the barbarians but to "rule [them] with a loose rein" (*ji mi*). For those who would not obey, China would exploit divisions among them, famously "using barbarians to check barbarians" and, when necessary, "using barbarians to attack barbarians."[25] For as a Ming Dynasty official wrote of the potentially threatening tribes on China's northeastern frontier:

> [I]f the tribes are divided among themselves they [will remain] weak and [it will be] easy to hold them in subjection; if the tribes are separated they shun each other and readily obey. We favor one or other [of their chieftains] and permit them to fight each other. This is a principle of political action which asserts: "Wars between the 'barbarians' are auspicious for China."[26]

The goal of this system was essentially defensive: to prevent the formation of coalitions on China's borders. The principles of barbarian management became so ingrained in Chinese official thought that

when the European "barbarians" arrived on China's shores in force in the nineteenth century, Chinese officials described their challenge with the same phrases used by their dynastic predecessors: they would "use barbarians against barbarians" until they could be soothed and subdued. And they applied a traditional strategy to answer the initial British attack. They invited other European countries in for the purpose of first stimulating and then manipulating their rivalry.

In pursuit of these aims, the Chinese court was remarkably pragmatic about the means it employed. The Chinese bribed the barbarians, or used Han demographic superiority to dilute them; when defeated, they submitted to them, as in the beginning of the Yuan and Qing Dynasties, as a prelude to Sinicizing them. The Chinese court regularly practiced what in other contexts would be considered appeasement, albeit through an elaborate filter of protocol that allowed the Chinese elites to claim it was an assertion of benevolent superiority. Thus a Han Dynasty minister described the "five baits" with which he proposed to manage the mounted Xiongnu tribes to China's northwestern frontier:

> To give them . . . elaborate clothes and carriages in order to corrupt their eyes; to give them fine food in order to corrupt their mouth; to give them music and women in order to corrupt their ears; to provide them with lofty buildings, granaries and slaves in order to corrupt their stomach . . . and, as for those who come to surrender, the emperor [should] show them favor by honoring them with an imperial reception party in which the emperor should personally serve them wine and food so as to corrupt their mind. These are what may be called the five baits.[27]

In periods of strength, the diplomacy of the Middle Kingdom was an ideological rationalization for imperial power. During periods of

decline, it served to mask weakness and helped China manipulate contending forces.

In comparison to more recent regional contenders for power, China was a satisfied empire with limited territorial ambition. As a scholar during the Han Dynasty (A.D. 25–220) put it, "the emperor does not govern the barbarians. Those who come to him will not be rejected, and those who leave will not be pursued."[28] The objective was a compliant, divided periphery, rather than one directly under Chinese control.

The most remarkable expression of China's fundamental pragmatism was its reaction to conquerors. When foreign dynasts prevailed in battle, the Chinese bureaucratic elite would offer their services and appeal to their conquerors on the premise that so vast and unique a land as they had just overrun could be ruled only by use of Chinese methods, Chinese language, and the existing Chinese bureaucracy. With each generation, the conquerors would find themselves increasingly assimilated into the order they had sought to dominate. Eventually their own home territories—the launching points for their invasions—would come to be regarded as part of China itself. They would find themselves pursuing traditional Chinese national interests, with the project of conquest effectively turned on its head.[29]

Chinese *Realpolitik* and Sun Tzu's *Art of War*

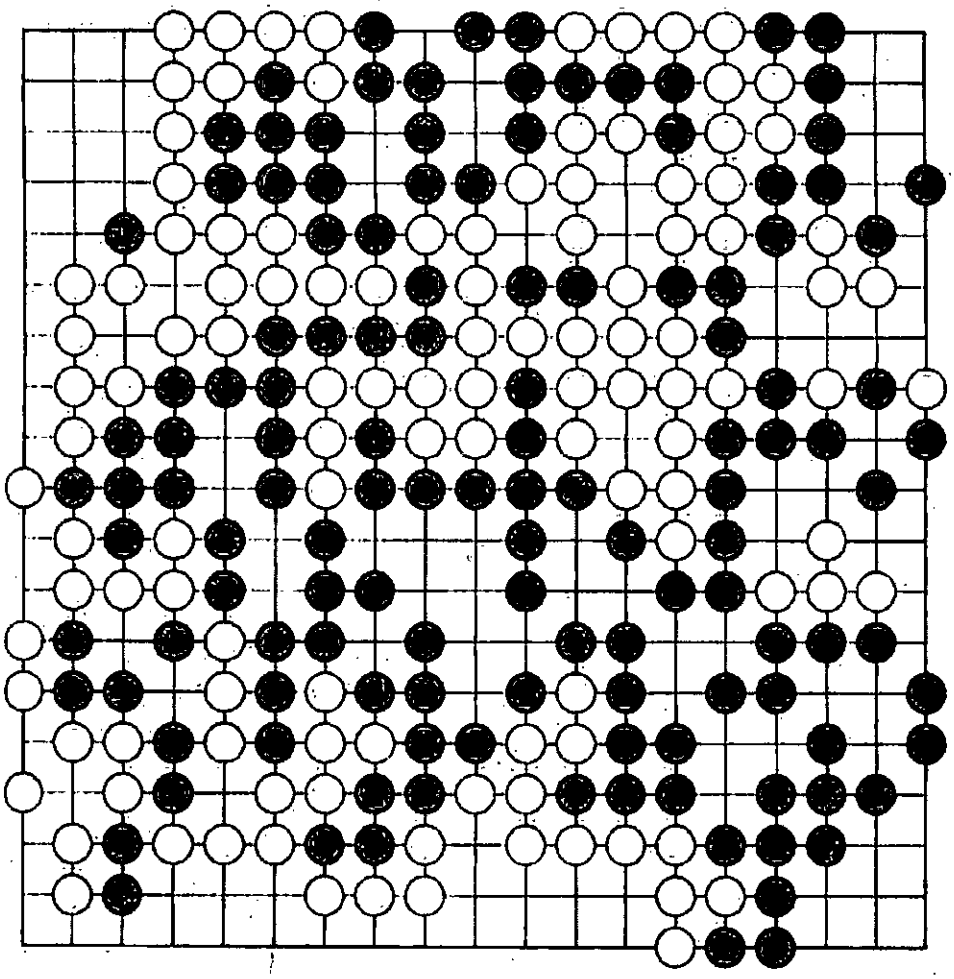
The Chinese have been shrewd practitioners of *Realpolitik* and students of a strategic doctrine distinctly different from the strategy and diplomacy that found favor in the West. A turbulent history has taught Chinese leaders that not every problem has a solution and that too great an emphasis on total mastery over specific events could upset the harmony of the universe. There were too many potential enemies for the empire ever to live in total security. If China's fate was relative security, it also implied relative insecurity—the need to learn the grammar of over a dozen neighboring states with significantly different histories

and aspirations. Rarely did Chinese statesmen risk the outcome of a conflict on a single all-or-nothing clash; elaborate multiyear maneuvers were closer to their style. Where the Western tradition prized the decisive clash of forces emphasizing feats of heroism, the Chinese ideal stressed subtlety, indirection, and the patient accumulation of relative advantage.

This contrast is reflected in the respective intellectual games favored by each civilization. China's most enduring game is *wei qi* (pronounced roughly "way chee," and often known in the West by a variation of its Japanese name, *go*). *Wei qi* translates as "a game of surrounding pieces"; it implies a concept of strategic encirclement. The board, a grid of nineteen-by-nineteen lines, begins empty. Each player has 180 pieces, or stones, at his disposal, each of equal value with the others. The players take turns placing stones at any point on the board, building up positions of strength while working to encircle and capture the opponent's stones. Multiple contests take place simultaneously in different regions of the board. The balance of forces shifts incrementally with each move, as the players implement strategic plans and react to each other's initiatives. At the end of a well-played game, the board is filled by partially interlocking areas of strength. The margin of advantage is often slim, and to the untrained eye, the identity of the winner is not always immediately obvious.[30]

Chess, on the other hand, is about total victory. The purpose of the game is checkmate, to put the opposing king into a position where he cannot move without being destroyed. The vast majority of games end in total victory achieved by attrition or, more rarely, a dramatic, skillful maneuver. The only other possible outcome is a draw, meaning the abandonment of the hope for victory by both parties.

If chess is about the decisive battle, *wei qi* is about the protracted campaign. The chess player aims for total victory. The *wei qi* player seeks relative advantage. In chess, the player always has the capability of the adversary in front of him; all the pieces are always fully deployed.



THE OUTCOME OF A *WEI QI* GAME BETWEEN TWO EXPERT PLAYERS. BLACK HAS WON BY A SLIGHT MARGIN.

Source: David Lai, "Learning from the Stones: A Go Approach to Mastering China's Strategic Concept, Shi" (Carlisle, PA: U.S. Army War College Strategic Studies Institute, 2004).

The *wei qi* player needs to assess not only the pieces on the board but the reinforcements the adversary is in a position to deploy. Chess teaches the Clausewitzian concepts of "center of gravity" and the "decisive point"—the game usually beginning as a struggle for the center of the board. *Wei qi* teaches the art of strategic encirclement. Where the skillful chess player aims to eliminate his opponent's pieces in a series of head-on clashes, a talented *wei qi* player moves into "empty" spaces on the board, gradually mitigating the strategic potential of his oppo-

nent's pieces. Chess produces single-mindedness; *wei qi* generates strategic flexibility.

A similar contrast exists in the case of China's distinctive military theory. Its foundations were laid during a period of upheaval, when ruthless struggles between rival kingdoms decimated China's population. Reacting to this slaughter (and seeking to emerge victorious from it), Chinese thinkers developed strategic thought that placed a premium on victory through psychological advantage and preached the avoidance of direct conflict.

The seminal figure in this tradition is known to history as Sun Tzu (or "Master Sun"), author of the famed treatise *The Art of War*. Intriguingly, no one is sure exactly who he was. Since ancient times, scholars have debated the identity of *The Art of War*'s author and the date of its composition. The book presents itself as a collection of sayings by one Sun Wu, a general and wandering military advisor from the Spring and Autumn period of Chinese history (770–476 B.C.), as recorded by his disciples. Some Chinese and later Western scholars have questioned whether such a Master Sun existed or, if he did, whether he was in fact responsible for *The Art of War*'s contents.[1]

Well over two thousand years after its composition, this volume of epigrammatic observations on strategy, diplomacy, and war—written in classical Chinese, halfway between poetry and prose—remains a central text of military thought. Its maxims found vivid expression in the twentieth-century Chinese civil war at the hands of Sun Tzu's student Mao Zedong, and in the Vietnam wars, as Ho Chi Minh and Vo Nguyen Giap employed Sun Tzu's principles of indirect attack and psychological combat against France and then the United States. (Sun Tzu has also achieved a second career of sorts in the West, with popular editions of *The Art of War* recasting him as a modern business management guru.) Even today Sun Tzu's text reads with a degree of immediacy and insight that places him among the ranks of the world's foremost strategic thinkers. One could argue that the disregard of his

A ruler
Must never
Mobilize his men
Out of anger;
A general must never
Engage [in] battle
Out of spite . . .

Anger
Can turn to
Pleasure;
Spite
Can turn to
Joy.
But a nation destroyed
Cannot be
Put back together again;
A dead man
Cannot be
Brought back to life.

So the enlightened ruler
Is prudent;
The effective general
Is cautious.
This is the Way
To keep a nation
At peace
And an army
Intact.[33]

What should a statesman be prudent about? For Sun Tzu, victory is not simply the triumph of armed forces. Instead, it is the achievement of the ultimate political objectives that the military clash was intended to secure. Far better than challenging the enemy on the field of battle is undermining an enemy's morale or maneuvering him into an unfavorable position from which escape is impossible. Because war is a desperate and complex enterprise, self-knowledge is crucial. Strategy resolves itself into a psychological contest:

Ultimate excellence lies
Not in winning
Every battle
But in defeating the enemy
Without ever fighting.
The highest form of warfare
Is to attack [the enemy's]
Strategy itself;
The next,
To attack [his]
Alliances.
The next,
To attack
Armies;
The lowest form of war is
To attack
Cities.
Siege warfare
Is a last resort . . .

The Skillful Strategist
Defeats the enemy
Without doing battle,

Captures the city
Without laying siege,
Overthrows the enemy state
Without protracted war.[34]

Ideally, the commander would achieve a position of such dominance that he could avoid battle entirely. Or else he would use arms to deliver a coup de grâce after extensive analysis and logistical, diplomatic, and psychological preparation. Thus Sun Tzu's counsel that

The victorious army
Is victorious first
And seeks battle later;
The defeated army
Does battle first
And seeks victory later.[35]

Because attacks on an opponent's strategy and his alliances involve psychology and perception, Sun Tzu places considerable emphasis on the use of subterfuge and misinformation. "When able," he counseled,

Feign inability;
When deploying troops,
Appear not to be.
When near,
Appear far;
When far,
Appear near.[36]

To the commander following Sun Tzu's precepts, a victory achieved indirectly through deception or manipulation is more humane (and surely more economical) than a triumph by superior force. *The Art of*

War advises the commander to induce his opponent into accomplishing the commander's own aims or force him into a position so impossible that he opts to surrender his army or state unharmed.

Perhaps Sun Tzu's most important insight was that in a military or strategic contest, everything is relevant and connected: weather, terrain, diplomacy, the reports of spies and double agents, supplies and logistics, the balance of forces, historic perceptions, the intangibles of surprise and morale. Each factor influences the others, giving rise to subtle shifts in momentum and relative advantage. There are no isolated events.

Hence the task of a strategist is less to analyze a particular situation than to determine its relationship to the context in which it occurs. No particular constellation is ever static; any pattern is temporary and in essence evolving. The strategist must capture the direction of that evolution and make it serve his ends. Sun Tzu uses the word *"shi"* for that quality, a concept with no direct Western counterpart.[37] In the military context, *shi* connotes the strategic trend and "potential energy" of a developing situation, "the power inherent in the particular arrangement of elements and . . . its developmental tendency."[38] In *The Art of War,* the word connotes the ever-changing configuration of forces as well as their general trend.

To Sun Tzu, the strategist mastering *shi* is akin to water flowing downhill, automatically finding the swiftest and easiest course. A successful commander waits before charging headlong into battle. He shies away from an enemy's strength; he spends his time observing and cultivating changes in the strategic landscape. He studies the enemy's preparations and his morale, husbands resources and defines them carefully, and plays on his opponent's psychological weaknesses—until at last he perceives the opportune moment to strike the enemy at his weakest point. He then deploys his resources swiftly and suddenly, rushing "downhill" along the path of least resistance, in an assertion of superiority that careful timing and preparation have rendered a fait accompli.[39] *The Art of War* articulates a doctrine less of territorial

conquest than of psychological dominance; it was the way the North Vietnamese fought America (though Hanoi usually translated its psychological gains into actual territorial conquests as well).

In general, Chinese statesmanship exhibits a tendency to view the entire strategic landscape as part of a single whole: good and evil, near and far, strength and weakness, past and future all interrelated. In contrast to the Western approach of treating history as a process of modernity achieving a series of absolute victories over evil and backwardness, the traditional Chinese view of history emphasized a cyclical process of decay and rectification, in which nature and the world can be understood but not completely mastered. The best that can be accomplished is to grow into harmony with it. Strategy and statecraft become means of "combative coexistence" with opponents. The goal is to maneuver them into weakness while building up one's own *shi*, or strategic position.[10]

This "maneuvering" approach is, of course, the ideal and not always the reality. Throughout their history, the Chinese have had their share of "unsubtle" and brutal conflicts, both at home and occasionally abroad. Once these conflicts erupted, such as during the unification of China under the Qin Dynasty, the clashes of the Three Kingdoms period, the quelling of the Taiping Rebellion, and the twentieth-century civil war, China was subjected to wholesale loss of life on a level comparable to the European world wars. The bloodiest conflicts occurred as a result of the breakdown of the internal Chinese system—in other words, as an aspect of internal adjustments of a state for which domestic stability and protection against looming foreign invasion are equal concerns.

For China's classical sages, the world could never be conquered; wise rulers could hope only to harmonize with its trends. There was no New World to populate, no redemption awaiting mankind on distant shores. The promised land was China, and the Chinese were already there. The blessings of the Middle Kingdom's culture might

theoretically be extended, by China's superior example, to the foreigners on the empire's periphery. But there was no glory to be found in venturing across the seas to convert "heathens" to Chinese ways; the customs of the Celestial Dynasty were plainly beyond the attainment of the far barbarians.

