



**The Kippenberger Lecture 2012**

**U.S. REBALANCING IN THE ASIA-PACIFIC: CHINA'S RESPONSE AND THE FUTURE REGIONAL ORDER**

**ZHU Feng**

**Discussion  
Paper**

**Centre for Strategic Studies: New Zealand  
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## Foreword

It may be an overstatement to say that Asia's security depends entirely upon the quality of the relationship between a rising China and a still strong United States. But as the distribution of international power moves in Asia's direction, it is hard to escape the conclusion that this is the most important relationship to watch. It may also be going too far to say that a secure Asia depends upon the success or otherwise of America's rebalancing strategy, known initially as the Obama Administration's 'pivot' towards Asia. But the enthusiasm among many Asia-Pacific countries for a continuingly significant American presence in the region suggests that Washington's role in the changing regional balance is being watched with great interest.

No more closely is America's regional role watched than in Beijing. This is only to be expected: there may be a range of reasons for Washington's rebalancing, but if there is one amongst them that is most prominent it is the view that the United States is responding to China's increasing influence. China's power, built on decades of rapid economic growth, is now being translated into greater diplomatic and military weight, and this has implications for all of us. This begs the obvious question which all watchers of regional security need to consider: what will China's response to America's rebalancing look like? That question leads to some further lines of enquiry. How is Washington's approach perceived in China? Is there more than one view in Beijing? What options are open to China's leaders in charting that response?

To answer these important questions, the Centre for Strategic Studies invited Peking University's Zhu Feng to be the 2012 Sir Howard Kippenberger Visiting Professor of Strategic Studies. His responses are contained in the paper which follows, based on his successful Kippenberger Public Lecture delivered in early September. This paper highlights the fascinating variety within China's foreign policy debate, its implications for Beijing's approach to the United States, and what all of this means in the context of the changing balance in Asia. In selecting Zhu Feng for this visiting role, which saw him speak to audiences in both main islands and interact with students, academics and policy-makers, the Centre for Strategic Studies is grateful to have been able to attract one of China's top thinkers on security policy questions to Victoria University. I am sure readers of the paper which follows will understand why we were so delighted to have him spend time with us in this southernmost country in the wider Asia-Pacific region.

*Professor Robert Ayson  
Director  
Centre for Strategic Studies: New Zealand*



## About the author

ZHU Feng

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Zhu Feng began his university studies at Peking University's Department of International Politics in 1981 where he also completed his PhD in 1991. He is currently a professor of International Studies and Deputy Director of the Center for International and Strategic Studies (CISS) at Peking University. Dr Zhu has also been a research fellow at the Washington-based Center for Strategic and International Studies (CSIS) and the Fairbank Center for East Asian Studies at Harvard University. He has also been a visiting

scholar at Durham University in the United Kingdom.

One of China's leading experts on security issues, Dr Zhu writes extensively on regional security in East Asia, the North Korean nuclear weapons issue, America's national security strategy, China-US relations and missile defense issues. His books include *International Relations Theory and East Asian Security* (Beijing: People's University Press, 2007), *China's Ascent: Power, Security and the Future of International Politics*, co-edited with Robert S. Ross (Cornell University Press, 2008), and *China-Japan Defense Exchange and Security Cooperation: the Past, Present and Future* (co-edited with Akiyama Masahiro, Tokyo Aiji Press, 2011).



## **About the Chair**

Established in 2006, the Sir Howard Kippenberger Visiting Chair honours Major General Sir Howard Kippenberger, KBE, CB, DSO, ED, one of New Zealand's most distinguished and courageous soldiers, who was also an eminent scholar and strategist. He served as President of the New Zealand Returned and Services' Association and oversaw the production of 23 volumes of New Zealand official war histories. The Chair was established with funding from the Garfield Weston Foundation in Britain, the New Zealand Defence Force and the Royal New Zealand Returned and Services' Association (Incorporated) through the Victoria University Foundation and is coordinated by the Centre for Strategic Studies: New Zealand.



# U.S. REBALANCING IN THE ASIA-PACIFIC: CHINA'S RESPONSE AND THE FUTURE REGIONAL ORDER

ZHU Feng

In November of 2011, President Obama, Secretary of State Hillary Clinton, and Defense Secretary Leon Panetta announced America's strategic "rebalancing" towards the Asia Pacific region. This rebalancing appears to mark an historic turn for the Asia-Pacific security strategy which the US has maintained since the middle of the 90s. With its plans for an increased military presence, recommitted engagement and growing economic association with the region, the U.S. is seeking a more robust, comprehensive and even systemic approach to reinforce its overall leadership in the Asia-Pacific while militarily and strategically keeping a rising China in check. Hillary Clinton stated very strongly that "it's the Asia-Pacific, not Iraq and Afghanistan, that will decide the future of the world."<sup>1</sup> Speaking in Australia, President Obama vowed that 'In the Asia Pacific in the 21st century, the United States of America is all in', arguing that 'As we end today's wars, I have directed my national security team to make our presence and mission in the Asia Pacific a top priority.'<sup>2</sup> This "rebalancing" has gradually materialized, and several recent moves by the United States which fill out the concept confirm that the U.S. military and security posture in the region is experiencing this historic shift. America's military and strategic presence in the region is becoming even more steady and dependable. The Pentagon has come up with a series of new defense statements which underscore such a shift.<sup>3</sup> America's rebalancing moves will re-draw the skyline of security in the region where power relations have stepped revolutionarily into a new era.

