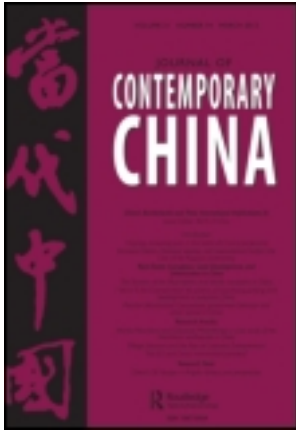


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Shaping the Regional Context of China's Rise: how the Obama administration brought back hedge in its engagement with China

SUISHENG ZHAO*

Starting with an almost single-minded emphasis on shared interests to engage China, the Obama administration made a policy adjustment about one year later to shore up US leadership in the Asia–Pacific even if it meant challenging China's core interests. This paper argues that this adjustment was to bring hedge back to shape the regional context of China's rise. While the precipitating cause for the shift was China's newly founded assertiveness during the global financial downturn, the deep cause was the US anxiety about China's great power aspiration in the twenty-first century. The policy adjustment, however, was not to contain China's rise because a full-out confrontation against China would be self-defeating. It was a return to a centralist approach to engage China from a position of strength rather than weakness.

The Obama administration started with an almost single-minded emphasis on shared interests to build an enduring cooperation with China but made a discernible policy adjustment about one year later by moving beyond the strategic reassurance to China in order to shore up US leadership in the Asia–Pacific and reassure its allies sharing the most fundamental US values and interests that the US would stay and actively defend its interests in the region, even if it meant clashing with Beijing on sensitive issues such as the territorial disputes in the South China Sea. This policy adjustment was interpreted by some Western commentators as 'reinvigorating Cold-War alliances' in East Asia and 'a shift from its assiduous one-on-one courtship of Beijing ... to line up coalitions to present Chinese leaders with a unified front on thorny issues'.¹ It also fueled the fears among hard-line Chinese about the US attempt to contain China's rise.² Even the modest scholars saw

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1. Mark Landler and Sewell Chan, 'Taking harder stance toward China, Obama lines up allies', *New York Times*, (25 October 2010), available at: http://www.nytimes.com/2010/10/26/world/asia/26china.html?_r=1&emc=eta1.

2. While a PLA General accused the US of carrying out three 'isms': hegemonism, gunshipism, and unilateralism (罗援 [Luo Ruan], '武力炫耀的背后是霸道—评美国航母拟赴黄海参加军演' ['The US sending aircraft carrier to the Yellow Sea shows its hegemony'], *解放军报* [PLA Daily], (12 August 2010), available at: http://chinamil.com.cn/xwpdxw/jisyxxw/2010-08/12/content_4277766.htm), a *People's Daily* commentary suggested that 'the mentality of containment to which the United States has long clung lies behind its public statements'; see 'To improve relations, US must respect China's core interests', *People's Daily*, (14 July 2011), available at: <http://english.peopledaily.com.cn/90001/90780/91343/7440158.html>.

the policy adjustment as an effort to cozy up to its Asian allies and balance China's rising influence in the region.³ How should we understand the Obama administration's China policy adjustment? This paper argues that the policy adjustment was to bring hedge back to shape the regional context of China's rise in an attempt to convince Beijing that the path toward achieving long-term regional security and prosperity lies in cooperating and collaborating with its neighbors. Although the policy adjustment is part of the grand strategic reorientation of the American foreign policy priorities to intensify the US role in the vitally important Asia–Pacific region, it was not to contain China's rise because the US is not in a position to do so. This adjustment was to return to a centralist approach for the US to engage China from a position of strength rather than weakness.

The cycle of the US–China relationship and the Obama policy adjustment

The US–China relationship is characterized by a cyclical pattern of ups and downs, shaped partly by the US presidential successions. Every new president from the opposing party always attempts to change or reverse his predecessor's China policy. Creating new uncertainties for the US–China relationship and damaging the US interests, the new administration, after a period of dancing around, always ends up making policy adjustments. Four presidential cycles have brought four China policy cycles since normalization of the relationship in 1979.

