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## Conclusion

*No one can look at Asia and take [all the] Chinese out of it and say you can have any policy in the Pacific that will succeed in preventing war without having the Chinese a part of it. It's just as cold-blooded as that.*

*No one in this world knows how great the gulf is between their philosophy and ours, their interests and ours. But also no one in this world, I think, knows better than I do, how imperative it is to see that great nations that have enormous differences . . . have got to find ways to, you know, talk, get along.*

— President Richard M. Nixon, January 26, 1972

China has changed a lot in the last 36 years since President Nixon made this observation. But the essential tenet of US policy toward China over that period has not. While the two countries have quarreled and been confrontational on many occasions, “engagement” has been the unquestioned principle that has guided the administrations of seven US presidents in relations with China. In its most primitive form, that policy seeks to draw the United States and China together through dialogue to avoid costly miscalculation. More broadly, the engagement strategy has sought to develop equities for China in the US-led global order to (1) deter China from disrupting that order and (2) encourage China to adopt a form of government most compatible with maximizing benefits through participation in that order.

As the preceding chapters make clear, that strategy has been marvelously successful in many respects. Despite the gulf in philosophy between the two countries, the United States and China have not fought on either sides of a war. Through its participation in the global order, China has brought hundreds of millions of Chinese out of poverty and firmly tied its economic fate to that of the rest of the world. China’s government has had to adjust to a new reality in which its authority is more limited than before, and the manner in which it adopts new policies has had to become more transparent, pluralistic, and less capricious than before.

But engagement is hardly an unqualified success. China’s participation in the global order and development of stakes in that order has not pre-

vented China from challenging that order as described in chapter 1; indeed, developing states increasingly cite China as an alternative model to that order. China's economic explosion through trade and opening up has come at a dramatic cost to domestic Chinese social equities and the global environment. The wonder of integrating one-quarter of the world's working population into the global economy has not always been perceived as such by political and economic interests in other parts of the world, including the United States. And ultimately, engagement has not brought about a sea change in Chinese governmental protection of human rights, religious freedom, or other US values of political import. At times, the political cost-benefit analysis of "engagement" seems to tilt rather pointedly toward the "cost" side of the spectrum.

Perhaps the problem is that the engagement policy has been too successful. Drawing China into the world's economy as a diplomatic concept was a fine idea, but the original architects of the engagement policy may not have envisioned the scenario in which China would become the world's second or third largest economy (depending on the methodology one uses) in just 30 years. The pace of change in China and the impact of that change on the global community have been enormous. This book has reviewed many of the issues confronting China and the world as a result of China's (and "engagement's") successes. The question now confronting the United States is: Is engagement still the appropriate policy to manage a risen China?

This book has attempted to provide specific guidance for policymakers confronting that question. The preceding chapters have covered the waterfront of policy challenges and opportunities in China.

China's domestic political situation is far from static. As detailed in chapters 2 to 5 China faces significant domestic challenges, whether resulting from corruption or from the relationship between Beijing and China's local and provincial power centers. Efforts to manage domestic dislocations caused by rapid economic growth have helped foster greater policymaking plurality and fueled Beijing's interest in "democratic" reform. But China's political evolution is not clearly leading to a result modeled on Western forms of participatory government. Indeed, for all the talk of democracy by Hu Jintao and the employment of local political laboratories to field test forms of participatory government, China is shaping up to be a distinct alternative to Western democracies as a model for developing states. That has clear implications for the United States in its role as a leader in institutions of global governance like the United Nations, but also in looking at overseas development assistance as a tool of US "soft power."

China's unbalanced economic development also poses unique new challenges, as noted in chapters 6 and 7. Its current economic development model, especially its energy-intensive heavy industry and investment-led growth, has aggravated income inequality, undermined employment gains, heightened trade tensions, and contributed to serious energy and envi-

ronmental problems for both China and the rest of the world. The government has taken some steps to shift the source of economic growth from investment and export-led development to domestic consumption, but these steps have been slow in coming and are not enough. More vigorous government policy action is needed in the fiscal, financial, exchange rate, and pricing domains. Failure of the government to promptly make the necessary policy changes may lead to a slowdown in China's impressive growth, put continued upward pressure on global oil and commodity prices, and further increase China's energy use and carbon emissions.