Given this new backdrop, how far will the U.S. go in competing with China? How will China respond? How much will China stand up against the rebalancing offensive from the U.S.? Is the trajectory of the China-U.S. relationship tragically heading for some sort of "new Cold War"? Perhaps more importantly, what do the new dynamics of these

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<sup>1</sup> Hillary Clinton, "America's Pacific Century," *Foreign Policy*, November 2011, at [http://www.foreignpolicy.com/articles/2011/10/11/americas\\_pacific\\_century?wpisrc=obinsite](http://www.foreignpolicy.com/articles/2011/10/11/americas_pacific_century?wpisrc=obinsite)

<sup>2</sup> President Barack Obama, "Remarks By President Obama to the Australian Parliament," 17 November 2011, <http://www.whitehouse.gov/the-press-office/2011/11/17/remarks-president-obama-australian-parliament>.

<sup>3</sup> U.S. Department of Defense, *Sustaining U.S. Global Leadership: Priorities for 21st Century Defense*, January 2012, at [www.defense.gov/news/Defense\\_Strategic\\_Guidance.pdf](http://www.defense.gov/news/Defense_Strategic_Guidance.pdf); U.S. Department of Defense, *Joint Operational Access Concept*, 17 January 2012, at [http://www.defense.gov/pubs/pdfs/JOAC\\_Jan%202012\\_Signed.pdf](http://www.defense.gov/pubs/pdfs/JOAC_Jan%202012_Signed.pdf).

power ties imply for the regional security order? And in what way will China and the U.S., along with other regional players, endorse new efforts to build an enduring, supportive, and inclusive, rather than a disruptive and increasingly damaging, regional security outlook? These important questions remain unanswered.

### *Will rebalancing lock China up?*

Since November 2011, the White House, Pentagon, and American officials have attempted to deny the argument that the rebalancing strategy is designed to “contain” China, or that it completely targets China. The motives behind the U.S. rebalancing are indeed multiple. It’s unfair to conclude that the “rebalancing” only targets China. But it’s safer to contend that America’s new China anxiety is one of most significant reasons motivating the White House to retool its new strategic posture in the Asia-Pacific.<sup>4</sup> By definition, “rebalancing” is the combination of geographic rebalancing and capability rebalancing. As one American authority has argued: “Strategic rebalancing should therefore not be considered a new product of the Obama Administration alone, but rather a long-term effort to sustain U.S. access and presence in the world’s most vital region that should and will survive for administrations to come.”<sup>5</sup>

The U.S. fears China’s potential acquisition of A2/AD or “anti-access/area denial” capabilities will jeopardize its military assets from afar. This would have consequences for American bases in South Korea, Japan and Guam. It would potentially render American power projection in Asia riskier and more costly, affecting American allies as it would become more difficult and more expensive for America to assist them. Furthermore, it would also affect the Taiwan issue, as it would clear the path for a military response from China to Taiwan without an American intervention should Taiwan decide to declare independence or if the government in Beijing thinks all possibility of peaceful unification has been lost.

Another problematic factor is the lack of transparency surrounding who really controls China’s armed forces: the People’s Liberation Army (PLA) is not formally part of the state, it is responsible to the Communist Party of China (CPC), and is run by the party’s Central Military Commission, not the Ministry of National Defense. Even though party and government stand close in China, it is common knowledge that the party is even less transparent and accountable than the government. Hence, China watchers are even more skeptical about the true ambitions of the people who control China’s guns and ships.

In addition the U.S. has been concerned that a rising China, if not strongly counter-balanced, might eclipse America’s “uni-polar moment” with Beijing eventually outweighing Washington. The U.S. does not want on any account to lose its cutting edge over China. Therefore rebalancing reflects, in a broader sense, the desire of the U.S. to

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<sup>4</sup> Mark E. Manyin et al., *Pivot to the Pacific: The Obama Administration’s Rebalancing towards Asia*, Congressional Research Service R42448, 28 March 2012.

<sup>5</sup> Thomas Fargo, “The Military Side of Strategic Rebalancing”, *Asia Policy*, 14, July 2012, p. 29.

restructure its global posture by “pivoting away” from the Middle East, where the American military has been mired for more than 10 years, and instead “pivot forward to” a more crucial region where Washington will face growing competition in coming years. Thus rebalancing does not just involve military factors, but diplomatic, economic and political considerations as well.

The chances of a direct military confrontation in the near future between the U.S. and China are low. In preparing for the worst case scenario the Pentagon is simply doing its job. What the U.S. has been doing with the rebalancing strategy in the Asia Pacific region is to hedge, a concept which has caused a bitter and heated debate among Chinese strategists. “Hedging” is jargon used in the financial world. A typical example is to buy both a stock (hoping its value goes up) and its option (you make money when the stock's value goes down). To “hedge” is to seek the best outcome while also preparing for the worst, or building countermeasures to balance other countries' power. The Chinese often consider hedging actions taken by other countries as signs of hostility. At the same time, the Chinese don't seem to understand how to hedge in response to China's external challenges. Despite this, the mainstream Chinese view is more inclined to see rebalancing as an updated version of hedging strategy – dubbed “hope for the best, and prepare for the worst”.

What makes rebalancing different is that the U.S. is tightening up its “fence” to encircle China. There is no doubt that American rebalancing moves are posing mounting strategic pressures on China. The leading part of that pressure comes less from the brand-new reality of America's policy change towards China, and more from how the American factor is perceived in the eyes of Chinese leaders and the PLA. There are lasting and deep arguments about how that factor should be regarded and perceived within China. This means that most Chinese have striven to clarify what America means for China: is it a friend, co-operator, or a competitor, a foe, or a hegemonic power which is always conspiring to bring China down with its tenacious egoism? The rebalancing strategy has undoubtedly aggravated the debate over the American factor and increased Chinese concerns.