This may be the deeper meaning of China's abandonment of its naval tradition. Lecturing in the 1820s on his philosophy of history, the German philosopher Hegel described the Chinese tendency to see the huge Pacific Ocean to their east as a barren waste. He noted that China, by and large, did not venture to the seas and instead depended on its great landmass. The land imposed "an infinite multitude of dependencies," whereas the sea propelled people "beyond these limited circles of thought and action": "This stretching out of the sea beyond the limitations of the land, is wanting to the splendid political edifices of Asiatic States, although they themselves border on the sea—as for example, China. For them the sea is only the limit, the ceasing of the land; they have no positive relations to it." The West had set sail to spread its trade and values throughout the world. In this respect, Hegel argued, landbound China—which in fact had once been the world's greatest naval power—was "severed from the general historical development."[41]

With these distinctive traditions and millennial habits of superiority, China entered the modern age a singular kind of empire: a state claiming universal relevance for its culture and institutions but making few efforts to proselytize; the wealthiest country in the world but one that was indifferent to foreign trade and technological innovation; a culture of cosmopolitanism overseen by a political elite oblivious to the onset of the Western age of exploration; and a political unit of unparalleled geographic extent that was unaware of the technological and historical currents that would soon threaten its existence.

UNDERSTANDING CHINA'S RISE UNDER XI JINPING

THE HONOURABLE KEVIN RUDD

26TH PRIME MINISTER OF AUSTRALIA

PRESIDENT OF THE ASIA SOCIETY POLICY INSTITUTE

ADDRESS TO CADETS

UNITED STATES MILITARY ACADEMY, WEST POINT

MONDAY 5 MARCH 2018

Next week marks the 216th anniversary of the founding of the West Point Military Academy. Its founding came less than 20 years after the defeat of the British at Yorktown in 1781. It followed the decision by President Thomas Jefferson to establish the United States Military Academy just after his inauguration in 1801. Indeed the United States continental army first occupied this place on 27 January 1778, barely two years into the Revolutionary War, when things were not proceeding all that well against the British in that great conflagration. So you have been here at West Point since virtually the first birth-pangs of this great Republic.

Over the span of history, this nation has grown from thirteen fissiparous colonies to become the most powerful nation on earth. And while the challenges have been many, you have preserved the flame of liberal democracy throughout the nation's rise.

When this nation was being born, China was at its height. In 1799, the Qianlong Emperor died, having reigned for over 60 years. His grandfather, the Kangxi Emperor, had reigned for 61 years until 1722. Between both their reigns, the territorial expanse of the Chinese Empire virtually doubled, occupying some 10 per cent of the world's land area, 30 percent of the world's population, and 32 percent of the world's economy.

Although the United States sought to establish consular relations with China in 1784, this was rebuffed by Qianlong's court, delaying the establishment of diplomatic relations until 1844 with the Treat of Wangxia. By this stage, China had already suffered its first major defeat at the hands of the British during the First Opium War. The second defeat would follow less than 20 years

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later at the hands of the British and the French. And so began China's "Century of National Humiliation" until the birth of the People's Republic in 1949.

As for Australia, proudly an ally of the United States since we first fought together in the trenches in 1918, our short history, at least as a settler society, has been considerably more recent than either China or the US—although our indigenous peoples, Aboriginal Australians, are the oldest continuing cultures on earth, going back 60,000 years. Because Washington's continental army prevailed at Yorktown in 1781, not only did Britain lose these colonies, it also lost its convict dumping ground at Savannah Georgia. Back in the British Admiralty, after the Treaty of Paris in 1783, they dusted off the navigation charts of James Cook taken some 13 years before, and in 1788 established a convict colony and the first European settlement in what we now call Sydney, Australia.

China, because of its proximity and size, has loomed large in the Australian national imagination ever since. Just as it now looms large in the global imagination. Not least because China's new leadership, under Xi Jinping, as of the very day he first came to power as General Secretary of the Chinese Communist Party five years ago, claimed that China's national mission was now one of "national renaissance" (guojia fuxing).

Xi Jinping, in rallying his party to a future vision for his country, looks deeply to China's history as a source of national inspiration. China's national pride at the historical achievements of the great dynasties of the Qing, Ming, Song, Tang, and the Han is palpable. The Chinese political leadership harness their national past selectively, always carefully using rose-coloured glasses, omitting those chapters which may be more problematic for China's current national narrative. But then again, China's leaders are no more guilty of this than other countries.

Nonetheless, for those who are professionally charged with interpreting China's future, as you are in this great military academy, it means that we must also take time to understand China's past. To understand how China perceives the world around it. And to understand how it now perceives its own national destiny in the turbulent world of the 21st century.

It is one of the reasons why after more than 40 years of studying Chinese language, history, politics, economics, and culture, I have embarked on a fresh research project at Oxford

University, seeking to define Xi Jinping's worldview. This is not a static process. This is a dynamic process. China is as much deeply marked by its past, as it is being reshaped by the unprecedented torrent of economic, social, cultural, and technological forces that are washing over its future.

Over the last 40 years I have engaged China as a student, bureaucrat, diplomat, member of parliament, foreign minister, and prime minister. And now as the President of an American think tank, part of a venerable institution, the Asia Society, which has been engaging China since the earliest days of the People's Republic in 1956. Understanding China is a lifelong journey.

For those of you who would become the next generation of American military leaders, it must be your lifelong journey as well. I argue that there will be no more important part of your professional skill-craft than to understand how Chinese leaders think, how they perceive the world, and how the world should most productively engage them. That applies also to your country's future political leadership, corporate leadership, and every branch of its military. So I encourage you in your mission.

DEFINING XI JINPING'S CHINA

Xi's Political Authority

The beginning of wisdom in understanding China's view of the world is to understand China's view of the future of its own country—its politics, its economics, its society. Xi Jinping lies at the apex of the Chinese political system. But his influence now permeates every level. Five years ago, I wrote that Xi would be China's most powerful leader since Deng. I was wrong. He's now China's most powerful leader since Mao. We see this at multiple levels. The anti-corruption campaign he's wielded across the Party has not only helped him "clean up" the country's almost industrial levels of corruption. It has also afforded the additional benefit of "cleaning up" all of Xi Jinping's political opponents on the way through. It's a formidable list:

- Bo Xilai, Politburo member and Party Secretary of Chongqing;
- Zhou Yongkang, Politburo Standing Committee member and head of the internal security apparatus;
- Xu Caihou, Vice Chairman of the Central Military Commission;
- Guo Boxiong, Vice Chairman of the Central Military Commission;

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- Ling Jihua, former Chief of the General Office of the CPC and Chief of Staff to Hu Jintao;
- Sun Zhengcai, Politburo member and another Party Secretary from Chongqing;
- And just prior to the 19th Party Congress, General Fang Fenghui, Chief of the Joint Staffs, and General Zhang Yang, Director of the PLA Political Work Department, who recently committed suicide.

None of this is for the faint-hearted. It says much about the inherent nature of a Chinese political system which has rarely managed leadership transitions smoothly. But it also points to the political skill-craft of Xi Jinping himself.

Xi Jinping is no political neophyte. He has grown up in Chinese party politics as conducted at the highest levels. Through his father, Xi Zhongxun, he has been on both the winning side and the losing side of the many bloody battles that have been fought within the Chinese Communist Party since the days of the Cultural Revolution half a century ago.

There is little that Xi Jinping hasn't seen with his own eyes on the deepest internal workings of the Party. He has been through a "masterclass" of not only how to survive it, but also on how to prevail within it. For these reasons, he has proven himself to be the most formidable politician of his age. He has succeeded in pre-empting, outflanking, outmanoeuvring, and then removing each of his political adversaries. The polite term for this is power consolidation. In that, he has certainly succeeded.

The external manifestations of this are seen in the decision, now endorsed by the 19th Party Congress and the 13th National People's Congress, to formally enshrine "Xi Jinping Thought" as part of the Chinese constitution. For Xi Jinping's predecessors, Deng, Jiang and Hu, this privilege was only accorded them after they had formally left the political stage. In Xi Jinping's case, it occurs near the beginning of what is likely to be a long political career.

A further manifestation of Xi Jinping's extraordinary political power has been the concentration of the policy machinery of the Chinese Communist Party. Xi now chairs six top-level "leading small groups" as well as a number of central committees and commissions covering every major area of policy.

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A third expression of Xi's power has been the selection of candidates for the seven-man Standing Committee of the Politburo, the 20-person wider Politburo, and the 209-member Central Committee. There's been some debate among China analysts as to the degree to which these ranks are now filled with Xi loyalists. My argument is simple: it is a much more accommodating and comfortable set of appointments from Xi Jinping's personal perspective than what he inherited from the 18th Party Congress.

Furthermore, his ability to prevail on critical personnel selection is underlined by the impending appointment of his close friend and colleague Wang Qishan as Chinese Vice President. Wang Qishan himself has passed the retirement age, but this has proven to be no obstacle to retaining him as an ex-officio member of the politburo standing committee, as reflected in the footage carried yesterday by the Chinese media of the opening sessions of the National People's Congress. And it is Wang Qishan who will be entrusted by Xi with working-level responsibility for the vast complexity that is now the US-China relationship.

A fifth manifestation of Xi Jinping's accumulation of unchallenged personal power has been the decision to remove the provision of the 1982 Chinese State Constitution, which imposed a limit of two five-year terms on those appointed to the Chinese presidency. Xi Jinping is now 64 years old. He will be 69 by the expiration of his second term as President, General Secretary of the Party, and Chairman of the Central Military Commission. Given his own family's longevity (his father lived to 88, and his mother is still alive at 91), as well as the general longevity of China's most senior political leaders, it is prudent for us to assume that Xi Jinping, in one form or another, will remain China's paramount leader through the 2020's and into the following decade.

He therefore begins to loom large as a dominant figure not just in Chinese history, but in world history, in the twenty-first century. It will be on his watch that China finally becomes the largest economy in the world, or is at least returned to that status, which it last held during the Qing dynasty.

Finally, there is the personality of Xi Jinping himself as a source of political authority. For those who have met him and had conversations with him, he has a strong intellect, a deep sense of his

country's and the world's history, and a deeply defined worldview of where he wants to lead his country. Xi Jinping is no accidental president. It's as if he has been planning for this all his life.

It has been a lifetime's accumulation of the intellectual software, combined with the political hardware of raw politics, which form the essential qualities of high political leadership in countries such as China. For the rest of the world, Xi Jinping represents a formidable partner, competitor or adversary, depending on the paths that are chosen in the future.

There are those within the Chinese political system who have opposed this large-scale accumulation of personal power in the hands of Xi Jinping alone, mindful of the lessons from Mao. In particular, the decision to alter the term-limits concerning the Chinese presidency has been of great symbolic significance within the Chinese domestic debate. State censorship was immediately applied to any discussion of the subject across China's often unruly social media. The People's Daily, in a surprisingly defensive editorial last week, was at pains to point out that the changes to term limits for the Chinese presidency simply brought China's state constitution into line with the Party constitution, which imposed no term limits on the positions of General Secretary and Chairman of the Central Military Commission. Even more defensively, the People's Daily was at equal pains to point out that these constitutional changes did not signify "leadership for life".

For Xi's continuing opponents within the system, what we might describe as "a silent minority", this has created a central, symbolic target for any resentments they may hold against Xi Jinping's leadership. It would be deeply analytically flawed to conclude that these individuals have any real prospect of pushing back against the Xi Jinping political juggernaut in the foreseeable future. But what these constitutional changes have done is to make Xi potentially vulnerable to any single, large-scale adverse event in the future. If you have become, in effect, "Chairman of Everything", then it is easy for your political opponents to hold you responsible for anything and everything that could go wrong, whether you happen to be responsible for it or not.

This could include any profound miscalculation, or unintended consequence, arising from contingencies on the Korean Peninsula, Taiwan, the South China Sea, the Chinese debt crisis, or large-scale social disruption arising from unmanageable air pollution or a collapse in employment through a loss of competitiveness, large-scale automation or artificial intelligence.

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However, militating against any of the above, and the "tipping points" which each could represent, is Xi Jinping's seemingly absolute command of the security and intelligence apparatus of the Chinese Communist Party and the state. Xi Jinping loyalists have been placed in command of all sensitive positions across the security establishment. The People's Armed Police have now been placed firmly under party control rather than under the control of the state. And then there is the new technological sophistication of the domestic security apparatus right across the country—an apparatus which now employs more people than the PLA.

We should never forget that the Chinese Communist Party is a revolutionary party which makes no bones about the fact that it obtained power through the barrel of a gun, and will sustain power through the barrel of a gun if necessary. We should not have any dewy-eyed sentimentality about any of this. It's a simple fact that this is what the Chinese system is like.

Xi Jinping's View of the Party

Apart from the sheer construction of personal power within the Chinese political system, how does Xi Jinping see the future evolution of China's political structure? Here again, we've reached something of a tipping point in the evolution of Chinese politics since the return of Deng Xiaoping at the 3rd Plenum of the 11th Central Committee in November 1978.

There has been a tacit assumption, at least across much of the collective West over the last 40 years, that China, step-by-step, was embracing the global liberal capitalist project. Certainly, there was a view that Deng Xiaoping's program of "reform and opening" would liberalise the Chinese economy with a greater role for market principles and a lesser role for the Chinese state in the economy.

A parallel assumption has been that over time, this would produce liberal democratic forces across the country which would gradually reduce the authoritarian powers of the Chinese Communist Party, create a greater plurality of political voices within the country, and in time involve something not dissimilar to a Singaporean-style "guided democracy", albeit it on a grand scale. Despite the global wake-up call that was Tiananmen in 1989, by and large this continued to be the underlying view across the West, always misguided in my view, that China, through many twists and turns, was still broadly on track to create a more liberal political system, if not to create any form of classical Western liberal democracy.

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Many scholars failed to pay attention to the internal debates within the Party in the late 1990s, where internal consideration was indeed given to the long-term transformation of the Communist Party into a Western-style social democratic party as part of a more pluralist political system. The Chinese were mindful of what happened with the collapse of the Soviet Union. They also saw the political transformations that unfolded across Eastern and Central Europe. Study groups were commissioned. Intense discussions held. They even included certain trusted foreigners at the time. I remember participating in some of them myself. Just as I remember my Chinese colleagues telling me in 2001-2 that China had concluded this debate, there would be no systemic change, and China would continue to be a one-party state. It would certainly be a less authoritarian state than the sort of totalitarianism we had seen during the rule of Mao Zedong. But the revolutionary party would remain.

The reasons were simple. The Party's own institutional interests are in its long-term survival: after all, they had won the revolution, so in their own Leninist worldview, why on earth should they voluntarily yield power to others? But there was a second view as well. They also believed that China could never become a global great power in the absence of the Party's strong central leadership. And that in the absence of such leadership, China would simply dissipate into the divided bickering camps that had often plagued the country throughout its history. The Communist Party would continue, therefore, as an unapologetically Leninist party for the future.

To be fair to Xi Jinping, it should be noted for the historical record that these internal debates were concluded a decade before Xi's rise to power. The rise of Xi Jinping should not be interpreted simplistically as the sudden triumph of authoritarianism over democracy for the future of China's domestic political system. That debate was already over. Rather it should be seen as a definition of the particular form of authoritarianism that China's new leadership now seeks to entrench.

I see this emerging political system as having three defining characteristics. First, the unapologetic assertion of the power, prestige and prerogatives of the Party apparatus over the administrative machinery of the state. In previous decades, the role of the Party apparatus had shrunk to a more narrowly defined, ideological role. The powers of detailed policy decision-making had gradually migrated to the institutions of the state council. This indeed had been a signature reform under Premier Zhu Rongji.

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That is no longer the case. Xi Jinping has realised that if you remove the Party as an institution from continued structural relevance to the country's real policy decision-making process, the party over time would literally fade away. As a person who believes deeply not just in the Party's history, but also the Party's future, Xi has not been prepared to stand idly by while that happened. Xi has now intervened decisively to reverse this trend.

A second defining feature of this "new authoritarian" period is the role of political ideology over pragmatic policy. For the previous forty years, we've been told that China's governing ideology was "Socialism with Chinese Characteristics". As the decades rolled by, at least in the economy, there was much less "socialism" than there were "Chinese characteristics". In this sense, "Chinese characteristics" became the accepted domestic political euphemism for good old capitalism.

Few people seemed to have understood that a core part of Xi Jinping's intellectual make-up is that he is a Marxist dialectician. This derives from the Hegelian principles of "thesis, antithesis and synthesis". Or in Chinese Maoist terms: "Contradictions among the people". This forms a deep part of Xi Jinping's intellectual software. Indeed the importance which Xi attaches to this as an intellectual methodology led him to conduct two formal Politburo study sessions on both "historical materialism" and "dialectical materialism" in 2013 and 2015 respectively. As a dialectician, Xi Jinping is acutely conscious of the new social, economic and political forces being created by China's "neo-liberal" economic transformation. He would also understand intuitively the challenges which these new forces would, over time, represent to the Party's continuing Leninist hold on power.