The first cycle came in 1980 when Republican presidential candidate Ronald Reagan declared a desire to reverse the policy of his democratic opponent, President Jimmy Carter, by restoring an official relationship with Taiwan and putting restrictions on Chinese textile exports to the US as well as on American technology transfer to China. Entering the White House, however, President Reagan quickly realized the damage of the deteriorating US–China relationship to US strategic interests in its relations with the Soviet Union. To prevent a serious rupture of the relationship, President Reagan signed the third joint communiqué with Beijing to set the parameters of American arms sales to Taiwan, announced a relaxation of restrictions on the transfer of advanced technology to China in 1982, and made a state visit to Beijing in 1984.⁴

It is from this perspective that Richard Holbrooke, Assistant Secretary of State for East Asia at the time of normalization of relations, stated that although the United States and China have vast differences in many areas and profoundly different views on some fundamental issues,

there are many areas in which common interests can create opportunities. This was the concept in 1971 when Richard Nixon and Henry Kissinger opened the modern-era relationship over a shared concern about the Soviet Union, and in 1978 when Jimmy Carter established full diplomatic relations with China.⁵

US presidential politics, nevertheless, has continued to bring ups and downs in US–China relations.

3. 王鸿刚 [Wang Honggang], '美国的亚太战略与中美关系的未来' ['The US's Asia–Pacific strategy and the future of the Sino–US relations'], *现代国际关系* [Modern International Relations] no. 1, (2011), p. 9.

4. Harry Harding, *A Fragile Relationship: The United States and China since 1972* (Washington, DC: Brookings Institution, 1992), pp. 107–172.

5. Richard Holbrooke, 'China lends a hand', *Washington Post*, (28 June 2007), p. A25.

The 1993 election resulted in the second cycle. Accusing his Republican opponent, President George H. Bush, of being insensitive to human rights abuse in China during the presidential campaign, President Bill Clinton issued an Executive Order to establish human rights related conditions for extension of China's MFN status beyond July 1994. With a rocky start to relations with China, he had to announce an end of the linkage in May 1994 because European countries and even Taiwan took full advantage of the chilly Sino-American ties and landed billions of dollars of business contracts in China's emerging market. The Taiwan Strait crisis in 1995–1996 further alarmed President Clinton showing that the US–China relationship was not only about trade and human rights but foremost about war and peace. In its second term, the Clinton administration established a strategic dialogue and signed a joint statement with China to build a constructive strategic partnership toward the twenty-first century.⁶

This warming up, however, was followed by the third downturn after Republican President George W. Bush took over office with an 'ABC' (anything but Clinton) policy in 2001. While President Clinton placed China in a top policy priority and sought to build a constructive strategic partnership, President Bush claimed that China was a strategic competitor and pledged to rely on strengthened alliance relationships with Japan and others as the foundation of the US policy in the region. On the sensitive Taiwan issue, while Clinton declared a 'three no's' (not recognizing two Chinas or one China, one Taiwan; not supporting independence for Taiwan; and not backing Taiwan to join international organizations that require sovereignty for membership), the Bush administration emphasized its obligation to the defense of Taiwan according to the Taiwan Relations Act and approved the largest package of arms sales to Taiwan since Bush Sr. sold 150 F-16 fighters to the island about a decade earlier. These actions caused serious tensions in US–China relations. A mid-air collision of a Chinese jetfighter with a US Navy reconnaissance plane over the South China Sea on 1 April 2001 touched off a tense, 11-day crisis, which ironically provided an opportunity for the Bush administration to re-examine the importance of US–China relations. After the September 11 terrorist attacks, President Bush began to rebalance his China policy as consultation and cooperation with Beijing became necessary for the US global war on terror.⁷ Characterizing the US–China relationship as complex with a mix of cooperative and competitive interests, President Bush took a two pronged strategy to engage with and hedge against the possible threat from China's rise. His Deputy Secretary of State Robert Zoellick elaborated this strategy by calling for cooperation with China on a wide range of global challenges while criticizing China's 'involvement with troublesome states' and its 'mercantilist' attempts to 'lock up' energy resources. He therefore urged China to become a 'responsible stakeholder' in the international system.⁸ Maintaining a cooperative but candid relationship with China, President Bush announced a long-pending package of arms sales to Taiwan in the last months of his presidency.

6. David M. Lampton, *Same Bed Different Dreams: Managing US–China Relations, 1989–2000* (Berkeley, CA: University of California Press, 2001), pp. 111–155.

7. Robert Sutter, 'The Taiwan problem in the second George W. Bush administration—US officials' views and their implications for US policy', *Journal of Contemporary China* 15(48), (August 2006), pp. 417–441.