The key question we ought to ask here is to what extent America's rebalancing commitment, which presses China harder strategically, is the consequence of Chinese behaviour, or the consequence of the logic in John Mearsheimer's argument that the U.S. will simply not accommodate a peer competitor. Based on its current portfolio of power, China remains far behind the U.S. The power gap between two countries, even after 20 years of fast economic growth and China's military build-up, hasn't been substantially narrowed. The U.S. maintains an overwhelming cutting-edge over China in almost all dimensions of power. While China's development and ascendance as a great power will inevitably and eventually reduce America's military advantage, to what extent is that push-back a sober and realistic “balancing” on China's part rather than an abuse of its growing power? China does not appear to agree that America's rebalancing is the self-inflicted result of China's own behaviour, but that it is an extension of America's own power logic arising from a deliberate aim to preserve hegemony. This is the “structural factor” explanation. China's response, driven strongly by its desire for national security,

is designed to go beyond its own arena, appealing to the regional and even the global structure.

*China's response: mostly building power domestically*

It is China's response which will primarily decide the ultimate outcome of the rebalancing strategy. But that destination is not clear and has yet to be decided. China's response does not rest simply on its estimate of American intentions and actions but on its understanding of what others in the region will do. In other words, China will more likely recalibrate its policy in terms of the U.S. *and* the region. Whatever its policy towards China will be, whether it will "contain" or continuously "engage" China, the U.S. by itself cannot fatally harm China's interests unless the regional powers line up behind the U.S. against China. Furthermore, Beijing might use the rebalancing moment to raise its diplomatic and security profile if the U.S. overplays its hard-power and soft-power strategy in Asia.

A military conflict between China and Japan is more likely, given the nationalist atmosphere in both countries. The Japanese have a strong incentive to drag the Americans into a war with China. But they also know that this is a big gamble because they risk the possibility of starting a war with China by themselves which fails to involve the United States. Of course, the U.S. could choose to enter a war between China and Japan at a later stage after both countries have become exhausted. The same situation can also be detected in the current standoff over the South China Sea. It remains unclear if the U.S. would really favour any "proxy war" vis-a-vis China to create more troubles for China and to pre-emptively weaken Beijing as a potential peer competitor. Some of China's neighbours today might be tempted to think like Winston Churchill who believed that his country's best interests at the end of the Second World War were to make the U.S. a rival to the Soviet Union. They might seek to ensure that it was in their best interests to make the U.S. a rival to their neighbour China. Ominously there is a similar trend which suggests that the U.S. may take that line. According to two senior American military officers, "U.S. forces made adjustments designed to maximize their ability to project power to "hot spots" where armed conflict could threaten allies and friends. The goal was to reassure allies and others concerning the safety and stability of an increasingly interconnected system of global trade and security."<sup>6</sup>

It's hard to argue that America's rebalancing strategy will significantly weaken China's traditional claims in territorial disputes with its Asian neighbours. In fact the tougher response from the U.S. had led to neither China's growing flexibility nor a possible compromise. So far the sequence of America's rebalancing actions has focused on a small part of the equation - a U.S. ocean-based response. This seemingly ignores the western part of China and the locations of U.S. forces near there (particularly in Afghanistan and Central Asia). The fact that the U.S. has important allies in Japan, India,

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<sup>6</sup> General North A. Schwartz and Admiral Jonathan W. Greenert, "Air-Sea Battle: Promoting Stability in an Era of Uncertainty," *The American Interest*, 20 February 2012, at <http://www.the-american-interest.com/article.cfm?piece=1212>

Korea, the Philippines, Thailand, and Singapore as well as allied forces on the part of Australia and New Zealand will not embolden Beijing to confront the U.S. unless there are lingering territorial disputes in the South China Sea and the East China Sea. The rebalancing moves don't seem to prevent China from claiming the "Chinese" way, and instead raise awareness in China about fortifying that claim. Such growing Chinese concern is evidenced in the forming of Shansha City in the disputed Paracel Islands and the Spratly Islands area, and can be even more explicitly identified in China's less conciliatory attitude on the Diaoyu/Senkaku Islands, an unsolved territorial dispute between Beijing and Tokyo. The U.S. strongly called for China to compromise in multilateral talks with its ASEAN counterparts to find a solution in the South China Sea disputes. But Beijing's strong preference remains working through bilateral talks. The diplomatic tit-for-tat race over this even caused the division of the ASEAN countries in the ASEAN Regional Forum ministerial meeting at Cambodia in July of 2012.

America's rebalancing moves will not compel China to alter the course of its foreign relations. It's more likely that China's foreign policy will remain the same. Beijing has little options available to break the current strategic impasse with Washington. Moscow has been perceived as a potential ally to jointly counter the U.S. But Beijing may find Russia less trustworthy than America because of the way Russia might decide to go in any potential conflict. Russia may be forced to pick a side, but this does not mean that China and Russia will be meshed seamlessly in a common front to rival the U.S. As for the rest of the "China-huggers" like Iran, North Korea, and Venezuela, I don't think that Beijing has any interest in cementing strategic ties with these "rogue states" to counter-balance the U.S. As there exists little strategic space for China to undertake alliance building or re-alignment, the possibilities are slim for a significant switch in its security and foreign policies.