Both he and the rest of the central leadership have read development economics. They are not deaf and dumb. They know what the international literature says: that demands for political liberalisation almost universally arise once per capita income passes a certain threshold. They are therefore deeply aware of the profound "contradiction" which exists between China's national development priority of escaping the "middle income trap" on the one hand, and unleashing parallel demands for political liberalisation once incomes continue to rise on the other.

Xi Jinping's response to this dilemma has been a reassertion of ideology. This has meant a reassertion of Marxist-Leninist ideology. And a new prominence accorded to ideological

education across the entire Chinese system. But it's more sophisticated than a simple unidimensional ideological response. At least since the 2008 Olympics, which pre-dated Xi's ascendency, Chinese nationalism has also become a parallel mainstay in China's broader ideological formation. This has continued and expanded under Xi Jinping. And it has been augmented by an infinitely more sophisticated propaganda apparatus across the country, which now fuses the imagery of the Chinese Communist Party and the Chinese nation into a combined Chinese contemporary political consciousness.

On top of this, we've also seen a rehabilitation of Chinese Confucianism as part of the restoration of Chinese historical narratives about, and the continuing resonance of, China's "unique" national political forms. According to the official line, this historical, authoritarian, hierarchical continuity is what has differentiated China from the rest of the world. This Chinese "neo-Confucianism" is regarded by the party as a comfortable historical accompaniment to the current imperatives for a strong, modern Chinese state, necessary to manage the complex processes of the "Great Chinese Renaissance" of the future.

The short-hand form of the political narrative is simple: China's historical greatness, across its dynastic histories, lay in a strong, authoritarian hierarchical Confucian state. By corollary, China's historical greatness has never been a product of Western liberal democracy. By further corollary, China's future national greatness will lie not in any adaptation of Western political forms, but instead through the modern adaptation of its own indigenous political legacy in the form of a Confucian, communist state.

Xi Jinping's View of the Economy

A third characteristic of China's "new authoritarianism", although less clear than the first and second, is what is now emerging in the future direction of China's economic program. We are all familiar with Deng Xiaoping's famous axiom that "it doesn't matter whether a cat is white or black, so long as it catches mice". Just as we are familiar with his other exhortation, "it is indeed glorious to be rich". These were followed by later exhortations by China's apparatchik class to leave government service (xiahai) and go out into the world (zouchuqu). These simple axioms, as opposed to complex statements of ideology, provided the underlying guidance for the subsequent two generations of Chinese entrepreneurs, both at home and abroad.

In policy terms, China's first phase of economic reform (1978-2012) was characterised by small-scale, local family enterprises, involved in light industry; low-wage, labour-intensive manufacturing for export; combined with high-level state investment in public infrastructure, including telecommunications, broadband, road, rail, port, power generation, transmission and distribution.

In early 2013, at the 3rd plenum of the 18th Central Committee, Xi Jinping released a new blueprint for the second phase of China's economic reform program, or what was ominously called "The Decision", or more elegantly China's "New Economic Model". Its defining characteristics were a new emphasis on the domestic consumption market rather than exports as the principal driver of future economic growth; the explosion of China's private sector at the expense of the overall market share of China's state owned enterprises, which were to be constrained to certain, critical strategic industry sectors; the flourishing of the services sector, particularly through the agency of digital commerce; "leapfrogging" the West in critical new technology sectors, including biotechnology, and artificial intelligence; and all within the new framework of environmentally sustainable development, particularly air pollution and climate change.

It's important to track over the last five years what progress and regress has occurred across the 60 specific reform measures articulated in the decision of March 2013. The core organising principle across the reform program was that "the market would play the decisive role" across China's economic system. The Asia Society Policy Institute, of which I am President, in collaboration with the Rhodium Group, has been producing over the last six months the "China Economic Dashboard", which looks in detail at the ten core barometers of economic change. What we have concluded is that China has made progress in two of these. First, in innovation policy, where China has made measurable strides, both in policy direction but more critically, in defiance of the usual skepticism about China's capacity to innovate, in actual economic performance.

Second, we also measured progress in Chinese environmental reforms, in particular the reduction in the PMI measures of air pollution across China's major cities over the last two years. However, in five of ten areas, we've seen China at best marking time: investment, trade, finance, SOE and land reform. And finally, in fiscal policy, competition policy and labour reform, we see

evidence of China sliding backwards against the reform direction it set for itself five years ago. Each of these are the subject of considerable debate across the Chinese economic analytical community, particularly given the perennial problems we all face with data. Nonetheless, only the bravest official commentators in China could now point to 2013-18 as a path-breaking period of economic reform. It has at best been slow.

This brings into sharp relief the content of the government work report on the economy delivered at the National People's Congress in Beijing in March 2018. Once again, precisely five years down the track from the original documents, the analytical community will pore over the entrails to analyse whether the spirit of market-based reforms continues to flourish for the future. Or whether it has begun to fade amidst a more general Chinese political and ideological redirection to the left. Or just as problematically, for economic reform to die at the implementation level because of confusing political and policy signals from the centre, meaning that it is much safer to just keep your head down. Or because there are limited local incentives, either personal or institutional, to actively prosecute reform which inevitably generates local conflict with deeply entrenched vested interests. Or, more likely, an unholy cocktail of the above, collectively reinforcing a natural predisposition towards bureaucratic inertia.

Certainly those at the centre of China's economic reform team, including Wang Qishan, Liu He and Wang Yang, understand the absolute imperatives of implementing this next round of economic reform. They know from bitter experience that to stand still is in fact to go backwards. And they understand in particular that the only source of employment growth in China's economy over the last five years has come from the private sector, not SOEs, as China each year is required to absorb 20 million new workers into its labour force.

Nonetheless, there have been worrying signs. First, the role of Party secretaries within private firms now seems to have been enhanced. Second, there is now an open debate in China as to whether the state should acquire equity within China's most successful private firms in order to secure broad representation and greater political influence over these companies' future direction. And third, in the wake of the anti-corruption campaign and other compliance irregularities, we now see a number of prominent Chinese private firms in real political difficulty, and in one case, Anbang, the temporary "assumption of state control" of the company's assets after its Chairman and CEO was taken into custody.

Compounding all of the above is still a continuing lack of truly independent commercial courts and arbitration mechanisms. The complication this creates is whether this leads over time to a private capital strike, or a flight of private capital of the type we have seen over the last several years, resulting in a re-imposition of formal capital controls by the state.

So on the future direction of China's economy, the jury is still out. Have we also reached a new "tipping point", as we appear to have done in Chinese politics? Or will this be a more sophisticated Chinese play, consistent with one of the deeper aphorisms of Chinese politics, that "in order to go right on the economy, you must go left on politics" in order to sustain to internal "balance" of the system? The next 12 months with China's new economic team will be critical.

CHINA'S "WORLDVIEW" UNDER XI JINPING

Seven Core Priorities

There is always a danger facing foreign policy and security policy specialists when they seek to understand and define the capabilities, strategy and worldview of other states. There is always a temptation, given the analytical disciplines we represent, to see these "external" manifestations of state behaviour in the international realm as independent phenomena. The reality is that any country's worldview is as much the product of its domestic politics, economics, culture and historiography, as it is the product of the number of guns, tanks and bullets held by ourselves, and by those around us.

That's why I've sought to emphasise in this presentation so far the domestic drivers that underpin China's emerging worldview. It's important to bear in mind that those who ultimately shape Chinese strategy, like American strategy, are those who are equally engaged in the domestic affairs of their nations. There is no longer a clinical distinction between the foreign and domestic, the international and the national. Therefore understanding the domestic imperatives of China's leadership is the beginning of wisdom in understanding the emerging patterns of China's foreign and security policy behaviour.

The Party

China's emerging worldview, in my own estimation, is best understood as a set of seven concentric circles. The first concentric circle is the Chinese Communist Party itself and its

overriding interest to remain in power. This Leninist reality should never be forgotten. It is radically different from the worldview of Western political parties, who while always determined to remain in electoral power while they possibly can, also understand there is a natural ebb and flow in our national political discourse, intermediated by the electoral process.

National Unity

The second concentric circle, in terms of the core interests of the Chinese leadership, is the unity of the motherland. This may seem a hackneyed phrase in the West. But it remains of vital concern in Beijing, both as a question of national security on the one hand, and a question of enduring political legitimacy on the other. From Beijing's perspective, Tibet, Xinjiang, Inner Mongolia and Taiwan represent a core set of security interests. Each within itself represents a confluence of external and internal security factors. Tibet is a central factor in Chinese perceptions of its strategic relationship with India. Xinjiang represents China's gateway to what it perceives to be an increasingly hostile Islamic world, reinforced by concerns about its own, home-grown Islamic separatist movement. Inner Mongolia, despite the resolution of the common border with Russia decades ago, represents a continuing source of strategic anxiety between China and Russia. Taiwan, long seen as an American aircraft carrier in the Pacific, represents in the Chinese strategic mind a grand blocking device against China's national aspirations for a more controlled, and therefore more secure maritime frontier, as well as an impediment to the ultimate political holy grail of national re-unification. These "internal" security challenges will always remain China's core security challenges, apart, of course, from the security of the Party itself.

The Economy and Environmental Sustainability

The third in this series of concentric circles is the economy, together with its strategic counterfoil, environmental sustainability. I've already referred at some length to the current dilemmas in Chinese economic policy. Parallel dilemmas also confront the leadership over the litany of stories which permeate its own media on water, land and air pollution, and the inadequacy of food quality standards. The tragedy of China's rapid economic development over the first 35 years was the relegation of the environment. Indeed, the systematic treatment of the environment as simply an "economic externality" to the Chinese development process led to wholesale environmental destruction. China is now paying the price.

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Of course, these are not just domestic concerns for the Chinese people themselves. The quantum of China's greenhouse gas emissions is of fundamental relevance to the future of global climate security and therefore of the planet itself. Indeed, if China fails to deliver on its future commitments on GHG reductions, as America and my own country Australia are now failing to do, by the time you students of the academy are taking your grandchildren to school during the last quarter of this century, the climate will represent the single greatest security threat to us all. But within the framework of China's current and emerging worldview, both a strong economy and clean environment represent core determinants of the Party's future political legitimacy.

These existential questions, therefore, of clean water, useable land, uncontaminated fish stocks, clean air to breathe as well as continued jobs growth, increased living standards, and all within the constraints of an ageing population, represent the daunting, day-to-day challenges of China's Communist Party leadership.

China's Neighbouring States - Securing China's Continental Periphery across Eurasia

The fourth in this widening series concentric circles relates to China's fourteen neighbouring states. Neighbouring states occupy a particular place in China's strategic memory. Historically, they've been the avenue through which China's national security has been threatened, resulting in successive foreign invasions. From the Mongols in the North in the 12th century, to the Manchurians in the North East in the mid-17th century, to the British, French, the Western imperial powers including the United States, and then the absolute brutality of the Japanese occupation from the East.

In Chinese traditional strategic thought, this has entrenched a deeply defensive view of how to maintain China's national security. But Chinese historiography also teaches that purely defensive measures have not always succeeded. The failure of the Great Wall of China to provide security from foreign invasion is a classic case in point.

For these reasons, modern Chinese strategic thinking has explored different approaches. First and foremost, through political and economic diplomacy, China wishes to secure positive, accommodating, and wherever possible compliant relationships with all its neighbouring states.

But beyond that, China is also in search of its own form of strategic depth. We see this in China's political, economic and military diplomacy across its vast continental flank from Northeast, through Central to Southeast Asia. We see this thinking alive in the Shanghai Cooperation Organisation. We see it alive in the Conference on International Confidence Building in Asia (CICA). We see it also with the Continental Silk Road, and the Maritime Silk Road initiative which charts its course across the Indian Ocean to the Red Sea and now the Mediterranean. And beyond that we see the Belt and Road Initiative, or BRI. The strategic imperative is clear: to consolidate China's relationships with its neighbouring states. And by and large, this means enhancing its strategic position across the Eurasian continent, thereby consolidating China's continental periphery.

China's Maritime Periphery - East Asia and the West Pacific

The fifth concentric circle, or arguably its co-equal fourth, lies on China's maritime periphery, across East Asia and the West Pacific. Unlike its continental periphery, China sees its maritime periphery as deeply hostile. It sees its traditional territorial claims in the East and South China Seas as under threat, and now routinely refers to these as China's "core national interests", placing them in a similar category to Taiwan. China also sees the region as strategically allied against it—with a ring of US allies from South Korea to Japan to Taiwan to the Philippines and onto Australia. Beyond this ring of US allies, the Chinese are fundamentally fixated on the formidable array of US military assets deployed by US Pacific Command across the entire region.

China's strategy in response to this is clear. It seeks to fracture US alliances and has said as much repeatedly in its declaratory statements. Its position is that these alliances are relics of the Cold War. China's deepest strategic concern about the peaceful reunification of North Korea lies in potentially having a unified Korean Peninsula, as a US ally, positioned on its immediate land border. China's deeper response to its strategic circumstances is to enhance the capability of its navy and air force. Under Xi Jinping, the change in China's military organisation, doctrine and force structure has been profound. The army continues to shrink. The navy and air force continue to expand.

Chinese naval and air capabilities now extend to reclaimed islands in the South China Sea. China's naval and air expansion has also been enhanced by the rapid development of its land-

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based missile force targeted at both Taiwan and wider US naval operations in the Western Pacific. The strategic rationale is clear: a strategy of air-sea denial against US forces seeking to sustain large-scale US military operations in support of Taiwan, its partners in the South China Sea, and ultimately in the East China Sea as well. China's overall political-military strategy is clear: to cause sufficient doubt in the minds of PACOM, and therefore any future US administration as to the "winnability" of any armed conflict against Chinese forces within the first island chain. And that includes American doubts over its ability to defend Taiwan.

The softer edge of China's strategy in East Asia and the Western Pacific is economic engagement through trade, investment, capital flows and development aid. China's strategy in this region, as in elsewhere in the world, is to turn itself into the indispensable economic power. In many countries and regions in the world, it has made great progress on this score. This, in many respects, is a simple projection of the scale of the Chinese economy as economic growth continues and China remains on track to pass the United States as the world's largest economy over the course of the next decade.

The bottom line is this: in both reality and in perception, China has already become a more important economic partner than the United States to practically every country in wider East Asia. We all know where the wider strategic logic takes us. From economic power proceeds political power; from political power proceeds foreign policy power; and from foreign policy power proceeds strategic power. That is China's strategy.

China and the Developing World

The sixth in my attempted visual image of China's order of strategic priorities is China's particular relationship with the developing world. This has long historical roots going back to Mao and Zhou Enlai's role in the non-aligned movement. It applies particularly in Africa. But we also see it in countries like Pakistan, Sri Lanka and Bangladesh. China's relationship with the developing world has long been seen as a pillar in the prosecution of its global interests and values. In the current period this has continued with large-scale public and private Chinese trade and investment across Africa, Asia and Latin America.

Across Africa, China has laid out large slabs of the continent's emerging infrastructure. Each of these projects is generating its own local controversies. But the remarkable thing about China's

strategy is its persistence and its ability to adapt and adjust over time. Multiple field studies have now been conducted by Western academics on Chinese investment projects in the developing world. Some have not been good. But what is remarkable is how many positive stories are also emerging, on balance. So when China looks for local voices to support its interests, either in the United Nations or across the labyrinth of the global multilateral system, its ability to pull in political and diplomat support is unprecedented.

China and the Global Rules-based Order

The seventh and final concentric circle concerns the future of the global rules-based order itself. The United States, combined with its allies, as the victors of the Second World War, constructed the underlying architecture of the post-war, liberal international rules-based order. We saw this at Bretton Woods in 1944, the emergence of the IMF, the World Bank and the General Agreement on Tariffs and Trade, later the WTO. We saw it in 1945 with the UN Charter. We saw it in 1948 with the Universal Declaration of Human Rights.

The United States also sought to defend the order it had created with a global network of alliances: NATO in Europe, and bilateral security alliances across East Asia. Across all this, even during the Cold War, the United States remained the dominant superpower. Dominant politically, economically, and militarily. Now we find ourselves in a period of great change and challenge.

Our Western political systems are under challenge in terms of their own domestic legitimacy. China will soon replace the United States as the world's largest economy. China will begin to challenge US regional but not global military dominance. China is also creating its own new multilateral institutions outside the UN framework, such as the AIIB. China also continues to expand its strategic and economic reach across Europe and Asia. And Xi Jinping has made plain he does not see China's role as simply replicating the current US-led liberal international order for the future.

China has consistently said that this was an order created by the Western, victorious, and by-and-large colonial powers after the Second World War. But China leaves open what future changes it may make to the international rules-based system in the future. The desirability of having a form of rules-based system, rather than simple chaos, lies deep within Chinese political consciousness.