8. Robert B. Zoellick, 'Whither China: from membership to responsibility?', *NBR Analysis* 16(4), (December 2005).

The arrival of the Obama administration in 2009 started the fourth cycle. Criticizing Bush's unilateralism that damaged US moral leadership, President Obama was to repair America's image around the world and reset relations with great powers. One of his priorities was to elevate the US–China relationship through cooperation on global issues of consequence to both countries: 'It took just one month for US President Barack Obama's foreign policy team to establish its line on China: more cooperation on more issues more often'.⁹ Eschewing the balance-of-power approach and downplaying the hedge element of engagement, the Obama administration proposed a 'positive, cooperative, and comprehensive' relationship to replace Bush's 'cooperative, constructive, and candid' relationship with China. Using 'positive' to replace 'candid' reflected the Obama administration's reluctance to challenge China on issues of fundamental disagreement and its emphasis on shared interests. Secretary of State Hillary Clinton, en route to China in February 2009, expressed the position clearly that the administration would not allow contentious issues such as human rights, Taiwan and Tibet to 'interfere with the global economic crisis, the global climate change crisis and the security crises'.¹⁰

Setting the right tone before his first official visit to China in November 2009, President Obama made two major concessions on the sensitive issues to China. One was to postpone the meeting with the Dalai Lama when the Tibetan religion leader visited Washington DC in October 2009, a departure from a significant US presidential tradition. The other was to defer the announcement of arms sales to Taiwan for 11 months. To signal US understanding of China's core interests, he signed the US–China joint statement that stated for the first time that 'the two sides agreed that respecting each other's core interests is extremely important to ensure steady progress in US–China relations'. President Obama also did not hesitate to elevate his high level dialogue with China as 'strategic' and described China as a 'strategic partner', 'a label much desired by Beijing',¹¹ while Bush's security dialogue with China was called 'senior' to save 'strategic' for US allies. Because the focus on shared interests was more or less in line with China's call for a harmonious world, the Obama administration began with a honeymoon period in its relationship with China.

The honeymoon, however, was short. President Obama's positive engagement raised the unrealistic expectation of the 'G-2', which saw the world as a bipolar affair with America and China as the only two that matter, and with 'Chimerica' in which the two economies are intertwined to address all international economic issues. In the meantime, many Chinese perceived Obama's policy as a sign of US weakness and expected the US, heavily in debt to China during the financial meltdown, to make more concessions. Working assiduously in its first year to lay the groundwork for cooperation on major global challenges, the Obama administration found itself facing mismatched interests and values and responding to one crisis after another.

9. Elizabeth C. Economy and Adam Segal, 'The G-2 mirage: why the United States and China are not ready to upgrade ties', *Foreign Affairs*, (May/June 2009).

10. 'Not so obvious, the Secretary of State underestimates the power of her words', *Washington Post*, (24 February 2009), p. A12.

11. Timothy Garton Ash, 'Two ways for West to meet China', *The Straits Times*, (20 November 2009), available at: http://www.straitstimes.com/Review/Others/STIStory_456690.html?sunwMethod=GET.

A policy adjustment thereby took place one year later. No longer focusing on 'being not Bush', the Obama administration shed its 'self-imposed straitjacket' and pursued 'traditional American interests and principles even if George W. Bush pursued them, too'.¹² The central element of the adjustment was to bring 'hedge' back to define the terms of engagement to which China has to respond. Acknowledging China's emergence as a world power and holding the biggest strategic and economic dialogues with the Chinese, the Obama administration began to reenergize its relationships with traditional allies and partners that share America's values and interests, wielding American leadership in the Asia–Pacific after the relative neglect of the region under President Bush. As a result, 'a much more hardheaded appreciation of the underlying power realities of dealing with Beijing' replaced 'the administration's earlier dreamy visions of transformational US–China cooperation on global issues'.¹³

The timing of the policy adjustment coincided with a deterioration of China's relations with many of its neighbors as China's increasingly heavy-handed push in pursuing its core interests alienated these countries and brought back the perception of the China threat among many regional leaders who had cried foul on Beijing's two decades of double-digit defense spending increases and military modernization programs. While China emerged as the largest trade partner of many East Asian countries, it became a strategically isolated rising power and faced serious problems in translating the economic cloud into strategic leverage in the region.