When China can't build its allies internationally, it has to focus on building power domestically. We can fully anticipate that China's military modernization will speed up, and double-digit defence budget rises can be consistently guaranteed. The irony is that the U.S. "rebalancing" moves excite China's PLA which recognizes that its military spending surge is ensured. In fact the rebalancing strategy deprives Beijing of any space to contemplate cutting the rise of China's military expenditure. In return this will also spark ominous claims in the U.S. about the "China military threat," dramatically playing up the China factor in an era of American austerity. The Pentagon proclaimed in its new naval redeployment plan in June of 2012 that the Pacific will host 60 per cent of the U.S. navy by 2020, the most tangible sign yet of the renewed U.S. emphasis on Asia.<sup>7</sup> China might accordingly declare a more ambitious plan of warship building. If the U.S. deploys non-nuclear long-range ballistic missiles on Navy surface ships, and distributes them all-azimuth in the Pacific, Indian and Arctic Oceans, and focuses the warheads on assets in coastal China, it will not be surprising if we see an inexorable arms race developing between Beijing and Washington.

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<sup>7</sup> Julian E. Barnes, "U.S. Plans Naval Shift toward Asia," *The Wall Street Journal*, 2 June 2012

### *China's response: how is the domestic factor evolving?*

The U.S. strategic push for a rebalanced power system in the Asia-Pacific has obvious implications for China domestically. Despite the muting of its censure to Washington in comparison to how things used to be, Beijing's frustration may still be very noticeable across many areas. For a transforming China, strategic tension with Washington does not serve its interests at all. The Chinese media is normally infested with anti-American comments, and the PLA in particular sounds bellicose over issues like Taiwan, the South China Sea and the East China Sea. But this does not necessarily mean that the Chinese leadership prefers to see ups and downs in its ties with the U.S. Rather, Beijing's preferred template, consistent and unchangeable since the end of the Cold War, remains intact. It is to conserve and maintain a productive, cooperative and stable relationship with the U.S. whether the nature of the bilateral ties is "important but complicated", or in the "same bed but dreaming differently".

China's cautious response stems partly from its leadership's reasoned estimate of the damaging consequences of the alternative policy of "standing up", and partly from its concerns that an escalation of tension, even if restricted to the diplomatic arena, might lead to a wider breach in the bilateral relationship. However, there are a couple of new elements which help explain why Beijing is sealing its lips rather than rhetorically fighting back. One has been Beijing's growing consciousness that the U.S. federal election of 2012, a tight race, might encourage the Obama Administration to overplay the "China Card". The other is that, given the power reshuffling process in China and the upcoming departure of Hu Jintao's Administration, Beijing is particularly unwilling to get tangled in a diplomatic war with the U.S. which might undermine Hu's legacy. There is no doubt that maintaining healthy and stable relations with the U.S. will be an important part of his foreign policy legacy.

The Chinese government is now more resilient in terms of its public appeal. Politically there are increasing numbers of cases where the government is adjusting its stance. The way the Chinese government is behaving right now, you'd almost think it had converted to democracy. Half a dozen times in the middle of 2012, the government has backed down in the face of angry citizen protests, cancelling unpopular industrial projects, freeing wrongly imprisoned citizens or arresting officials for reprehensible behaviour. On foreign relations, the state-run media in China have been in full battle cry and authorities have not banned online discussions about the island disputes. Chinese CCTV, an officially-run TV station, put the Beijing-Tokyo riots over the Diaoyu/Senkaku Islands under spotlight, although anti-Japanese protests and activism are being kept under tight control.

Nevertheless, the bumpy relations with neighbours and the United States have added greatly to the pluralism of Chinese views of the world in general and the U.S. in particular. Such pluralistic views generate an increasingly fragmented domestic base for Chinese foreign policy – with some nationalists and others realists. How to rein in the nationalistic sentiments in Chinese public opinion has consequently become an increasingly hard task.

Chinese domestic views of the world and foreign relations can be divided into five contending camps that each present distinctively different dispositions and preferences. At the furthest left end of the spectrum there is the Populist Chinese camp. This camp argues that today's world remains dominated by the Western imperialists, and China has no option but to return to the Maoist path—mobilizing the third world and leading the rebellion of anti-Western forces. This camp strangely believes that the intolerable suffering of China's bottom class – the poor rural population, groups of rural immigrants in China's cities, growing inequity and even the massive corruption among officials - stems mainly from the abandonment of Maoism by Deng Xiaoping and his successors. It also stupidly attributes China's tension with the U.S. and Japan to the demise of Maoist thinking. They even miss the fighting years of the Korean War and Vietnam War. They condemn the Chinese government for being “boneless” and a “coward” in the face of U.S. military “encirclement”, and see this as evidence of the horrible results of giving up “Maoist China”. The Populist Chinese genuinely draw correlations between China's domestic capitalist experiment and the external mutant – attacking the choice not to fight but compromise with the West.

Sitting not far away is the camp of the Nationalist Chinese. Their key difference is that they do not miss the days of Maoist rule but they also regard the West as an entrenched barrier standing in the way of China's rise. The Nationalist Chinese argue that the U.S.-anchored regional and world order does not support China's rise, but will continuously marginalize China, preventing it from entering into the “core” regardless of China's economy performance and good behaviour. Furthermore, the Nationalist Chinese seem mired in historical grievance and humiliation, and tend to be nationalistically emotional on foreign policy. For instance, they always believe that the U.S. has been conducting a policy of containing China since the demise of former Soviet Union, and that Japan will revive its traditional militarism sooner or later. This nationalistic lens usually generates a very negative and less confident perception of the world – a world predominated by greater hostility and few humane traits. In that way, nationalism is an awful ideology – sitting at its heart is not a respect for human integrity and dignity, but indigenous distrust and national resentment. The Nationalist Chinese believe that it is America's strategic intention to never accept China's ascent and to maintain American superiority with China as a mere appendage.