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Chaos is utterly alien to China's preferred political approach. But it is important to remember that "order", the alternative to "chaos", will not necessarily be an American order, or for that matter a liberal international order of America's making, where Chinese co-leadership of that order may now be expected or desired.

China's expectation of the future of the order will be one which is more suited to China's own national interests and values. This means China will want to change things. At this stage, it is not clear how much China wants to change things. And whether the rest of the international community will agree. This will have implications, for example, for the current international order on human rights, anchored in the three current international treaties and the human rights council in Geneva. It will also have implications for the future international economic order, including the WTO, particularly in the aftermath of any unfolding trade war with the United States. As for the future international security order, we now find ourselves in completely uncertain terrain for reasons increasingly shaped by the future contours of both American and Chinese domestic politics.

There is much public debate about Thucydides' Trap on the probability of conflict between China and the United States. Just as there is now debate about the Kindleberger Trap, drawn from the experience of the 1920s and 1930's, when we saw the emergence of strategic vacuum through the global retrenchment of the United Kingdom and an unwillingness of the United States to fill that vacuum in the provision of global public goods. The result was global anarchy of a different sort. My deepest belief is that we must avoid both these traps. Our deepest wisdom must be harnessed in defining another path.

CONCLUSION

There are many reasons to study China. It is an extraordinary civilisation in its own right. It contains deep wisdom, generated over more than 4000 years of recorded history. China's aesthetic tradition is also rich beyond all measure. It is easy to become lost in the world of Sinology. But the rise of China demands of us all a New Sinology for the 21st century.

One which is familiar with the Chinese tradition. One which is clear in its analysis of contemporary Chinese politics, economics, society and China's unfolding role in the region and the world. As well as a New Sinology which is capable of synthesising the above.

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We will need a generation of leaders who understand this integrated Chinese reality, in order to make sense of and engage with the China of the future. With our eyes wide open. And with our minds wide open as well. Open to new challenges. Open to new threats. Open to new possibilities. Open to new areas of cooperation and collaboration.

And above all, open to finding creative paths about how we preserve peace, preserve stability, avoid conflict and the scourge of war between these two great nations, while preserving the universal values, anchored in our international covenants, for which we all still stand.

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China vs. America
Managing the Next Clash of Civilizations
Graham Allison

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As Americans awaken to a rising China that now rivals the United States in every arena, many seek comfort in the conviction that as China grows richer and stronger, it will follow in the footsteps of Germany, Japan, and other countries that have undergone profound transformations and emerged as advanced liberal democracies. In this view, the magic cocktail of globalization, market-based consumerism, and integration into the rule-based international order [2] will eventually lead China to become democratic at home and to develop into what former U.S. Deputy Secretary of State Robert Zoellick once described as "a responsible stakeholder [3]" abroad.

Samuel Huntington disagreed. In his essay "The Clash of Civilizations? [4]," published in this magazine in 1993, the political scientist argued that, far from dissolving in a global liberal world order, cultural fault lines would become a defining feature of the post–Cold War world. Huntington's argument is remembered today primarily for its prescience in spotlighting the divide between "Western and Islamic civilizations"—a rift that was revealed most vividly by the 9/11 attacks and their aftermath. But Huntington saw the gulf between the U.S.-led West and Chinese civilization as just as deep, enduring, and consequential. As he put it, "The very notion that there could be a 'universal civilization' is a Western idea, directly at odds with the particularism of most Asian societies and their emphasis on what distinguishes one people from another."

The years since have bolstered Huntington's case. The coming decades will only strengthen it further. The United States embodies what Huntington considered Western civilization. And tensions between American and Chinese values, traditions, and philosophies will aggravate the fundamental structural stresses that occur whenever a rising power, such as China, threatens to displace an established power, such as the United States.

The reason such shifts so often lead to conflict is Thucydides' trap [5], named after the ancient Greek historian who observed a dangerous dynamic between a rising Athens and ruling Sparta. According to Thucydides, "It was the rise of Athens, and the fear that this instilled in Sparta, that made war inevitable." Rising powers understandably feel a growing sense of entitlement and demand greater influence and respect. Established powers, faced with challengers, tend to become fearful, insecure, and defensive. In such an environment, misunderstandings are magnified, empathy remains elusive, and events and third-party actions that would otherwise be inconsequential or manageable can trigger wars that the primary players never wanted to fight.

In the case of the United States and China [6], Thucydidean risks are compounded by civilizational incompatibility between the two countries, which exacerbates their competition and makes it more difficult to achieve rapprochement. This mismatch is most easily observed in the profound

differences between American and Chinese conceptions of the state, economics, the role of individuals, relations among nations, and the nature of time.

Americans see government as a necessary evil and believe that the state's tendency toward tyranny and abuse of power must be feared and constrained. For Chinese, government is a necessary good, the fundamental pillar ensuring order and preventing chaos. In American-style free-market capitalism, government establishes and enforces the rules; state ownership and government intervention in the economy sometimes occur but are undesirable exceptions. In China's state-led market economy, the government establishes targets for growth, picks and subsidizes industries to develop, promotes national champions, and undertakes significant, long-term economic projects to advance the interests of the nation.

Chinese culture does not celebrate American-style individualism, which measures society by how well it protects the rights and fosters the freedom of individuals. Indeed, the Chinese term for "individualism"—*gerenzhuyi*—suggests a selfish preoccupation with oneself over one's community. China's equivalent of "give me liberty or give me death" would be "give me a harmonious community or give me death." For China, order is the highest value, and harmony results from a hierarchy in which participants obey Confucius' first imperative: Know thy place.

This view applies not only to domestic society but also to global affairs, where the Chinese view holds that China's rightful place is atop the pyramid; other states should be arranged as subordinate tributaries. The American view is somewhat different. Since at least the end of World War II, Washington has sought to prevent the emergence of a "peer competitor" that could challenge U.S. military dominance. But postwar American conceptions of international order have also emphasized the need for a rule-based global system that restrains even the United States.

Finally, the Americans and the Chinese think about time and experience its passage differently. Americans tend to focus on the present and often count in hours or days. Chinese, on the other hand, are more historical-minded and often think in terms of decades and even centuries.

Of course, these are sweeping generalizations that are by necessity reductive and not fully reflective of the complexities of American and Chinese society. But they also provide important reminders that policymakers in the United States and China should keep in mind in seeking to manage this competition without war.

WE'RE NUMBER ONE

The cultural differences between the United States and China are aggravated by a remarkable trait shared by both countries: an extreme superiority complex. Each sees itself as exceptional [7]—indeed, without peer. But there can be only one number one. Lee Kuan Yew, the former prime minister of Singapore, had doubts about the United States' ability to adapt to a rising China. "For America to be displaced, not in the world, but only in the western Pacific, by an Asian people long despised and dismissed with contempt as decadent, feeble, corrupt, and inept is emotionally very difficult to accept," he said in a 1999 interview. "The sense of cultural supremacy of the Americans will make this adjustment most difficult."

In some ways, Chinese exceptionalism is more sweeping than its American counterpart. "The [Chinese] empire saw itself as the center of the civilized universe," the historian Harry Gelber wrote in his 2001 book, *Nations Out of Empires* [8]. During the imperial era, "the Chinese scholar-bureaucrat did not think of a 'China' or a 'Chinese civilization' in the modern sense at all. For him, there were the Han people and, beyond that, only barbarism. Whatever was not civilized was, by definition, barbaric."

To this day, the Chinese take great pride in their civilizational achievements. "Our nation is a great nation," Chinese President Xi Jinping declared in a 2012 speech. "During the civilization and development process of more than 5,000 years, the Chinese nation has made an indelible contribution to the civilization and advancement of mankind." Indeed, Xi claimed in his 2014 book, *The Governance of China* [9], that "China's continuous civilization is not equal to anything on earth, but a unique achievement in world history."

Americans, too, see themselves as the vanguard of civilization, especially when it comes to political development. A passion for freedom is enshrined in the core document of the American political creed, the Declaration of Independence, which proclaims that "all men are created equal" and that they are "endowed by their Creator with certain unalienable Rights." The declaration specifies that these rights include "Life, Liberty and the pursuit of Happiness" and asserts that these are not matters for debate but rather "self-evident" truths. As the American historian Richard Hofstadter wrote, "It has been our fate as a nation not to have ideologies, but to be one." In contrast, order is the central political value for Chinese—and order results from hierarchy. Individual liberty, as Americans understand it, disrupts hierarchy; in the Chinese view, it invites chaos.

DO AS I SAY . . . AND AS I DO?

These philosophical differences find expression in each country's concept of government. Although animated by a deep distrust of authority, the founders of the United States [10] recognized that society required government. Otherwise, who would protect citizens from foreign threats or violations of their rights by criminals at home? They wrestled, however, with a dilemma: a government powerful enough to perform its essential functions would tend toward tyranny. To manage this challenge, they designed a government of "separated institutions sharing power," as the historian Richard Neustadt described it. This deliberately produced constant struggle among the executive, legislative, and judicial branches, which led to delay, gridlock, and even dysfunction. But it also provided checks and balances against abuse.

The Chinese conception of government and its role in society could hardly be more different. As Lee observed, "The country's history and cultural records show that when there is a strong center (Beijing or Nanjing), the country is peaceful and prosperous. When the center is weak, then the provinces and their counties are run by little warlords." Accordingly, the sort of strong central government that Americans resist represents to the Chinese the principal agent advancing order and the public good at home and abroad.

For Americans, democracy is the only just form of government: authorities derive their legitimacy from the consent of the governed. That is not the prevailing view in China, where it is common to believe that the government earns or losses political legitimacy based on its performance. In a provocative TED Talk delivered in 2013, the Shanghai-based venture capitalist Eric Li [11] challenged democracy's presumed superiority. "I was asked once, 'The party wasn't voted in by election. Where is the source of legitimacy?'" he recounted. "I said, 'How about competency?'" He went on to remind his audience that in 1949, when the Chinese Community Party took power, "China was mired in civil war, dismembered by foreign aggression, [and] average life expectancy at that time [was] 41 years. Today [China] is the second-largest economy in the world, an industrial powerhouse, and its people live in increasing prosperity."

Washington and Beijing also have distinctly different approaches when it comes to promoting their fundamental political values internationally. Americans believe that human rights and democracy are universal aspirations, requiring only the example of the United States (and sometimes a neoimperialist nudge) to be realized everywhere. The United States is, as Huntington wrote in his follow-on book, *The Clash of Civilizations*, "a missionary nation," driven by the belief "that the non-Western peoples should commit themselves to the Western values . . . and should embody these values in their institutions." Most Americans believe that democratic rights will benefit anyone, anywhere in the world.

Over the decades, Washington has pursued a foreign policy that seeks to advance the cause of democracy—even, on occasion, attempting to impose it on those who have failed to embrace it themselves. In contrast, although the Chinese believe that others can look up to them, admire their virtues, and even attempt to mimic their behavior, China's leaders have not proselytized on behalf of their approach. As the American diplomat Henry Kissinger [12] has noted, imperial China "did not export its ideas but let others come to seek them." And unsurprisingly, Chinese leaders have been deeply suspicious of U.S. efforts to convert them to the American creed. In the late 1980s, Deng Xiaoping, who led China from 1978 until 1989 and began the country's process of economic liberalization, complained to a visiting dignitary that Western talk of "human rights, freedom, and democracy is designed only to safeguard the interests of the strong, rich countries, which take advantage of their strength to bully weak countries, and which pursue hegemony and practice power politics."

THINKING FAST AND SLOW

The American and Chinese senses of the past, present, and future are fundamentally distinct. Americans proudly celebrated their country turning 241 in July; the Chinese are fond of noting that their history spans five millennia. U.S. leaders often refer to "the American experiment," and their sometimes haphazard policies reflect that attitude. China, by contrast, sees itself as a fixture of the universe: it always was; it always will be.

Because of their expansive sense of time, Chinese leaders are careful to distinguish the acute from the chronic and the urgent from the merely important. It is difficult to imagine a U.S. political leader suggesting that a major foreign policy problem should be put on the proverbial shelf for a generation. That, however, is precisely what Deng did in 1979, when he led the Chinese side in negotiations with Japan over the disputed Diaoyu/Senkaku Islands and accepted an eventual, rather than an immediate, solution to the dispute.

Ever more sensitive to the demands of the news cycle and popular opinion, U.S. politicians take to Twitter or announce alliterative, bullet-point policy plans that promise quick solutions. In contrast, Chinese leaders are strategically patient: as long as trends are moving in their favor, they are comfortable waiting out a problem. Americans think of themselves as problem solvers. Reflecting their short-termism, they see problems as discrete issues to be addressed now so that they can move on to the next ones. The American novelist and historian Gore Vida [13]l once called his country "the United States of Amnesia"—a place where every idea is an innovation and every crisis is unprecedented. This contrasts sharply with the deep historical and institutional memory of the Chinese, who assume that there is nothing new under the sun.

Indeed, Chinese leaders tend to believe that many problems cannot be solved and must instead be managed. They see challenges as long term and iterative; issues they face today resulted from processes that have evolved over the past year, decade, or century. Policy actions they take today will simply contribute to that evolution. For instance, since 1949, Taiwan has been ruled by what Beijing considers rogue Chinese nationalists. Although Chinese leaders insist that Taiwan remains an integral part of China, they have pursued a long-term strategy involving tightening economic and social entanglements to slowly suck the island back into the fold.

WHO'S THE BOSS?

The civilizational clash that will make it hardest for Washington and Beijing to escape Thucydides' trap emerges from their competing conceptions of world order [14]. China's treatment of its own citizens provides the script for its relations with weaker neighbors abroad. The Chinese Communist Party maintains order by enforcing an authoritarian hierarchy that demands the deference and compliance of citizens. China's international behavior reflects similar expectations of order: in an unscripted moment during a 2010 meeting of the Association of Southeast Asian Nations, then

Chinese Foreign Minister Yang Jiechi responded to complaints about Chinese assertiveness in the South China Sea by telling his regional counterparts and U.S. Secretary of State Hillary Clinton that "China is a big country and other countries are small countries, and that's just a fact."

By contrast, American leaders aspire to an international rule of law that is essentially U.S. domestic rule of law writ large. At the same time, they also recognize the realities of power in the Hobbesian global jungle, where it is better to be the lion than the lamb. Washington often tries to reconcile this tension by depicting a world in which the United States is a benevolent hegemon, acting as the world's lawmaker, policeman, judge, and jury.

Washington urges other powers to accept the rule-based international order over which it presides. But through Chinese eyes, it looks like the Americans make the rules and others obey Washington's commands. General Martin Dempsey [15], former chairman of the Joint Chiefs of Staff, became familiar with the predictable resentment this elicited from China. "One of the things that fascinated me about the Chinese is whenever I would have a conversation with them about international standards or international rules of behavior, they would inevitably point out that those rules were made when they were absent from the world stage," Dempsey remarked in an interview with this magazine last year.

YOU CAN GO YOUR OWN WAY

The United States has spent nearly three decades as the world's most powerful country. During that time, Washington's massive influence on world affairs has made it crucial for elites and leaders in other nations to understand American culture and the U.S. approach to strategy. Americans, on the other hand, have often felt that they have the luxury of not needing to think too hard about the worldviews of people elsewhere—a lack of interest encouraged by the belief, held by many American elites, that the rest of the world has been slowly but surely becoming more like the United States anyway.

In recent years, however, the rise of China [16] has challenged that indifference. Policymakers in the United States are beginning to recognize that they must improve their understanding of China—especially Chinese strategic thinking. In particular, U.S. policymakers have begun to see distinctive traits in the way their Chinese counterparts think about the use of military force. In deciding whether, when, and how to attack adversaries, Chinese leaders have for the most part been rational and pragmatic. Beyond that, however, American policymakers and analysts have identified five presumptions and predilections that offer further clues to China's likely strategic behavior in confrontations.

First, in both war and peace, Chinese strategy is unabashedly driven by realpolitik and unencumbered by any serious need to justify Chinese behavior in terms of international law or ethical norms. This allows the Chinese government to be ruthlessly flexible, since it feels few constraints from prior rationales and is largely immune to criticisms of inconsistency. So, for example, when Kissinger arrived in China in 1971 to begin secret talks about a U.S.-Chinese rapprochement, he found his interlocutors unblinkered by ideology and brutally candid about China's national interests. Whereas Kissinger and U.S. President Richard Nixon felt it necessary to justify the compromise they ultimately reached to end the Vietnam War as "peace with honor," the Chinese leader Mao Zedong felt no need to pretend that in establishing relations with the capitalist United States to strengthen communist China's position vis-à-vis the Soviet Union, he was somehow bolstering a larger socialist international movement.