As the final three chapters make clear, China is also presenting new and clear challenges to America's role as guarantor of security in Asia. Its military modernization is proceeding at a pace something akin to its economic development but on terms significantly less visible to outside observers. The new activity on China's part means that opportunities for friction and miscalculation along the lines of the 2001 collision between a US EP-3 surveillance aircraft and a People's Liberation Army fighter will be more common. Although it is far from certain that China has specific goals for its new military might, increasing instances in which it is flexing its muscle—from the 2007 antisatellite test to new submarine facilities—suggest that China will continue to bump against the United States in US conduct of its now 60-year role in the Pacific. Making room at the table for China and allowing China to grow equities as a "responsible stakeholder" in this field present particularly problematic challenges to American policymakers. Even apart from China's growing coercive power, China's increasing attractiveness as an alternative development model is a source of normative power for China, although its extent should not be exaggerated.

Perhaps the greatest challenge to American policymakers from China's rise is on the United States' own domestic political front. The specter of Chinese military power clearly has the potential to alarm the American public. Fears of job losses to China, rightly or wrongly, have stimulated protectionist impulses. Philosophical and ideological differences are a wedge that can easily separate the United States and China further. Some American policymakers and politicians will be tempted to exploit or fan these political differences. Using China as a foil would be in keeping with some tried and tested political practices in the United States. Overcoming some of these instincts will not be easy for elected officials. Indeed, China bashing as a political sport is unlikely to disappear anytime soon.

Even though China presents challenges to US supremacy, the two sides are not bound for conflict. China and the United States share a wide variety of broad common interests that yield opportunities for global partnership. The United States can play a much bigger role in helping China improve its domestic institutional capacity to deal with its internal challenges. On economic issues, the two could do much to provide world leadership on climate change, energy, and international trade as outlined in chapter 1. Militarily the two sides have some obvious fault lines but share basic de-

sires for international stability that provide a basis for cooperation. There may be a role for cooperation in international development as well.

The authors of this book have concluded that there is no meaningful alternative to a policy that seeks to enfranchise 1.3 billion people. It is no longer possible, even if desirable, to isolate or contain China. China's economic, military, and normative "soft" power demands a US response that cannot be primarily based on confrontation or estrangement. At a basic level, therefore, there is no reasonable alternative to "engagement."

However, the presumption that there is room for China in the US-defined and US-led global world order has proven to be flawed. China's economic, political, and security rise has been so meteoric that it no longer comfortably fits into the global architecture in which the United States has at least fitfully tried to make a place for it. China has definite equities in global economic, security, and political matters. But the architecture through which to engage China, and to demand China's responsibility as a stakeholder, does not now exist.

The Bretton Woods and other post-World War II architectures are inadequate given China's transformative role regarding the norms of international trade and finance, climate change, intellectual property protection and innovation, energy consumption, and regional military alignments. Relying solely on the existing institutions without significant overhaul to accommodate China's rise may be an exercise in futility. At a minimum, they are inadequate to manage the domestic political fallout in the United States (as well as in Western Europe and elsewhere) from China's economic rise.

The authors have variously offered potential architectural solutions for the United States to better engage China as it continues to rise, including in chapter 1 on the international economic order. The critical step for the United States is to recognize that the time for blithe acceptance of simple engagement as a root policy for China is at an end. The next US administration confronts a radically different world order than that Richard Nixon faced when he recognized the importance of engaging one-quarter of the world's population.

There may be no alternative to engagement with China. There is an urgent need, however, to develop alternative vehicles through which to engage China. Recognizing this imperative is the first step toward addressing the opportunities and challenges of China's rise.

The United States is still the primary actor in international affairs. China does not now look to challenge it in that role, but China clearly challenges current US assumptions about that role.

In 1957 the launching by the Soviet Union of the satellite *Sputnik* sent the American people into a mild panic. The perception that the Soviet Union had surpassed the United States in technological prowess caused its share of handwringing, but rather than despair, the United States scrambled to reform its educational and scientific capacity to cope with the new challenge. Americans met the perceived threat, in other words, with positive

action to reform their own capacity. In the early part of the 21st century, albeit on a much grander scale, the rise of China presents *Sputnik*-like challenges to Americans' perceptions of themselves and their leadership role in the world. As this book goes to print, many American hands are wringing about China's rise. Whether the United States rises to China's challenge and uses it as an opportunity to build its capacity for future leadership will say much about whether it will continue to lead. On balance, China's rise could turn out to be a good thing for the United States.