Close to the middle of the spectrum but remaining on the left side are the Realist Chinese. This camp believes that China's rise is China's re-emergence—the resumption of China's historic status in the world. But this can't be achieved by focusing on cooperation. They argue that world politics will also be a “dirty job”. China is not an exception to this rule, and the U.S. is by no means benign. Relations between China and the U.S. are a pure game of power struggle. Thus the Realist Chinese seek to remove the delusion that cooperation between Beijing and Washington can be expected to endure, and require China to fully commit itself to a competition for power. They posit that the formula of “no two tigers over one hill” applies, and that China should safeguard its current position whatever that takes. China needs to be more powerful physically, because the story of China-U.S. relations won't change while Beijing is in no position to compete. Thereby the Realist Chinese believe that power-driven competition with the U.S. is an automatic justification for China to exercise its foreign relations in the

direction of modernizing its military and allying with other countries so long as they can add to Chinese strategic weight. Logically throwing around one's weight is China's way to counter-balance the U.S. The Realist Chinese view is essentially a copy of the Western Realist school of thought and assumes that pre-1945 international history will inevitably be re-staged in the 21 century. Their philosophy is strongly based on a pessimistic approach to global politics, and they focus simply on relative power gains as the only capital for China to purchase.

Across the middle and moving on to the right side of spectrum one finds the Internationalist camp, and the Liberalist Chinese camp. The Internationalist Chinese see the world as not unchangeable and suggest that the realist focus on power relations in world politics can be invalidated. They draw attention to the changed format of power relations and the positive effects of the world community, try to cast out "historic grievances" and encourage China's full integration into global society. In that sense, they believe that China's approach to international relations should emphasise that the wellbeing of China's people is a more significant and dependable basis for policy than building the might of the state. This camp argues that China should prioritize its domestic agenda to boost its transformation towards a shining democracy rather than eagerly flexing its muscles or rushing to compete for world-rankings.

The Internationalist Chinese are also aware of the ugly dimension of power politics, but they are "optimistic realists" – traditional structural constraints do not necessarily unhinge China-U.S. relations. Instead, the fate of such a dyadic pair of powers - one dominant power and one rising power—depends on their action-reaction cycle. In other words, a process of power transaction may dominate policy outcomes on both sides of the relationship. According to this formulation, U.S.-China ties needn't be characterized by the intractable animosities that relations between two powers of this size are often assumed to involve. If both sides could have the rationality and courage to face up to their problems while living up to their legitimate demands, Beijing and Washington could credibly find a way to build on their compatibility and collaboration. The Internationalist Chinese believe that China-U.S. ties are more process driven, and are much less a self-referential exercise.

The Liberalist Chinese tend to attribute the rockiness of China-U.S. relations to the lack of democracy in China, arguing that the ties can hardly improve effectively without Beijing encouraging democratization. This camp contends that China's democratic redirection will automatically help allay and even dismiss the intrinsic stresses in China-U.S. relations, and lay out a new and solid foundation to underline cooperation between Beijing and Washington. In that sense, the Liberalist Chinese see democratization as a panacea to heal the strains rooted in the power relations between large countries like China and the U.S. In fact this camp underestimates the complexity of power ties, and assumes that China's democratization will ensure that a shared political value will mean shared interests.

China's response, presently and in future, will much depend on the delicate balance between these five camps. The Nationalist and Realist Chinese account for the slight majority of the Chinese population and mass media, but the Internationalist camp

anchors the mainstream of Chinese elites – the combination of the policy circle and the academic community. Interestingly the Chinese leadership is similarly split down the line, and current leaders can easily identify the camp which fits them individually. This pluralism in Chinese world views is not a creature of one-party rule: it is the spontaneous product of China's long overdue transformation. Obsessed with growing domestic unrest and its reduced credibility, the CPC government has been struggling to consolidate its power base by resorting to Chinese nationalism. But when nationalist sentiments flare up, Beijing is highly afraid of a backfire, concerned that it will undercut the government's manoeuvrability in trying to deal with thorny issues like ties with the U.S., disputed territorial claims, and military development in a way that supports China's economic advancement. China's domestic situation powerfully demonstrates that mastering rampant nationalism is like walking a tightrope: on the one hand, nationalism could beef up China's domestic unity; but on the other hand, nationalism blinds people from the real world. The consequence is quite dramatic for the time being: the majority of Chinese complain that their government turns out to be much "weaker" internationally when the international media allege that China has been growing "more assertive". Pleasingly it seems that Beijing remains robust in steering the course of its foreign policy. Avoiding confrontation with the U.S. is its policy priority in the days to come.