Just as China's practical approach to international politics arguably gives China an edge over the United States, so, too, does China's obsessively holistic strategic worldview. Chinese planners see everything as connected to everything else. The evolving context in which a strategic situation occurs determines what the Chinese call *shi*. This term has no direct English translation but can be rendered as the "potential energy" or "momentum" inherent in any circumstance at a given moment.

It comprises geography and terrain, weather, the balance of forces, surprise, morale, and many other elements. "Each factor influences the others," as Kissinger wrote in his 2011 book, *On China*, "giving rise to subtle shifts in momentum and relative advantage." Thus, a skilled Chinese strategist spends most of his time patiently "observing and cultivating changes in the strategic landscape" and moves only when everything is in optimal alignment. Then he strikes swiftly. To an observer, the result appears inevitable.

War for Chinese strategists is primarily psychological and political. In Chinese thinking, an opponent's perception of facts on the ground may be just as important as the facts themselves. For imperial China, creating and sustaining the image of a civilization so superior that it represented "the center of the universe" served to deter enemies from challenging Chinese dominance. Today, a narrative of China's inevitable rise and the United States' irreversible decline plays a similar role.

Traditionally, the Chinese have sought victory not in a decisive battle but through incremental moves designed to gradually improve their position. David Lai, an expert on Asian military affairs, has illustrated this approach by comparing the Western game of chess with its Chinese equivalent, *weiqi* (often referred to as go). In chess, players seek to dominate the center of the board and conquer the opponent. In *weiqi*, players seek to surround the opponent. If the chess master sees five or six moves ahead, the *weiqi* master sees 20 or 30. Attending to every dimension in the broader relationship with an adversary, the Chinese strategist resists rushing prematurely toward victory, instead aiming to build incremental advantage. "In the Western tradition, there is a heavy emphasis on the use of force; the art of war is largely limited to the battlefields; and the way to fight is force on force," Lai wrote in a 2004 analysis for the U.S. Army War College's Strategic Studies Institute. By contrast, "the philosophy behind *go* . . . is to compete for relative gain rather than seeking complete annihilation of the opponent forces." In a wise reminder, Lai warns that "it is dangerous to play *go* with the chess mindset."

LET'S MAKE A DEAL

Washington would do well to heed that warning. In the coming years, any number of flash points could produce a crisis in U.S.-Chinese relations, including further territorial disputes over the South China Sea [17] and tensions over North Korea's burgeoning nuclear weapons program. Since it will take at least another decade or more for China's military capabilities to fully match those of the United States, the Chinese will be cautious and prudent about any lethal use of force against the Americans. Beijing will treat military force as a subordinate instrument in its foreign policy, which seeks not victory in battle but the achievement of national objectives. It will bolster its diplomatic and economic connections with its neighbors, deepening their dependency on China, and use economic leverage to encourage (or coerce) cooperation on other issues. Although China has traditionally viewed war as a last resort, should it conclude that long-term trend lines are no longer moving in its favor and that it is losing bargaining power, it could initiate a limited military conflict to attempt to reverse the trends.

The last time the United States faced extremely high Thucydidean risks was during the Cold War—especially during the Cuban missile crisis. Reflecting on the crisis a few months after its resolution, U.S. President John F. Kennedy identified one enduring lesson: "Above all, while defending our own vital interests, nuclear powers must avert those confrontations which bring an adversary to a choice of either a humiliating retreat or nuclear war." In spite of Moscow's hard-line rhetoric, Soviet Premier Nikita Khrushchev ultimately concluded that he could compromise on nuclear arms in Cuba. Likewise, Kissinger and Nixon later discovered that the Chinese ideologue Mao was quite adept at giving ground when it served China's interests.

Xi and U.S. President Donald Trump have both made maximalist claims, especially when it comes to the South China Sea. But both are also dealmakers. The better the Trump administration understands how Beijing sees China's role in the world and the country's core interests, the better prepared it will be to negotiate. The problem remains psychological projection: even seasoned State

Department officials too often mistakenly assume that China's vital interests mirror those of the United States. The officials now crafting the Trump administration's approach to China would be wise to read the ancient Chinese philosopher Sun-tzu: "If you know the enemy and know yourself, you need not fear the result of a hundred battles. If you know yourself but not the enemy, for every victory gained you will also suffer a defeat. If you know neither the enemy nor yourself, you will succumb in every battle."

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EPILOGUE

Does History Repeat Itself?

The Crowe Memorandum

A NUMBER OF COMMENTATORS, including some in China, have revisited the example of the twentieth-century Anglo-German rivalry as an augury of what may await the United States and China in the twenty-first century. There are surely strategic comparisons to be made. At the most superficial level, China is, as was imperial Germany, a resurgent continental power; the United States, like Britain, is primarily a naval power with deep political and economic ties to the continent. China, throughout its history, was more powerful than any of the plethora of its neighbors, but they, when combined, could—and did—threaten the security of the empire. As in the case of Germany's unification in the nineteenth century, the calculations of all of these countries are inevitably affected by the reemergence of China as a strong, united state. Such a system has historically evolved into a balance of power based on equilibrating threats.

Can strategic trust replace a system of strategic threats? Strategic trust is treated by many as a contradiction in terms. Strategists rely on the intentions of the presumed adversary only to a limited extent. For intentions are subject to change. And the essence of sovereignty is the right to make decisions not subject to another authority. A certain amount of threat based on capabilities is therefore inseparable from the relations of sovereign states.

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It is possible—though it rarely happens—that relations grow so close that strategic threats are excluded. In relations between the states bordering the North Atlantic, strategic confrontations are not conceivable. The military establishments are not directed against each other. Strategic threats are perceived as arising outside the Atlantic region, to be dealt with in an alliance framework. Disputes between the North Atlantic states tend to focus on divergent assessments of international issues and the means of dealing with them; even at their most bitter, they retain the character of an interfamily dispute. Soft power and multilateral diplomacy are the dominant tools of foreign policy, and for some Western European states, military action is all but excluded as a legitimate instrument of state policy.

In Asia, by contrast, the states consider themselves in potential confrontation with their neighbors. It is not that they necessarily plan on war; they simply do not exclude it. If they are too weak for self-defense, they seek to make themselves part of an alliance system that provides additional protection, as in the case with ASEAN, the Association of Southeast Asian Nations. Sovereignty, in many cases regained relatively recently after periods of foreign colonization, has an absolute character. The principles of the Westphalian system prevail, more so than on their continent of origin. The concept of sovereignty is considered paramount. Aggression is defined as the movement of organized military units across borders. Noninterference in domestic affairs is taken as a fundamental principle of interstate relations. In a state system so organized, diplomacy seeks to preserve the key elements of the balance of power.

An international system is relatively stable if the level of reassurance required by its members is achievable by diplomacy. When diplomacy no longer functions, relationships become increasingly concentrated on *military strategy—first in the form of arms races, then as a maneuvering* for strategic advantage even at the risk of confrontation, and, finally, in war itself.

A classic example of a self-propelling international mechanism is European diplomacy prior to World War I, at a time when world policy was European policy because much of the world was in colonial status. By the second half of the nineteenth century, Europe had been without a major war since the Napoleonic period had ended in 1815. The European states were in rough strategic equilibrium; the conflicts between them did not involve their existence. No state considered another an irreconcilable enemy. This made shifting alliances feasible. No state was considered powerful enough to establish hegemony over the others. Any such effort triggered a coalition against it.

The unification of Germany in 1871 brought about a structural change. Until that time, Central Europe contained—it is hard to imagine today—thirty-nine sovereign states of varying size. Only Prussia and Austria could be considered major powers within the European equilibrium. The multiple small states were organized within Germany in an institution that operated like the United Nations in the contemporary world, the so-called German Confederation. Like the United Nations, the German Confederation found it difficult to take initiatives but occasionally came together for joint action against what was perceived as overwhelming danger. Too divided for aggression, yet sufficiently strong for defense, the German Confederation made a major contribution to the European equilibrium.

But equilibrium was not what motivated the changes of the nineteenth century in Europe. Nationalism did. The unification of Germany reflected the aspirations of a century. It also led over time to a crisis atmosphere. The rise of Germany weakened the elasticity of the diplomatic process, and it increased the threat to the system. Where once there had been thirty-seven small states and two relatively major ones, a single political unit emerged uniting thirty-eight of them. Where previously European diplomacy had achieved a certain flexibility through the shifting alignments of a multiplicity of states, the unification of Germany reduced the possible combinations and led to the

creation of a state stronger than each of its neighbors alone. This is why Prime Minister Benjamin Disraeli of Britain called the unification of Germany an event more significant than the French Revolution.

Germany was now so strong that it could defeat each of its neighbors singly, though it would be in grave peril if all the major European states combined against it. Since there were only five major states now, the combinations were limited. Germany's neighboring states had an incentive to form a coalition with each other—especially France and Russia, which did so in 1892—and Germany had a built-in incentive to break the alliances.

The crisis of the system was inherent in its structure. No single country could avoid it, least of all the rising power Germany. But they could avoid policies that exacerbated latent tensions. This no country did—least of all, once again, the German empire. The tactics chosen by Germany to break up hostile coalitions proved unwise as well as unfortunate. It sought to use international conferences to demonstratively impose its will on the participants. The German theory was that the humiliated target of German pressure would feel abandoned by its allies and, leaving the alliance, would seek security within the German orbit. The consequences proved the opposite of what was intended. The humiliated countries (France, in the Moroccan crisis in 1905; and Russia, over Bosnia-Herzegovina in 1908) were reinforced in their determination not to accept subjugation, thereby tightening the alliance system that Germany had sought to weaken. The Franco-Russian alliance was, in 1904, joined (informally) by Britain, which Germany had offended by demonstratively sympathizing with Britain's Dutch settler adversaries in the Boer War (1899–1902). In addition, Germany challenged Britain's command of the seas by building a large navy to complement what was already the most powerful land army on the continent. Europe had slipped into, in effect, a bipolar system with no diplomatic flexibility. Foreign policy had become a zero-sum game.

Will history repeat itself? No doubt were the United States and China to fall into strategic conflict, a situation comparable to the pre–World War I European structure could develop in Asia, with the formation of blocs pitted against each other and with each seeking to undermine or at least limit the other's influence and reach. But before we surrender to the presumed mechanism of history, let us consider how the United Kingdom and German rivalry actually operated.

In 1907, a senior official in the British Foreign Office, Eyre Crowe, wrote a brilliant analysis of the European political structure and Germany's rise. The key question he raised, and which has acute relevance today, is whether the crisis that led to World War I was caused by Germany's rise, evoking a kind of organic resistance to the emergence of a new and powerful force, or whether it was caused by specific and, hence, avoidable German policies.[1] Was the crisis caused by German capabilities or German conduct?

In his memorandum, submitted on New Year's Day 1907, Crowe opted for the conflict being inherent in the relationship. He defined the issue as follows:

> For England particularly, intellectual and moral kinship creates a sympathy and appreciation of what is best in the German mind, which has made her naturally predisposed to welcome, in the interest of the general progress of mankind, everything tending to strengthen that power and influence—on one condition: there must be respect for the individualities of other nations, equally valuable coadjutors, in their way, in the work of human progress, equally entitled to full elbow-room in which to contribute, in freedom, to the evolution of a higher civilization.[2]

But what was Germany's real goal? Was it natural evolution of German cultural and economic interests across Europe and the world,

to which German diplomacy was giving traditional support? Or did Germany seek "a general political hegemony and maritime ascendancy, threatening the independence of her neighbours and ultimately the existence of England"?[3]

Crowe concluded that it made no difference what goal Germany avowed. Whichever course Germany was pursuing, "Germany would clearly be wise to build as powerful a navy as she can afford." And once Germany achieved naval supremacy, Crowe assessed, this *in itself*—regardless of German intentions—would be an objective threat to Britain, and "incompatible with the existence of the British Empire."[4]

Under those conditions, formal assurances were meaningless. No matter what the German government's professions were, the result would be "as formidable a menace to the rest of the world as would be presented by any deliberate conquest of a similar position by 'malice aforethought.'"[5] Even if moderate German statesmen were to demonstrate their bona fides, moderate German foreign policy could "at any stage merge into" a conscious scheme for hegemony.

Thus structural elements, in Crowe's analysis, precluded cooperation or even trust. As Crowe wryly observed: "It would not be unjust to say that ambitious designs against one's neighbours are not as a rule openly proclaimed, and that therefore the absence of such proclamation, and even the profession of unlimited and universal political benevolence, are not in themselves conclusive evidence for or against the existence of unpublished intentions."[6] And since the stakes were so high, it was "not a matter in which England can safely run any risks."[7] London was obliged to assume the worst, and act on the basis of its assumptions—at least so long as Germany was building a large and challenging navy.

In other words, already in 1907 there was no longer any scope for diplomacy; the issue had become who would back down in a crisis, and whenever that condition was not fulfilled, war was nearly inevitable. It took seven years to reach the point of world war.

Were Crowe to analyze the contemporary scene, he might emerge

with a judgment comparable to his 1907 report. I will sketch that interpretation, though it differs substantially from my own, because it approximates a view widely held on both sides of the Pacific. The United States and China have been not so much nation-states as continental expressions of cultural identities. Both have historically been driven to visions of universality by their economic and political achievements and their people's irrepressible energy and self-confidence. Both Chinese and American governments have frequently assumed a seamless identity between their national policies and the general interests of mankind. Crowe might warn that when two such entities encounter each other on the world stage significant tension is probable.

Whatever China's intentions, the Crowe school of thought would treat a successful Chinese "rise" as incompatible with America's position in the Pacific and by extension the world. Any form of cooperation would be treated as simply giving China scope to build its capacities for an eventual crisis. Thus the entire Chinese debate recounted in chapter 18, and the question of whether China might stop "hiding its brightness," would be immaterial for purposes of a Crowe-type analysis: someday it will (the analysis would posit), so America should act now as if it already had.

The American debate adds an ideological challenge to Crowe's balance-of-power approach. Neoconservatives and other activists would argue that democratic institutions are the prerequisite to relations of trust and confidence. Nondemocratic societies, in this view, are inherently precarious and prone to the exercise of force. Therefore the United States is obliged to exercise its maximum influence (in its polite expression) or pressure to bring about more pluralistic institutions where they do not exist, and especially in countries capable of threatening American security. In these conceptions, regime change is the ultimate goal of American foreign policy in dealing with nondemocratic societies; peace with China is less a matter of strategy than of change in Chinese governance.

Nor is the analysis, interpreting international affairs as an unavoidable struggle for strategic preeminence, confined to Western strategists. Chinese "triumphalists" apply almost identical reasoning. The principal difference is that their perspective is that of the rising power, while Crowe represented the United Kingdom, defending its patrimony as a status quo country. An example of this genre is Colonel Liu Mingfu's *China Dream,* discussed in chapter 18. In Liu's view, no matter how much China commits itself to a "peaceful rise," conflict is inherent in U.S.-China relations. The relationship between China and the United States will be a "marathon contest" and the "duel of the century."[8] Moreover, the competition is essentially zero-sum; the only alternative to total success is humiliating failure: "If China in the 21st century cannot become world number one, cannot become the top power, then inevitably it will become a straggler that is cast aside."[9]

Neither the American version of the Crowe Memorandum nor the more triumphalist Chinese analyses have been endorsed by either government, but they provide a subtext of much current thought. If the assumptions of these views were applied by either side—and it would take only one side to make it unavoidable—China and the United States could easily fall into the kind of escalating tension described earlier in this epilogue. China would try to push American power as far away from its borders as it could, circumscribe the scope of American naval power, and reduce America's weight in international diplomacy. The United States would try to organize China's many neighbors into a counterweight to Chinese dominance. Both sides would emphasize their ideological differences. The interaction would be even more complicated because the notions of deterrence and preemption are not symmetrical between these two sides. The United States is more focused on overwhelming military power, China on decisive psychological impact. Sooner or later, one side or the other would miscalculate.

Once such a pattern has congealed, it becomes increasingly difficult to overcome. The competing camps achieve identity by their

definition of themselves. The essence of what Crowe described (and the Chinese triumphalists and some American neoconservatives embrace) is its seeming automaticity. Once the pattern was created and the alliances were formed, no escape was possible from its self-imposed requirements, especially not from its internal assumptions.

The reader of the Crowe Memorandum cannot fail to notice that the specific examples of mutual hostility being cited were relatively trivial compared to the conclusions drawn from them: incidents of colonial rivalry in Southern Africa, disputes about the conduct of civil servants. It was not what either side had already done that drove the rivalry. It was what it might do. Events had turned into symbols; symbols developed their own momentum. There was nothing left to settle because the system of alliances confronting each other had no margin of adjustment.

That must not happen in the relations of the United States and China insofar as American policy can prevent it. Of course, were Chinese policy to insist on playing by Crowe Memorandum rules, the United States would be bound to resist. It would be an unfortunate outcome.