The effect of America's rebalancing effort on China's domestic dynamics will be considerably counterproductive in the short and medium term. It clearly fuels Chinese nationalism. America's moves to enhance the credibility and dependability of its security commitment in the region complicates problems in the region, and increases Chinese skepticism about American meddling in disputed waters. Additionally, rebalancing highlights America's military supremacy by the resort to more frequent military drills, an expanded military presence and more active military partnerships. Most Chinese assume that the U.S. is assembling an anti-China bloc in the region to keep Beijing cornered. This might reignite Chinese nationalistic sentiment and make it more difficult for Beijing to show flexibility in negotiations over disputed territories. Massive street protests against Japan's proposed purchase of three of the Diaoyu/Senkaku Islands in August of 2012 were partly propelled by growing antagonism to the U.S. Many Chinese believe that the provocation by Japan's rightist politicians to change the status quo of these uninhabited islands stemmed from U.S. acquiescence.<sup>8</sup> If rampant nationalism is bad, fuelling that nationalism in China is even worse.

### *China-U.S. relations and regional order in the Asia-Pacific*

China's rising military has not changed the power disparity between Beijing and Washington. The People's Liberation Army of China remains far behind the U.S. military by almost all measures, and will hardly pose a threat to America or the rest of the world. Even though in 2011 China accounted for 5.5% of total world military output, the United States still stands in stark contrast with an astonishing 45.7% of global

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<sup>8</sup> Michael Richardson, "Tension Rise in Northeast Asia," *The Japan Times*, 29 August 2012; Tong Kim, "Setback for Pivot to Asia," *Korea Times*, 7 August 2012.

military spending in the same year.<sup>9</sup> This illustrates that despite China's growing military might, America's military domination outperforms any other country in the world, putting on hold the assumption that China might become America's peer military competitor in the near future.

The U.S. is most concerned with the trend in China's military development. According to *The Economist*, China's annual defense spending rose from over \$30 billion in 2000 to almost \$120 billion in 2010. This number adds fifty percent to China's official military spending figures because the government leaves out components such as research and development for military purposes from the official budget.<sup>10</sup> China's total military spending for 2012 is rising by 11.2% on the previous year.<sup>11</sup> This double-digit growth in China's military spending is of concern to the United States that wants to safeguard the current balance of power worldwide, even though the U.S. still spends four and a half times as much on defense than does China. Based on present trends, China's defense spending might overtake America's after 2035.<sup>12</sup>

So what are the true intentions behind China's military rise? Will it stay committed to a "peaceful rise" and become a peer of the U.S, or will it end America's uni-polarity, achieving a multi-polar world order? If there is to be a power-shift, can a U.S.-China "Cold-War" be averted? These questions do not simply arise from China's military acquisition but also from other factors working simultaneously to increase America's fear of China's rise.

One of these factors is that China is developing as both an economic and a military power, unlike the USSR. Whereas the former Soviet Union was only militarily strong, China is the only power apart from the United States today that can become a superpower both economically and militarily. Thus China possesses the potential to overtake the total power position of the U.S. Preventing the emergence of a "peer competitor" has been the central objective of U.S. security strategy since the demise of the Soviet Union. Now China happens to offer that potential. Additionally, China's status as a "communist state", the lack of transparency about its military and strategic intentions, and particularly, signs of China throwing its weight around in the region, may work together to deepen Washington's fears of China. At the very least China's expanding military muscles may add to its assertiveness and eventually intensify the competition with the U.S. across the region and weaken U.S. leadership.<sup>13</sup>

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<sup>9</sup> Asian Center of the Heritage Foundation, *Key Asian Indicators: A Book of Charts*, Washington: The Heritage Foundation, July 2012, p. 20

<sup>10</sup> "China's military rise and the dragon's new teeth: A rare look inside the world's biggest military expansion", *The Economist*, 7 April 2012

<sup>11</sup> "Beijing Reveals 2012 military Budget", *The People's Daily*, 5 March 2012.

<sup>12</sup> "China's military rise and the dragon's new teeth".

<sup>13</sup> Sarah Serizawa, "China's Military Modernization and Implications for Northeast Asia: An Interview with Christopher W. Hughes," *Policy Q & A*, The National Bureau of Asian Research, 2 August 2012, at [http://www.nbr.org/downloads/pdfs/PSA/Hughes\\_interview\\_08022012.pdf](http://www.nbr.org/downloads/pdfs/PSA/Hughes_interview_08022012.pdf).

There are a number of factors that limit China from becoming a threat to the United States as well as to the rest of the world. Unlike the former Soviet Union, China, just like the U.S., has a vital national interest in the stability of the global and regional economic system. China's security challenges to the U.S. are frequently and significantly diffused by the growing interdependence between the two. America sits behind the EU alone as the No. 2 trading partner for China. As long as the U.S. economy performs well, the demand for Chinese goods and services will persist, and as a major supplier China will maintain its high levels of economic growth. This reality is quite illuminating, and indicates that both parties benefit from a stable global economic system. China is in fact completely different from the former Soviet Union in many ways. Beijing retains a system of one party rule with an officially declared "socialist ideology". But the reality is that "communism" or socialism in China have never been more hollow. Socialism in China remains only on the surface. China's unfinished domestic transition is a leading worry facing its leadership.

Given this fact, China's leaders are actually more worried about internal threats to their control than external ones. In 2011, spending on internal security outstripped military spending for the first time. In the future, with China's aging population, it is expected that the Communist Party will be more occupied with redistributing its focus from external threats toward domestic health care, corruption, systemic efficiency, environmental degradation, and inequity. Before the domestic transition is complete, China is by and large a vulnerable power. In order to satisfy China and include it in the liberal international order, the U.S. and the international community needs to strengthen institutions by becoming more accommodating to China and its wants, allowing it to become a stakeholder in the liberal international order, rather than simply an observer. Simply focusing on China's military modernization does not offer an objective and full portrait of what is going on in China. Prof. Stephen M. Walt strongly rebuffs those desperate "China bashers" for their attempt to "portray China as a rising revisionist threat", arguing that "such claims do not follow logically from the evidence presented."<sup>14</sup>

Moreover, China's military might is not as formidable in real life as it appears on paper: its military technology has suffered from the Western arms embargo imposed after the Tiananmen Square protests in 1989. As a result of this, China struggles to produce high performance jet engines and its defense industry remains inefficient and over-dependent on high-tech imports from Russia which simultaneously supplies the same kind of technology to China's rivals India and Vietnam. The most significant distinction between the American and Chinese militaries is that the PLA has little recent combat experience, in comparison to the military professionalism that the United States has developed recently fighting wars in Iraq and Afghanistan. The last time China fought a real enemy was in the war against Vietnam in 1979 when the PLA suffered many deaths and other casualties. Hence, there is no guarantee that the PLA can put into practice the complex joint operations it is being increasingly called upon to perform. America's

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<sup>14</sup> Stephen M. Walt, "Inflating the China Threat," *Foreign Policy*, posted 27 August 2012, at [http://walt.foreignpolicy.com/posts/2012/08/27/inflating\\_the\\_china\\_threat](http://walt.foreignpolicy.com/posts/2012/08/27/inflating_the_china_threat)

forces are ahead by approximately 30 years, which means that even if China's economy continues to grow without disruptions, its rising military might has the potential to rival America's only in the long-run. China's military modernization does not mean Beijing is seeking to undermine the current status quo or expand its sphere of influence but reflects China's growing insecurity and security demands. In particular, the tendency for sides to be taken must be strongly opposed by China in the case of any territorial disputes. Faced with the lingering volatility of territorial disputes and strategic pressures from the U.S. to restrain China in building its regional influence, Beijing seems to have no option but to develop its military capability internally. This should be understood as China's attempt to counter-balance the dominant power simply by instinct: externally there is no large power Beijing could safely rely on to build an alliance.

The U.S. and the whole region should encourage China to move in the direction of revitalizing its domestic political and economic reforms which amount to a significant metaphor for China's democratization. In turn the growth of China's military power must be accompanied by greater transparency and more importantly, by a more effective reining in of China's nationalistic media in order to avoid rousing fears in the region. The Chinese government reiterates that it has no intention of challenging or replacing the U.S. in the Asia-Pacific. In doing this, China also needs to respond more proactively to international calls for increased transparency. Washington *openly* uses the prospect of a war with China over Taiwan or possibly North Korea to justify the purchase of new nuclear capabilities. The Chinese government needs to follow in the footsteps of the United States and be more transparent about its intentions and actions through its official reports in order to decrease the suspicion around its investment in military modernization. Chinese military modernization especially requires trust-building measures that can help to defuse misperceptions and stabilize regional security.

Strengthening the military dialogue between the United States and China has become more necessary than ever. A stable economic regional order requires a stable and consistent economic as well as military relationship between China and the U.S. Thus, China must stop suspending 'mil-mil' relations with the U.S. as a punishment whenever tension rises with America over Taiwan. By dodging mil-mil exchanges with America, China adds further volatility to the relationship, sending negative signals to the global economic system as well as making Chinese intentions appear even less trustworthy. But 2012 has witnessed some positive progress in military dialogue between China and the U.S. The two sides completed exchanges of visits by their respective heads of defence, and carried out their first counter-piracy naval exercise. Beijing promised that it would dispatch a warship to attend the 2014 Pacific Rim (RIMPAC) multinational exercise when the U.S. Secretary of Defense Leon Panetta visited Beijing in September 2012. This has given new momentum to mil-mil relations.

In fact there is a great deal for China and the U.S. to do to get both of them comfortable as the competition in the Asia-Pacific remains a constant and major consideration. There is little likelihood that China and the U.S. militaries will collide or that the structural constraints on China's rise will lessen unless China enjoys a major technological leap over the U.S. in terms of military acquisitions. As Professor Tom Christensen has

conjectured, “by being more innovative than the United States by necessity, China might then skip levels of technological development in the on-going revolution in military affairs (RMA) and quickly close the gap with a United States that is perceived as too self-confident and too bureaucratically hidebound to maintain a healthy lead against such a newcomer.”<sup>15</sup> Nevertheless, in reality, the odds are stacked against China in this scenario due to institutional and bureaucratic obstacles to innovation. Moreover, China’s continuing reliance on outsiders to develop new defence technologies seems hard to reverse. According to Robert Ross if there is going to be a revolution in military affairs in East Asia, “it will be a largely American revolution.”<sup>16</sup> The Pentagon’s Air-Sea Battle concept unequivocally supports this forecast. But it has raised another concern: how far will the U.S. go with its rebalancing aspirations? If the U.S. invests too much militarily to restrain China, it might trigger Beijing to urgently seek countermeasures. The Air-Sea Battle concept is understood as part of America’s persistent drive to maintain a cutting edge over China. But it has also been criticized for being too belligerent and too expensive. If the U.S. struggles to respect China’s essential and legal interests in the region, and instead attempts to corner Beijing, strategic and military tension between Beijing and Washington will increase the prospects of an arms race, albeit an asymmetrical one, which is looming over the region.