I have described the possible evolution at such length to show that I am aware of the realistic obstacles to the cooperative U.S.-China relationship I consider essential to global stability and peace. A cold war between the two countries would arrest progress for a generation on both sides of the Pacific. It would spread disputes into internal politics of every region at a time when global issues such as nuclear proliferation, the environment, energy security, and climate change impose global cooperation.

Historical parallels are by nature inexact. And even the most precise analogy does not oblige the present generation to repeat the mistakes of its predecessors. After all, the outcome was disaster for all involved, victors as well as defeated. Care must be taken lest both sides analyze themselves into self-fulfilling prophecies. This will not be an easy task.

For, as the Crowe Memorandum has shown, mere reassurances will not arrest the underlying dynamism. For were any nation determined to achieve dominance, would it not be offering assurances of peaceful intent? A serious joint effort involving the continuous attention of top leaders is needed to develop a sense of genuine strategic trust and cooperation.

Relations between China and the United States need not—and should not—become a zero-sum game. For the pre–World War I European leader, the challenge was that a gain for one side spelled a loss for the other, and compromise ran counter to an aroused public opinion. This is not the situation in the Sino-American relationship. Key issues on the international front are global in nature. Consensus may prove difficult, but confrontation on these issues is self-defeating.

Nor is the internal evolution of the principal players comparable to the situation before World War I. When China's rise is projected, it is assumed that the extraordinary thrust of the last decades will be projected into the indefinite future and that the relative stagnation of America is fated. But no issue preoccupies Chinese leaders more than the preservation of national unity. It permeates the frequently proclaimed goal of social harmony, which is difficult in a country where its coastal regions are on the level of the advanced societies but whose interior contains some of the world's most backward areas.

The Chinese national leadership has put forward to its people a catalogue of tasks to be accomplished. These include combating corruption, which President Hu Jintao has called an "unprecedentedly grim task" and in the fight against which Hu has been involved at various stages of his career.[10] They involve as well a "Western development campaign," designed to lift up poor inland provinces, among them the three in which Hu once lived. Key proclaimed tasks also include establishing additional ties between the leadership and the peasantry, including fostering village-level democratic elections, and enhanced transparency of the political process as China evolves into an urbanized society. In his

December 2010 article, discussed in chapter 18, Dai Bingguo outlined the scope of China's domestic challenge:

> According to the United Nations' living standard of $1 per day, China today still has 150 million people living below the poverty line. Even based on the poverty standard of per capita income of 1,200 yuan, China still has more than 40 million people living in poverty. At present, there are still 10 million people without access to electricity and the issue of jobs for 24 million people has to be resolved every year. China has a huge population and a weak foundation, the development between the cities and the countryside is uneven, the industrial structure is not rational, and the underdeveloped state of the forces of production has not been fundamentally changed.[11]

The Chinese domestic challenge is, by the description of its leaders, far more complex than can be encompassed in the invocation of the phrase "China's inexorable rise."

Amazing as Deng's reforms were, part of China's spectacular growth over the initial decades was attributable to its good fortune that there existed a fairly easy correspondence between China's huge pool of young, then largely unskilled labor—which had been "unnaturally" cut off from the world economy during the Mao years—and the Western economies, which were on the whole wealthy, optimistic, and highly leveraged on credit, with cash to buy Chinese-made goods. Now that China's labor force is becoming older and more skilled (causing some basic manufacturing jobs to move to lower-wage countries such as Vietnam and Bangladesh) and the West is entering a period of austerity, the picture is far more complicated.

Demography will compound that task. Propelled by increasing standards of living and longevity combined with the distortions of the one-child policy, China has one of the world's most rapidly aging

populations. The country's total working-age population is expected to peak in 2015.[12] From this point on, a shrinking number of Chinese citizens aged fifteen to sixty-four need to support an increasingly large elderly population. The demographic shifts will be stark: by 2030, the number of rural workers between the ages of twenty and twenty-nine is estimated to be half its current level.[13] By 2050, one-half of China's population is projected to be forty-five or older, with a full quarter of China's population—roughly equivalent to the entire current population of the United States—sixty-five and older.[14]

A country facing such large domestic tasks is not going to throw itself easily, much less automatically, into strategic confrontation or a quest for world domination. The existence of weapons of mass destruction and modern military technologies of unknowable ultimate consequences define a key distinction from the pre–World War I period. The leaders who started that war had no understanding of the consequences of the weapons at their disposal. Contemporary leaders can have no illusions about the destructive potential they are capable of unleashing.

The crucial competition between the United States and China is more likely to be economic and social than military. If present trends in the two countries' economic growth, fiscal health, infrastructure spending, and educational infrastructure continue, a gap in development—and in third-party perceptions of relative influence—may take hold, particularly in the Asia-Pacific region. But this is a prospect it is in the capacity of the United States to arrest or perhaps reverse by its own efforts.

The United States bears the responsibility to retain its competitiveness and its world role. It should do this for its own traditional convictions, rather than as a contest with China. Building competitiveness is a largely American project, which we should not ask China to solve for us. China, fulfilling its own interpretation of its national destiny, will continue to develop its economy and pursue a broad range of interests in Asia and beyond. This is not a prospect that dictates the

confrontations that led to the First World War. It suggests an evolution in many aspects of which China and the United States cooperate as much as they compete.

The issue of human rights will find its place in the total range of interaction. The United States cannot be true to itself without affirming its commitment to basic principles of human dignity and popular participation in government. Given the nature of modern technology, these principles will not be confined by national borders. But experience has shown that to seek to impose them by confrontation is likely to be self-defeating—especially in a country with such a historical vision of itself as China. A succession of American administrations, including the first two years of Obama's, has substantially balanced long-term moral convictions with case-to-case adaptations to requirements of national security. The basic approach—discussed in previous chapters—remains valid; how to achieve the necessary balance is the challenge for each new generation of leaders on both sides.

The question ultimately comes down to what the United States and China can realistically ask of each other. An explicit American project to organize Asia on the basis of containing China or creating a bloc of democratic states for an ideological crusade is unlikely to succeed—in part because China is an indispensable trading partner for most of its neighbors. By the same token, a Chinese attempt to exclude America from Asian economic and security affairs will similarly meet serious resistance from almost all other Asian states, which fear the consequences of a region dominated by a single power.

The appropriate label for the Sino-American relationship is less partnership than "co-evolution." It means that both countries pursue their domestic imperatives, cooperating where possible, and adjust their relations to minimize conflict. Neither side endorses all the aims of the other or presumes a total identity of interests, but both sides seek to identify and develop complementary interests.[15]

The United States and China owe it to their people and to global

well-being to make the attempt. Each is too big to be dominated by the other. Therefore neither is capable of defining terms for victory in a war or in a Cold War type of conflict. They need to ask themselves the question apparently never formally posed at the time of the Crowe Memorandum: Where will a conflict take us? Was there a lack of vision on all sides, which turned the operation of the equilibrium into a mechanical process, without assessing where the world would be if the maneuvering colossi missed a maneuver and collided? Which of the leaders who operated the international system that led to the First World War would not have recoiled had he known what the world would look like at its end?

Toward a Pacific Community?

Such an effort at co-evolution must deal with three levels of relationships. The first concerns problems that arise in the normal interactions of major power centers. The consultation system evolved over three decades has proved largely adequate to that task. Common interests—such as trade ties and diplomatic cooperation on discrete issues—are pursued professionally. Crises, when they arise, are generally resolved by discussion.

The second level would be to attempt to elevate familiar crisis discussions into a more comprehensive framework that eliminates the underlying causes of the tensions. A good example would be to deal with the Korea problem as part of an overall concept for Northeast Asia. If North Korea manages to maintain its nuclear capability through the inability of the negotiating parties to bring matters to a head, the proliferation of nuclear weapons throughout Northeast Asia and the Middle East becomes likely. Has the time come to take the next step and deal with the Korea proliferation issue in the context of an agreed peaceful order for Northeast Asia?

An even more fundamental vision would move the world to a third

level of interaction—one that the leaders prior to the catastrophes of the First World War never reached.

The argument that China and the United States are condemned to collision assumes that they deal with each other as competing blocs across the Pacific. But this is the road to disaster for both sides.

An aspect of strategic tension in the current world situation resides in the Chinese fear that America is seeking to contain China—paralleled by the American concern that China is seeking to expel the United States from Asia. The concept of a Pacific Community—a region to which the United States, China, and other states all belong and in whose peaceful development all participate—could ease both fears. It would make the United States and China part of a common enterprise. Shared purposes—and the elaboration of them—would replace strategic uneasiness to some extent. It would enable other major countries such as Japan, Indonesia, Vietnam, India, and Australia to participate in the construction of a system perceived as joint rather than polarized between "Chinese" and "American" blocs. Such an effort could be meaningful only if it engaged the full attention, and above all the conviction, of the leaders concerned.

One of the great achievements of the generation that founded the world order at the end of the Second World War was the creation of the concept of an Atlantic Community. Could a similar concept replace or at least mitigate the potential tensions between the United States and China? It would reflect the reality that the United States is an Asian power, and that many Asian powers demand it. And it responds to China's aspiration to a global role.

A common regional political concept would also in large part answer China's fear that the United States is conducting a containment policy toward China. It is important to understand what one means by the term "containment." Countries on China's borders with substantial resources, such as India, Japan, Vietnam, and Russia, represent

realities not created by American policy. China has lived with these countries throughout its history. When Secretary of State Hillary Clinton rejected the notion of containing China, she meant an American-led effort aimed at creating a strategic bloc on an anti-Chinese basis. In a Pacific Community effort, both China and the United States would have constructive relations with each other and all other participants, not as part of confronting blocs.

The future of Asia will be shaped to a significant degree by how China and America envision it, and by the extent to which each nation is able to achieve some congruence with the other's historic regional role. Throughout its history, the United States has often been motivated by visions of the universal relevance of its ideals and of a proclaimed duty to spread them. China has acted on the basis of its singularity; it expanded by cultural osmosis, not missionary zeal.

For these two societies representing different versions of exceptionalism, the road to cooperation is inherently complex. The mood of the moment is less relevant than the ability to develop a pattern of actions capable of surviving inevitable changes of circumstance. The leaders on both sides of the Pacific have an obligation to establish a tradition of consultation and mutual respect so that, for their successors, jointly building a shared world order becomes an expression of parallel national aspirations.

When China and the United States first restored relations forty years ago, the most significant contribution of the leaders of the time was their willingness to raise their sights beyond the immediate issues of the day. In a way, they were fortunate in that their long isolation from each other meant that there were no short-term day-to-day issues between them. This enabled the leaders of a generation ago to deal with their future, not their immediate pressures, and to lay the basis for a world unimaginable then but unachievable without Sino-American cooperation.

In pursuit of understanding the nature of peace, I have studied the construction and operation of international orders ever since I was a graduate student well over half a century ago. On the basis of these studies, I am aware that the cultural, historic, and strategic gaps in perception that I have described will pose formidable challenges for even the best-intentioned and most far-sighted leadership on both sides. On the other hand, were history confined to the mechanical repetition of the past, no transformation would ever have occurred. Every great achievement was a vision before it became a reality. In that sense, it arose from commitment, not resignation to the inevitable.

In his essay "Perpetual Peace," the philosopher Immanuel Kant argued that perpetual peace would eventually come to the world in one of two ways: by human insight or by conflicts and catastrophes of a magnitude that left humanity no other choice. We are at such a juncture.

When Premier Zhou Enlai and I agreed on the communiqué that announced the secret visit, he said: "This will shake the world." What a culmination if, forty years later, the United States and China could merge their efforts not to shake the world, but to build it.

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The Heritage Foundation

COMMENTARY Asia

How China Views the United States and the World

Sep 8th, 2017 3 min read

Dean Cheng
Senior Research Fellow, Asian Studies Center
Dean brings knowledge of China's military and space capabilities as a research fellow on Chinese political and security affairs.

As Xi Jinping prepares for the 19th Party Congress this fall, he sees a China whose place in the world is both more prominent and powerful than it has been in a century, and yet also a China which faces growing challenges to its security.

On the one hand, the People's Republic of China (PRC) is economically and militarily more capable than at any time since the end of the Qing Dynasty in 1911. China is the world's second largest economy and the world's largest trading power. It is the first or second largest trading partner of almost every country. It consumes enormous amounts of coal, oil, iron ore, bauxite, and in turn is one of the largest global producers of steel, ships and aluminum. China supplies the world with textiles, computers and consumer goods, and increasingly with direct financial investments.

This economy, in turn, has sustained the development of one of the world's most powerful militaries. Where once Manchu Bannermen faced Western ships and troops with spears and bugles, today's Chinese People's Liberation Army (PLA) is equipped with nuclear weapons,

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stealth fighters, and modern main battle tanks. The PLA Navy fields an aircraft carrier, nuclear and conventional powered submarines, and an array of modern surface combatants to defend China's shores and maritime claims. Overhead, Chinese satellites maintain surveillance of the maritime approaches to China's shores, and can guide ballistic missiles against American aircraft carriers.

This economic and military strength, in turn, expands Xi Jinping's diplomatic clout. Chinese diplomatic acquiescence is necessary at the United Nations, if resolutions concerning Syria or North Korea or South Sudan are to be passed. Chinese-backed initiatives such as the "One Belt, One Road" effort and the Asia Infrastructure Investment Bank (AIIB) increasingly play a role in the international financial scene. As important, they are seen as challenging the post-World War II Bretton Woods economic structure, which was founded by the United States.

Alongside these advances, however, are growing challenges to Xi Jinping's leadership. As China becomes increasingly integrated in the global economic landscape, it is also increasingly vulnerable to international and transnational pressures and threats caused by that same international presence. China is now the world's largest importer of oil; its economy is affected by not only regional instability in the Middle East, but also by piracy on the high seas. As China has exported members of its workforce, who are employed in many of the overseas investments, they have increasingly become targets of terrorists and local unrest. Chinese citizens have been killed by ISIS terrorists. More than 20,000 Chinese workers had to be evacuated from Libya during the upheavals that ultimately toppled Mu'ammar Qaddafi.

Meanwhile, China faces increasing security challenges along its periphery. The festering problem of North Korea continues to destabilize the situation in Northeast Asia. North Korea's missile and nuclear tests have persuaded South Korea to field the Terminal High Altitude Area Defense (THAAD) System, much to Beijing's chagrin. Just as significantly, North Korean provocations have drawn the United States and South Korea closer. President Xi cannot be happy that Kim Jong Un's actions have blunted the wedge that Beijing has sought to inject between Washington and Seoul.

The overwhelming electoral victories in 2016 of Tsai Ing-wen and her pro-independence Democratic Progressive Party (DPP) on Taiwan is another problem for Beijing. The issue of Taiwan was relatively muted for the past eight years, as Kuomintang (KMT) president Ma Ying-jeou avoided controversial stances. President Tsai has been careful to avoid deliberately antagonizing Beijing; nonetheless, Chinese leaders have demanded formal renunciation of the

core platform of the DPP. Given DPP control of both the executive and legislative branch, President Tsai would probably lose power if she tried. Moreover, Beijing's ham-handed policies towards Hong Kong mean that there is little confidence in Taipei that Beijing's past policy of "one country, two systems" will be sustainable.

These issues have gained saliency since Donald Trump won the 2016 election in the United States. Even before taking office, Mr. Trump challenged longstanding tenets of the U.S.-China relationship, by taking a call from Madame Tsai, and questioning American commitment to the "one-China policy." Since then, President Trump has repeatedly called upon China to play a larger role reining in North Korea, pushed ahead with THAAD deployment in South Korea, and discussed the imposition of major tariffs on Chinese goods. At the same time, however, the Administration has not singled China out for currency manipulation, despite campaign slogans to that effect. For Chinese leaders, this is a bewildering policy approach that is neither typical of many newly elected administrations, which tend to be anti-China in the early years, nor focused on deal-making, as other analysts had predicted.

All this confronts Xi as he prepares for a major leadership evolution. Where previous Chinese leaders (Jiang Zemin, Hu Jintao) had Politburo Standing Committees (PSC) that typically maintained their membership throughout their two terms, most of the members of Xi's PSC from 2012 will have to step down in 2017. While Xi himself will almost certainly remain in power through the 20th Party Congress of 2022 (as most likely will Premier Li Keqiang), he must name a new leadership cohort, which will significantly shape his legacy. The new leadership team that emerges this October, in turn, will have to navigate the shoals of a less vibrant economy, regional instability, and an unpredictable American president.

Even as he focuses on forging a new PSC, President Xi must therefore balance maintaining good relations with the United States and not being seen as weak in defending Chinese interests. He will have to reinvigorate China's economy and coax greater growth, even as he must also not antagonize the United States and other major economies through openly mercantilist policies. For President Xi, these will be trying times.

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The China Reckoning

How Beijing Defied American Expectations

Kurt M. Campbell and Ely Ratner

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The China Reckoning

How Beijing Defied American Expectations

Kurt M. Campbell and Ely Ratner

The United States has always had an outsize sense of its ability to determine China's course. Again and again, its ambitions have come up short. After World War II, George Marshall, the U.S. special envoy to China, hoped to broker a peace between the Nationalists and Communists in the Chinese Civil War. During the Korean War, the Truman administration thought it could dissuade Mao Zedong's troops from crossing the Yalu River. The Johnson administration believed Beijing would ultimately circumscribe its involvement in Vietnam. In each instance, Chinese realities upset American expectations.

With U.S. President Richard Nixon's opening to China, Washington made its biggest and most optimistic bet yet. Both Nixon and Henry Kissinger, his national security adviser, assumed that rapprochement would drive a wedge between Beijing and Moscow and, in time, alter China's conception of its own interests as it drew closer to the United States. In the fall of 1967, Nixon wrote in this magazine, "The world cannot be safe until China changes. Thus our aim, to the extent that we can influence events, should be to induce change." Ever since, the assumption that deepening commercial, diplomatic, and cultural ties would transform China's internal development and external behavior has been a bedrock of U.S. strategy. Even those in U.S. policy circles who were skeptical of China's intentions still shared the underlying belief that U.S. power and hegemony could readily mold China to the United States' liking.

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The era of good feelings: Xi and Obama in California, June 2013

Nearly half a century since Nixon's first steps toward rapprochement, the record is increasingly clear that Washington once again put too much faith in its power to shape China's trajectory. All sides of the policy debate erred: free traders and financiers who foresaw inevitable and increasing openness in China, integrationists who argued that Beijing's ambitions would be tamed by greater interaction with the international community, and hawks who believed that China's power would be abated by perpetual American primacy.

Neither carrots nor sticks have swayed China as predicted. Diplomatic and commercial engagement have not brought political and economic openness. Neither U.S. military power nor regional balancing has stopped Beijing from seeking to displace core components of the U.S.-led system. And the liberal international order has failed to lure or bind China as powerfully as expected. China has instead pursued its own course, belying a range of American expectations in the process.

That reality warrants a clear-eyed rethinking of the United States' approach to China. There are plenty of risks that come with such a reassessment; defenders of the current framework will warn against destabilizing the bilateral relationship or inviting a new Cold War. But building a stronger and more sustainable approach to, and rela-

KEVIN LAMARQUE / REUTERS

tionship with, Beijing requires honesty about how many fundamental assumptions have turned out wrong. Across the ideological spectrum, we in the U.S. foreign policy community have remained deeply invested in expectations about China—about its approach to economics, domestic politics, security, and global order—even as evidence against them has accumulated. The policies built on such expectations have failed to change China in the ways we intended or hoped.

THE POWER OF THE MARKET

Greater commercial interaction with China was supposed to bring gradual but steady liberalization of the Chinese economy. U.S. President George H. W. Bush's 1990 National Security Strategy described enhanced ties with the world as "crucial to China's prospects for regaining the path of economic reform." This argument predominated for decades. It drove U.S. decisions to grant China most-favored-nation trading status in the 1990s, to support its accession to the World Trade Organization in 2001, to establish a high-level economic dialogue in 2006, and to negotiate a bilateral investment treaty under U.S. President Barack Obama.

Trade in goods between the United States and China exploded from less than $8 billion in 1986 to over $578 billion in 2016: more than a 30-fold increase, adjusting for inflation. Since the early years of this century, however, China's economic liberalization has stalled. Contrary to Western expectations, Beijing has doubled down on its state capitalist model even as it has gotten richer. Rather than becoming a force for greater openness, consistent growth has served to legitimize the Chinese Communist Party and its state-led economic model.

U.S. officials believed that debt, inefficiency, and the demands of a more advanced economy would necessitate further reforms. And Chinese officials recognized the problems with their approach; in 2007, Premier Wen Jiabao called the Chinese economy "unstable, unbalanced, uncoordinated, and unsustainable." But rather than opening the country up to greater competition, the Chinese Communist Party, intent on maintaining control of the economy, is instead consolidating state-owned enterprises and pursuing industrial policies (notably its "Made in China 2025" plan) that aim to promote national technology champions in critical sectors, including aerospace, biomedicine, and robotics. And despite repeated promises, Beijing has resisted pressure from Washington and elsewhere to level the playing field for foreign

companies. It has restricted market access and forced non-Chinese firms to sign on to joint ventures and share technology, while funneling investment and subsidies to state-backed domestic players.

Until recently, U.S. policymakers and executives mostly acquiesced to such discrimination; the potential commercial benefits were so large that they considered it unwise to upend the relationship with protectionism or sanctions. Instead, they fought tooth and nail for small, incremental concessions. But now, what were once seen as merely the short-term frustrations of doing business with China have come to seem more harmful and permanent. The American Chamber of Commerce reported last year that eight in ten U.S. companies felt less welcome in China than in years prior, and more than 60 percent had little or no confidence that China would open its markets further over the next three years. Cooperative and voluntary mechanisms to pry open China's economy have by and large failed, including the Trump administration's newly launched Comprehensive Economic Dialogue.

THE IMPERATIVE OF LIBERALIZATION

Growth was supposed to bring not just further economic opening but also political liberalization. Development would spark a virtuous cycle, the thinking went, with a burgeoning Chinese middle class demanding new rights and pragmatic officials embracing legal reforms that would be necessary for further progress. This evolution seemed especially certain after the collapse of the Soviet Union and democratic transitions in South Korea and Taiwan. "No nation on Earth has discovered a way to import the world's goods and services while stopping foreign ideas at the border," George H. W. Bush proclaimed. U.S. policy aimed to facilitate this process by sharing technology, furthering trade and investment, promoting people-to-people exchanges, and admitting hundreds of thousands of Chinese students to American universities.

The crackdown on pro-democracy protesters in Tiananmen Square in 1989 dimmed hopes for the emergence of electoral democracy in China. Yet many experts and policymakers in the United States still expected the Chinese government to permit greater press freedoms and allow for a stronger civil society, while gradually embracing more political competition both within the Communist Party and at local levels. They believed that the information technology revolution of

the 1990s would encourage such trends by further exposing Chinese citizens to the world and enhancing the economic incentives for openness. As U.S. President Bill Clinton put it, "Without the full freedom to think, question, to create, China will be at a distinct disadvantage, competing with fully open societies in the information age where the greatest source of national wealth is what resides in the human mind." Leaders in Beijing would come to realize that only by granting individual freedoms could China thrive in a high-tech future.

But the fear that greater openness would threaten both domestic stability and the regime's survival drove China's leaders to look for an alternative approach. They took both the shock of Tiananmen Square and the dissolution of the Soviet Union as evidence of the dangers of democratization and political competition. So rather than embracing positive cycles of openness, Beijing responded to the forces of globalization by putting up walls and tightening state control, constricting, rather than reinforcing, the free flow of people, ideas, and commerce. Additional stresses on the regime in this century—including an economic slowdown, endemic corruption in the government and the military, and ominous examples of popular uprisings elsewhere in the world—have spurred more authoritarianism, not less.

Events of the last decade have dashed even modest hopes for China's political liberalization.

Indeed, events of the last decade have dashed even modest hopes for political liberalization. In 2013, an internal Communist Party memo known as Document No. 9 explicitly warned against "Western constitutional democracy" and other "universal values" as stalking-horses meant to weaken, destabilize, and even break up China. This guidance demonstrated the widening gap between U.S. and Chinese expectations for the country's political future. As Orville Schell, a leading American expert on China, put it: "China is sliding ineluctably backward into a political climate more reminiscent of Mao Zedong in the 1970s than Deng Xiaoping in the 1980s." Today, an ongoing crackdown on journalists, religious leaders, academics, social activists, and human rights lawyers shows no sign of abating—more than 300 lawyers, legal assistants, and activists were detained in 2015 alone.

Rather than devolving power to the Chinese people, as many in the West predicted, communications technologies have strengthened the

hand of the state, helping China's authorities control information flows and monitor citizens' behavior. Censorship, detentions, and a new cybersecurity law that grants broad government control over the Internet in China have stymied political activity inside China's "Great Firewall." China's twenty-first-century authoritarianism now includes plans to launch a "social credit system," fusing big data and artificial intelligence to reward and punish Chinese citizens on the basis of their political, commercial, social, and online activity. Facial recognition software, combined with the ubiquity of surveillance cameras across China, has even made it possible for the state to physically locate people within minutes.

THE DETERRENT OF PRIMACY

A combination of U.S. diplomacy and U.S. military power—carrots and sticks—was supposed to persuade Beijing that it was neither possible nor necessary to challenge the U.S.-led security order in Asia. Washington "strongly promot[ed] China's participation in regional security mechanisms to reassure its neighbors and assuage its own security concerns," as the Clinton administration's 1995 National Security Strategy put it, buttressed by military-to-military relations and other confidence-building measures. These modes of engagement were coupled with a "hedge"—enhanced U.S. military power in the region, supported by capable allies and partners. The effect, the thinking went, would be to allay military competition in Asia and further limit China's desire to alter the regional order. Beijing would settle for military sufficiency, building armed forces for narrow regional contingencies while devoting most of its resources to domestic needs.

The logic was not simply that China would be focused on its self-described "strategic window of opportunity" for development at home, with plenty of economic and social challenges occupying the attention of China's senior leaders. American policymakers and academics also assumed that China had learned a valuable lesson from the Soviet Union about the crippling costs of getting into an arms race with the United States. Washington could thus not only deter Chinese aggression but also—to use the Pentagon's term of art—"dissuade" China from even trying to compete. Zalmay Khalilzad, an official in the Reagan and both Bush administrations, argued that a dominant United States could "convince the Chinese leadership that a challenge would be difficult to prepare and extremely risky to pursue." Moreover, it was

unclear whether China could challenge U.S. primacy even if it wanted to. Into the late 1990s, the People's Liberation Army (PLA) was considered decades behind the United States' military and those of its allies.

Against this backdrop, U.S. officials took considerable care not to stumble into a confrontation with China. The political scientist Joseph Nye explained the thinking when he led the Pentagon's Asia office during the Clinton administration: "If we treated China as an enemy, we were guaranteeing an enemy in the future. If we treated China as a friend, we could not guarantee friendship, but we could at least keep open the possibility of more benign outcomes." Soon-to-be Secretary of State Colin Powell told Congress at his confirmation hearing in January 2001, "China is not an enemy, and our challenge is to keep it that way."

China has set out to build its own set of regional and international institutions.

Even as it began investing more of its newfound wealth in military power, the Chinese government sought to put Washington at ease, signaling continued adherence to the cautious, moderate foreign policy path set out by Deng. In 2005, the senior Communist Party official Zheng Bijian wrote in this magazine that China would never seek regional hegemony and remained committed to "a peaceful rise." In 2011, after a lively debate among China's leaders about whether it was time to shift gears, State Councilor Dai Bingguo assured the world that "peaceful development is a strategic choice China has made." Starting in 2002, the U.S. Defense Department had been producing a congressionally mandated annual report on China's military, but the consensus among senior U.S. officials was that China remained a distant and manageable challenge.

That view, however, underestimated just how simultaneously insecure and ambitious China's leadership really was. For Beijing, the United States' alliances and military presence in Asia posed unacceptable threats to China's interests in Taiwan, on the Korean Peninsula, and in the East China and South China Seas. In the words of the Peking University professor Wang Jisi, "It is strongly believed in China that . . . Washington will attempt to prevent the emerging powers, in particular China, from achieving their goals and enhancing their stature." So China started to chip away at the U.S.-led security order

in Asia, developing the capabilities to deny the U.S. military access to the region and driving wedges between Washington and its allies.

Ultimately, neither U.S. military power nor American diplomatic engagement has dissuaded China from trying to build a world-class military of its own. High-tech displays of American power in Iraq and elsewhere only accelerated efforts to modernize the PLA. Chinese President Xi Jinping has launched military reforms that will make Chinese forces more lethal and more capable of projecting military power well beyond China's shores. With its third aircraft carrier reportedly under construction, advanced new military installations in the South China Sea, and its first overseas military base in Djibouti, China is on the path to becoming a military peer the likes of which the United States has not seen since the Soviet Union. China's leaders no longer repeat Deng's dictum that, to thrive, China will "hide [its] capabilities and bide [its] time." Xi declared in October 2017 that "the Chinese nation has gone from standing up, to becoming rich, to becoming strong."

THE CONSTRAINTS OF ORDER

At the end of World War II, the United States built institutions and rules that helped structure global politics and the regional dynamics in Asia. Widely accepted norms, such as the freedom of commerce and navigation, the peaceful resolution of disputes, and international cooperation on global challenges, superseded nineteenth-century spheres of influence. As a leading beneficiary of this liberal international order, the thinking went, Beijing would have a considerable stake in the order's preservation and come to see its continuation as essential to China's own progress. U.S. policy aimed to encourage Beijing's involvement by welcoming China into leading institutions and working with it on global governance and regional security.

As China joined multilateral institutions, U.S. policymakers hoped that it would learn to play by the rules and soon begin to contribute to their upkeep. In the George W. Bush administration, Deputy Secretary of State Robert Zoellick memorably called on Beijing to become "a responsible stakeholder" in the international system. From Washington's perspective, with greater power came greater obligation, especially since China had profited so handsomely from the system. As Obama emphasized, "We expect China to help uphold the very rules that have made them successful."

In certain venues, China appeared to be steadily, if unevenly, taking on this responsibility. It joined the Asia-Pacific Economic Cooperation organization in 1991, acceded to the Nuclear Nonproliferation Treaty in 1992, joined the World Trade Organization in 2001, and took part in major diplomatic efforts, including the six-party talks and the P5+1 negotiations to deal with nuclear weapons programs in North Korea and Iran, respectively. It also became a major contributor to UN counterpiracy and peacekeeping operations.

Yet Beijing remained threatened by other central elements of the U.S.-led order—and has increasingly sought to displace them. That has been especially true of what it sees as uninvited violations of national sovereignty by the United States and its partners, whether in the form of economic sanctions or military action. Liberal norms regarding the international community's right or responsibility to intervene to protect people from human rights violations, for example, have run headlong into China's paramount priority of defending its authoritarian system from foreign interference. With a few notable exceptions, China has been busy watering down multilateral sanctions, shielding regimes from Western opprobrium, and making common cause with Russia to block the UN Security Council from authorizing interventionist actions. A number of nondemocratic governments—in Sudan, Syria, Venezuela, Zimbabwe, and elsewhere—have benefited from such obstruction.

China has also set out to build its own set of regional and international institutions—with the United States on the outside looking in—rather than deepening its commitment to the existing ones. It has launched the Asian Infrastructure Investment Bank, the New Development Bank (along with Brazil, Russia, India, and South Africa), and, most notably, the Belt and Road Initiative, Xi's grandiose vision for building land and maritime routes to connect China to much of the world. These institutions and programs have given China agenda-setting and convening power of its own, while often departing from the standards and values upheld by existing international institutions. Beijing explicitly differentiates its approach to development by noting that, unlike the United States and European powers, it does not demand that countries accept governance reforms as a condition of receiving aid.

In its own region, meanwhile, Beijing has set out to change the security balance, incrementally altering the status quo with steps just

small enough to avoid provoking a military response from the United States. In the South China Sea, one of the world's most important waterways, China has deftly used coast guard vessels, legal warfare, and economic coercion to advance its sovereignty claims. In some cases, it has simply seized contested territory or militarized artificial islands. While Beijing has occasionally shown restraint and tactical caution, the overall approach indicates its desire to create a modern maritime sphere of influence.

In the summer of 2016, China ignored a landmark ruling by a tribunal under the UN Convention on the Law of the Sea, which held that China's expansive claims in the South China Sea were illegal under international law. U.S. officials wrongly assumed that some combination of pressure, shame, and its own desire for a rules-based maritime order would cause Beijing, over time, to accept the judgment. Instead, China has rejected it outright. Speaking to a security forum in Aspen, Colorado, a year after the ruling, in July 2017, a senior analyst from the CIA concluded that the experience had taught China's leaders "that they can defy international law and get away with it." Countries in the region, swayed by both their economic dependence on China and growing concerns about the United States' commitment to Asia, have failed to push back against Chinese assertiveness as much as U.S. policymakers expected they would.