Rather than following the U.S. by blowing the Chinese military threat out of proportion, the Asia-Pacific needs to forecast the long-run ramifications of the offensive elements of the U.S. rebalancing. There is no reason that the rebalancing moves should be dominated by the military dimension. Instead of repositioning to tip the balance of power system fully towards the U.S.-centric alliance system, the regional players should pay more attention to a nuanced differentiation between security efforts and economic endorsement. Beijing should be encouraged to get through its domestic transformation at a fast pace while boosting economic and trading integration across the region with new momentum. Thus China’s economic development will continuously benefit the entire region, and the regional dynamics will be conceivably favourable for a long-lasting, economically prosperous and strategically balanced order.

### *Conclusion*

Despite mounting strategic pressures on China, America’s rebalancing moves do not provide a major imperative for China to change its policy course. Beijing will continue to be an inward-looking, conservative and developmental state. The chances of a direct military confrontation in the future between the U.S. and China are low. The most important question is how China will ultimately respond to this new wave of the U.S. strategic offensive, and how far the United States is prepared to advance its new type of leadership on geostrategic issues to China’s cost. Chinese foreign policy is traditionally pragmatic and risk-averse, and thus it is unlikely that China will prefer to

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<sup>15</sup> Thomas J. Christensen, “Posing Problems without Catching Up: China’s Rise and Challenges for U.S. Security Policy”, *International Security*, 25:4, Spring 2001, p. 8.

<sup>16</sup> Robert S. Ross, “The Geography of the Peace: East Asia in the Twenty-first Century”, *International Security*, 23:4, Spring 1999, p. 102.

start a standoff with the United States. In light of this, the trend in Sino-U.S. relations seems more complicated than worrisome.

The United States is a long-term stakeholder in the Asia-Pacific, but the Obama Administration's rebalancing moves portend a worrying trajectory for the Sino-American strategic relationship. Diplomatically, the Obama administration has continually sought to keep China cornered and subdued with regards to the South China Sea issue by allying with Vietnam and excluding China from the Trans-Pacific Partnership. From a military perspective, the United States has sought to increase preparedness for Air-Sea Battle, a response to China's A2/AD strategy, including by selling advanced F-16 C/D jetfighters to Indonesia and establishing a new military base in Darwin, Australia.

The Sino-American relationship of today includes a new aspect never before seen since normalization in 1979—power competition over geopolitical influence in East Asia. This power competition was highlighted by Secretary Clinton's historic visit to Myanmar at the beginning of December 2011. Beijing is fearful that its commercial ties with Myanmar will be put at risk in the face of the U.S. offensive and that Washington's strong push for Burmese political liberalization might ignite a new "Colour Revolution" on China's periphery. Undoubtedly, the most damaging aspect of the Obama offensive is not the fundamental change to Beijing-Washington relations, but the deepening of the perceived "security dilemma." What matters more is not the frayed ties, but growing strategic distrust between the two capitals. Therefore, there is an increasing likelihood for escalating geostrategic tension between the two countries. Beijing has been highly vigilant about the negative consequences of the Obama offensive for China's role in East Asia. On 6<sup>th</sup> December 2011, Chinese President Hu Jintao unambiguously asserted that China should accelerate the transformation of its naval force structure and promote combat readiness.<sup>17</sup> His remarks are likely not only an attempt to placate his Chinese domestic audience, but also the start of a counter-offensive against the United States. In order to mitigate security concerns for both countries, Washington should clearly explain to what extent the United States will respect China's legal interests without losing its primacy, and Beijing should work to increase strategic trust between China and its neighbours as well as the United States.

In addition, how can the United States better influence China, and how can China change itself from within? These questions may well be central ones. Avoiding a new Cold War is a common goal for the United States and China, as well as the rest of the region. To a large extent, this depends on whether the United States adopts a "balancing China" policy—namely, a policy of hedging against the power aspirations of China, while also actively influencing and positively encouraging China to innovate itself. Of course, this also depends on whether China itself can clearly and accurately reset its foreign and security policy towards the United States as well as the region.

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<sup>17</sup> "Hu Jintao asks PLA for better preparation for military conflict," *The People's Daily*, 7 December 2011.

More importantly, the ramifications of Beijing-Washington relations extend far beyond their immediate bilateral terrain, and will clearly decide the landscape of the Asia-Pacific in a much broader sense. Any serious balance of power system can't automatically promote the highly valuable regional economic vigour which has now swept throughout the Asia-Pacific. Enduring economic growth at the very least synchronizes security concerns even if it does not produce security. The U.S. and China are not exceptions to this. Contributing substantially to regional economic prosperity, China will not be alone in independently seeking answers to some crucial questions such as how both the powers can hedge against each other strategically while exercising economic and trading altruism. China-U.S. relations and their repercussion on the region must be supportive to regional economic prosperity. Otherwise, both countries will lose appeal.

China's rise has brought the East Asian region economic development and prosperity, and it has become nearly every East Asian country's largest trading partner. As long as China is sincere in its desire for a peaceful rise and in its desire to enhance its image as a major power through a win-win strategy, a strategy simply based around balancing-China will lose its lustre. For its part, Beijing optimal option in blocking the U.S. rebalancing offensive is not to build its power alone, but to magnify China's impact based on building its capacity building to sustain the regional commons as much as possible. The contestation between Beijing and Washington in the end is less about muscle flexing, but more about sustainable, inclusive and popular influences. The more mindful the Chinese government can be of this factor the greater its regional clout will be, and the more productive the regional order will become. So it's high time for Beijing to reconsider the question of why a rising China is still unable to command the level of respect it deserves, and why China, whose economic contribution to the region far surpasses that of the United States, is losing its strategic clout. ■