TAKING STOCK

As the assumptions driving U.S. China policy have started to look increasingly tenuous, and the gap between American expectations and Chinese realities has grown, Washington has been largely focused elsewhere. Since 2001, the fight against jihadist terrorism has consumed the U.S. national security apparatus, diverting attention from the changes in Asia at exactly the time China was making enormous military, diplomatic, and commercial strides. U.S. President George W. Bush initially referred to China as a "strategic competitor"; in the wake of the September 11 attacks, however, his 2002 National Security Strategy declared, "The world's great powers find ourselves on the same side—united by common dangers of terrorist violence and chaos." During the Obama administration, there was an effort to "pivot," or "rebalance," strategic attention to Asia. But at the end of Obama's time in office, budgets and personnel remained focused on other regions—there were, for example, three times as

many National Security Council staffers working on the Middle East as on all of East and Southeast Asia.

This strategic distraction has given China the opportunity to press its advantages, further motivated by the increasingly prominent view in China that the United States (along with the West more broadly) is in inexorable and rapid decline. Chinese officials see a United States that has been hobbled for years by the global financial crisis, its costly war efforts in Afghanistan and Iraq, and deepening dysfunction in Washington. Xi has called on China to become "a global leader in terms of comprehensive national strength and international influence" by midcentury. He touts China's development model as a "new option for other countries."

Washington now faces its most dynamic and formidable competitor in modern history. Getting this challenge right will require doing away with the hopeful thinking that has long characterized the United States' approach to China. The Trump administration's first National Security Strategy took a step in the right direction by interrogating past assumptions in U.S. strategy. But many of Donald Trump's policies—a narrow focus on bilateral trade deficits, the abandonment of multilateral trade deals, the questioning of the value of alliances, and the downgrading of human rights and diplomacy—have put Washington at risk of adopting an approach that is confrontational without being competitive; Beijing, meanwhile, has managed to be increasingly competitive without being confrontational.

The starting point for a better approach is a new degree of humility about the United States' ability to change China. Neither seeking to isolate and weaken it nor trying to transform it for the better should be the lodestar of U.S. strategy in Asia. Washington should instead focus more on its own power and behavior, and the power and behavior of its allies and partners. Basing policy on a more realistic set of assumptions about China would better advance U.S. interests and put the bilateral relationship on a more sustainable footing. Getting there will take work, but the first step is relatively straightforward: acknowledging just how much our policy has fallen short of our aspirations.

The Atlantic

America Is Fumbling Its Most Important Relationship

The United States has a China problem—and pundits and politicians are making it worse.

Thomas Peter / Reuters

JAMES FALLOWS

MAY 28, 2018 | GLOBAL

China is an increasing problem for the United States. But the latest reactions and assumptions about China among America's political-media leadership class hold every prospect of making China-related problems much worse. How can this be? It involves the familiar tension between short-term political shrewdness and longer-term strategic wisdom. Here's the pattern I see:

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Back in the 1980s, when Japan was on its path of industrial ascent, I was based there for *The Atlantic*. In those days the longtime U.S. ambassador in Tokyo, former Senator and Senate Majority Leader Mike Mansfield, said in virtually every speech that U.S.-Japanese interactions were "the most important bilateral relationship in the world, bar none." Mansfield, a great politician and patriot, used this phrase so reliably and relentlessly that "bar none" became among the Japan crowd an air-quote shorthand. "We had a great time at that sushi place last night. The unagi was the tastiest—bar none!"

Mansfield's maxim doesn't seem true anymore, and probably was not accurate even at the time. (What about the Soviet Union, then in the depths of its Cold War standoff with the United States? What about China, just beginning its reforms?) But I've often thought about the assertion as a useful rhetorical device. It's instructive to think about the relationships for the US that are "most" by a range of a variety of standards.

I would assert that as of 2018:

- America's most *volatile* relationship is with North Korea, for obvious reasons.
- Its most *damaging* relationship would seem to be with Russia.
- Its most dangerously *taken-for-granted* relationships would be (a four-way tie) with Mexico, Canada, the European Union as an economic group, and NATO as a strategic alliance. Each of these relationships is crucial to America's long-term economic, diplomatic, military, and national-security well-being. All are now under more-or-less acute strain, based on each group's calculation on how long Trump-style erratic "America First!"-ism will guide U.S. actions.
- Its most *subject-to-change* relationships are, for a widely varying range of reasons, with Saudi Arabia, with Iran, with Israel, with Pakistan, with Turkey, with Australia, with South Korea, with the Philippines, with half a dozen others I can think of.

But its most *important* relationship, beyond any reasonable dispute—"bar none," you might say—is with China. No other country has the prospect of eventually having a larger economy than America's—which sooner or later China will inevitably do. (With four times as many people, it need only become one-quarter as rich as the United States per capita to take the lead.) No other nation outside North America is as tightly integrated with U.S. corporate

production, consumption, distribution, and marketing systems. While Russia still has many more nuclear weapons, no other country could even dream of becoming an across-the-board military rival to the United States, as China might.

No other country is as important on environmental and sustainability issues as China, as a force either for progress or for hastened disaster. No other country sends as many students (especially paying students) to American universities, or has as ambitiously funded a national project aspiring to match American research achievements. No other country ... well, I could spend the rest of the day enumerating reasons to take China seriously, and to care whether the relationship becomes more openly hostile and competitive, rather than as *relatively* stable as it has been since Deng Xiaoping and Jimmy Carter signed formal normalization agreements nearly 40 years ago. (Note: for how I can argue that it has been a "relatively" stable and positive relationship, considering the many other paths that history might have taken, please see the books I wrote while living in China, *Postcards from Tomorrow Square* (2009) and *China Airborne* (2012), or my wife, Deb's, *Dreaming in Chinese* (2010). Also, for the record: I was working for Jimmy Carter during the normalization years.)

Handled right—or, in as error-minimizing a way as the governments of both countries more or less have handled it over the past four decades—this is a relationship that overall can be a force for greater prosperity, less environmental damage, and more diplomatic stability around the world. Handled wrong, it holds peril for everyone, in realms ranging from an accelerated arms race in Asia to hastened environmental disaster for the world as a whole.

I've never fully signed on to the "Thucydides Trap" predictions for the U.S. and China—essentially, the idea that if a rising power and an established power each believe that they are destined for a showdown, then that conflict is very likely to occur. (I haven't signed on because there are so many buffers working against something like the Thucydides-type German-British collision that led to World War I. Despite their regional rivalries, China and the U.S. are in different parts of the world, with the whole Pacific Ocean between them. They're not involved in the kind of direct colonial competition that England and Germany were. The gap between the two sides' military power is much greater, though both are nuclear-armed and thus warier of direct confrontation; and so on.) But I've believed in the

converse of the Thucydides concept: that the assumption from both governments that they *could* peacefully manage China's rise has made conflict less rather than more likely.

So it matters whether the United States approaches China seriously, and vice versa. And right now each country is headed in the wrong direction.

* * *

Just before the 2016 election, I finished a piece about the Chinese side of this predicament, and why handling China would be a bigger problem for whoever became the 45th U.S. president than it had been for U.S. presidents from number 39 through 44, Carter through Obama. The piece was called "China's Great Leap Backward," and its premise was that internal changes in China would require a reconsideration of China policy by an administration led by either Hillary Clinton or Donald Trump.

Those changes coincided with the shift in control, beginning five years ago, from the colorless Chinese leader Hu Jintao to the current strongman Xi Jinping. By the time of the 2016 U.S. presidential election, signs of change were mounting: Xi's concentration of personal power, his crackdown on dissent in any form, his reversal of the slow but obvious trend toward gradual social and civic liberalization. No reasonable outsider should ever have expected that bringing Communist China into the world economy would convert it into a Western-style liberal democracy. But through the first few decades of this process, economic integration with the world made China undeniably less controlled and repressive, not to mention dramatically richer. Year by year from the late 1970s until about 2015, daily life throughout China became steadily less regimented and totalitarian, more internationalized and diverse. In huge areas of Chinese life, the government can still seem a far-off presence, with free-wheeling chaos more noticeable than tight control.

After these decades of opening up, however, China is by many measures now closing itself back down. After a long trend of increasing the norms of "collective leadership," which would put limits on the power of any one strongman, the Communist Party has returned to something closer to one-man rule than it has known since the days of Deng Xiaoping in the 1970s and early 1980s, or perhaps since Chairman Mao.

These internal changes have external effects as well. As I described in that 2016 article, a damaging mixture of confidence and insecurity by the Chinese leadership has fueled a more aggressive military and diplomatic presence around the world. The confidence comes from China's many achievements; the insecurity, from its also numerous problems and failures, from economic inequalities to environmental disasters. You can read the details in the piece, but the gist is:

> "The combination of being arrogant abroad and paranoid at home is about the least desirable combination of all, from the rest of the world's perspective." [This from a a foreign academic, who did not want to be named.]
>
> The paradoxical combination of insecurity and aggressiveness is hardly confined to China. The United States has all too many examples in its own politics. But this paradox on a national-strategic scale for China matched what many people told me about Xi himself as a leader: The more uncertain he feels about China's diplomatic and economic position in the world, and the more grumbling he hears about his ongoing crackdown, the more "decisively" he is likely to act.

The factor added since then is the Chinese leadership's sizing up of Donald Trump. They appear to view him as someone they can flatter (with a lavish welcome in Beijing, and the pretense that Xi Jinping is Trump's "close friend"), can out-bargain (as with Farm Belt tariffs aimed straight at Trump's political base), and can potentially buy off (as with a recent deal favoring a Trump property in Indonesia).

Meanwhile come a range of other provocations or challenges, from a U.S. perspective: the steadily mounting national preferences of China's "Buy Chinese" program to advance its high-tech industries. The relentless fortification of reefs and islands in the surrounding seas. The efforts to muscle foreign companies into compliance with Chinese political-correctness standards—for instance, just this year, shutting down the websites of Marriott (among other companies) and demanding a formal apology (which Marriott gave), for online maps listing

Taiwan and Tibet as "countries," rather than the integral parts of the People's Republic that the Chinese government considers them to be.

Apart from these heavy-handed political moves, China's heavy investments in machine-learning and artificial intelligence (AI) technologies are likely to pay off more fully than some of its previous high-tech ambitions. Its worldwide infrastructure projects, under the oddly named "One Belt, One Road" world-trade plan, are creating corruption-related friction in some parts of the world (as illustrated by this report from Malaysia) but inevitably expand the reach of Chinese businesses. (Why the name, which in English sounds odd? The "road" of the One Belt-One Road strategy actually refers to sea lanes linking China with ports around the world.) In the diplomatic and trade-policy vacuum created by the recent U.S. "America First!" withdrawal from the Paris climate accords, the Trans-Pacific Partnership and other trade deals, and the previous emphasis on active ties with South Korea and Japan, China has realized it has surprising new freedom of action.

The economies of China and the United States are still intimately connected. Hundreds of thousands of people still travel back and forth between them. But anyone who has followed the news of the two countries sees stories in the mounting-friction vein every day.

* * *

The obvious question for the United States is, What is to be done? And the increasingly obvious-seeming answer, at least in Washington, is to get tough, and get worried, now. That was my reading of a piece in the politically influential publication *Axios* this past week, by its co-founder Jim VandeHei. The title of the piece was "China is the greatest, growing threat to America." A few quotes convey the tone of its argument, with emphasis in the original:

> **The numbers don't lie**: China controlled 4% of the global economy in 2000, and the U.S. controlled 31%. Today, China has 15% and we have 24%...
>
> - **With money** comes power...

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- **You don't need** the CIA, or deep study in Chinese history, to understand the grand design. President Xi Jinping has laid a lot of it out for all to see.

Made in China's 2025: The plan is to dominate all futuristic advanced technologies such as robotics, AI, aviation and space, driverless or new energy vehicles.

- **In other words**, to dominate the world by crushing the United States, Germany and all others in most important industries of the future...
- **Be smart**: Trump showed you can turn China into a villain on trade. But a smart politician could turn China into **a unifying villain on virtually every topic**—a reason to move fast and together on infrastructure, immigration, regulations, space, robotics, 5G and next-gen education.

In *Axios* articles, "be smart" is of course a political pro's term of art. It means "Stay ahead of the crowd," or "here's a smart take!" But in my opinion it would be really dumb to let this become the hot new take on China. If China gets turned into a "unifying villain on virtually every topic," the U.S. is almost certain to get less of what it hopes for, and more of what it fears, from the leaders in Beijing.

In the long history of China's dealings with the outside world, I'm not aware of even a single case in which public condemnation by foreigners, or shaming, or ginned-up ill will, has persuaded Chinese leadership to knuckle under to foreign demands. On the contrary: If you want to see the worst and least cooperative side of Chinese leadership, give them a set of in-public ultimatums, and demand that they comply. No government likes to be seen as bowing to foreign pressure—and China's government likes it even less than most, and likes it less now than at some other times, given the prevailing impression that China is on the rise and that U.S. leadership is in disarray.

It's easy to understand why concentration on a Chinese villain could seem politically "smart" in the short run. The United States, with all its centrifugal pressures, is chronically in search of some source of concerted, unifying effort.

War, or threat of war, is the easiest such unifying tool, but war has obvious drawbacks. The perennial challenge for leadership is to motivate the country in some way that does not provoke external conflict or inflame internal divisions. (The greatest essay in modern American political history, "The Moral Equivalent of War" by William James, in 1910, is about this challenge. The closing chapter of my new book *Our Towns*, written with my wife, Deb, is about the modern implications of James's argument.)

When it comes to Trump-era dealings with China, any "unifying villain"-style emotion about China, "smart" as it might seem, is a step the whole country is likely to rue. Its payoff is likely to be minimal—in jobs, trading agreements, China's diplomatic cooperation or military behavior. Its dangers should be obvious. We can all think of "smart" political moves that momentarily helped a candidate but lastingly damaged the country. One vivid example is the race-baiting strategy that campaign advisor Lee Atwater unleashed on behalf of George H. W. Bush in 1988. For the ugliness of this campaign, Atwater publicly apologized a few years later, after he had been diagnosed with the cancer that would kill him at age 40, in 1991. I don't know who would eventually have to apologize for a China-as-villain campaign, but I know that most Americans would come to regret it.

* * *

What would make any difference with China? As I've written previously and still believe:

Establishing the right long-term relationship with China is a genuinely hard problem. Whoever had won the past U.S. election, with whatever set of policies on other issues, would have to deal now with a China that is too big to ignore, too strong to insult, too valuable a potential partner, and too threatening a potential adversary to approach with anything other than a well thought-out plan.

The core of such a plan should be trying to *shape reality* in ways that encourage and discourage various forms of Chinese behavior. The much-loathed Trans-Pacific Partnership, or TPP, was one of those possible shaping tools. The TPP was the rare policy that Donald Trump, Hillary Clinton, and Bernie Sanders all opposed, but its idea was to ally the United States with enough other Pacific Rim trading nations to create a rule-based economic reality

too great and influential for China to ignore. Long-term industrial strategies, like the one the Clinton administration applied (successfully) in the early 1990s to revive the U.S. info-tech industry relative to Japan, also can have effect—and can include precisely thought-through tariffs as part of their power. Different times and different details require ever-shifting strategies, but none of them involves "villain" rhetoric or public demands and threats. Nor of course do they involve personal favors or business deals.

I mentioned in an earlier article one of the clearest illustrations of what a former Western-country ambassador to China described as "shaping reality in a way that makes it unattractive for China to maintain its present course." It involved the Chinese military's hacking of U.S. corporate secrets:

> [In 2015,] when Xi Jinping visited Washington (just after Pope Francis, who drew more press and crowds), Barack Obama is widely believed to have informed him that the United States had had enough on this front. Government-on-government spying and hacking? Sure, that's normal. But governmental spying on foreign companies, to help their domestic rivals, was different. And if it didn't stop, the U. S. government would find ways to make life more difficult for Chinese companies. Through use of America's own formidable tools for cybermeddling? Through impediments to investments? Through shifts in visa policies for influential Chinese families and officials? Obama could leave the means to Xi's imagination. It wasn't specific, it wasn't directly threatening, and it wasn't public, but Obama's talk was apparently effective. By most accounts, Chinese military hacking of U.S. corporations has decreased.

The hacking decreased. Public shouting and desk-pounding played absolutely no role in a quiet, coordinated, decisive plan to shape the reality within which the Chinese government made its choices.

If Chinese writers were putting this principle into a traditional *chengyu*, the four-character phrases that are popular vehicles for homilies and wisdom, they'd presumably work with the four characters meaning voice small, force great. Or, in turn-of-the-20th century American parlance, "speak softly, and carry a big stick."

That would be the smart approach. And also, wise.

ABOUT THE AUTHOR

JAMES FALLOWS is a national correspondent for *The Atlantic* and has written for the magazine since the late 1970s. He has reported extensively from outside the United States and once worked as President Carter's chief speechwriter. He and his wife, Deborah Fallows, are the authors of the new book *Our Towns: A 100,000-Mile Journey Into the Heart of America,* which has been a *New York Times* best-seller and is the basis of a forthcoming HBO documentary.

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