In Southeast Asia, for example, despite the landmark China–ASEAN Free Trade Agreement which came into effect in January 2010, the reported statement that the South China Sea was part of China's core interests made its neighbors nervous. While the rhetoric of the good neighboring policy continued to reassure that China was a responsible power willing to contribute to regional peace and stability, China's maritime neighbors were alarmed to see a renewed and more aggressive claim of Chinese suzerainty and sovereignty over the disputed maritime territories as China increased naval patrols in the area, pressured foreign energy companies to halt operations in contested waters, and imposed fishing bans on parts of the sea. Tensions with several Southeast Asian countries were escalated as Chinese vessels routinely clashed with the ships of other claimants, causing incidents with the Vietnam oil exploration ships and the Philippine navy patrol vessels. China's push in its sovereignty claim over the disputed territories in the South China Sea resulted in widespread suspicion in the region that a rising China with more formidable political leverage will move on these contested claims.

China's relationship with Japan was also in a crisis mode following an event in September 2010 where a Chinese fishing trawler rammed Japanese Coast Guard patrol ships off the disputed Senkaku/Diaoyu Islands and the Chinese boat captain was detained. The Chinese government reacted quickly and demanded that the Japanese government 'immediately and unconditionally' release the captain. China's

12. Robert Kagan, 'America: once engaged, now ready to lead', *Washington Post*, (1 October 2010), p. A19, available at: http://www.washingtonpost.com/wp-dyn/content/article/2010/09/30/AR2010093005528.html?wpisrc=nl_pmopinions.

13. Michael J. Green, 'Good news and bad news about US–China relations', *Foreign Policy*, (13 January 2011), available at: http://shadow.foreignpolicy.com/posts/2011/01/13/good_news_and_bad_news_about_us_china_relations.

top-ranking foreign policy officials, including State Councilor Dai Bingguo, summoned the Japanese ambassador six times to express their outrage and protest. While such aggressive summons were themselves unprecedented, Beijing sharply raised the stakes in the dispute. The Chinese government not only suspended high-level exchanges with Japan, calling off the scheduled round of talks with Japan over the exploitation of gas fields in the East China Sea, but also blocked shipments to Japan of rare earth elements, a crucial category of minerals that the Japanese industry desperately needs in the production of electronics, hybrid cars, wind turbines and guided missiles. Japan's release of the Chinese captain still failed to defuse the dispute because Beijing continued to ratchet up pressure by demanding an apology and compensation over the 'unlawful' detention. Beijing's unusually assertive actions came shortly after China overtook Japan to become the world's second-largest economy and became Japan's biggest trading partner in 2009. Taking an unprecedented hard-line position, China displayed its newly obtained power by forcing the Japanese government to come to its terms of resolution.

China also suffered ruptures with South Korea due to its rejection of an international investigation that showed the sinking of the South Korean warship *Cheonan* was caused by a torpedo attack by a North Korean submarine on 26 March. China's reluctance to denounce North Korean belligerence following the North Korean shelling of Yeonpyeong Islands in November 2010, further frustrated South Korea.

Increasingly wary of China's rising power connected with its traditional vision of hierarchical regional order, many of China's Asian neighbors began hedging against China's rise by seeking US leadership as a security provider and deepening strategic relations with each other to preserve their independence and freedom of action. The US, which does not lay claim to any territory in the region, therefore, became a natural off-shore balancer and gained favorable attention and attitudes even from former enemies like Vietnam and estranged friends like the Philippines and Indonesia. This development made President Obama's policy adjustment relatively easy. In a new effort to re-assert American primacy and power in the Asia-Pacific, the Obama administration began to take the lead in shaping multilateral regional institutions, such as the ASEAN Regional Forum and East Asian Summit, and in bolstering and shoring up bilateral security alliances with Japan, Korea, the Philippines, and Thailand, while engaging the emerging powers, including India and Indonesia, as well as China.

At the multilateral level, the US reasserted itself forcefully in regional diplomacy. Secretary of State Clinton made a point of visiting Indonesia and the ASEAN Secretariat in February 2009 on her first official trip overseas and chalked up perfect attendance at the ASEAN Regional Forum. President Obama started an annual US-ASEAN Summit Meeting in November 2009. Secretary of Defense Robert Gates joined the inaugural ASEAN Defense Minister-Plus-Eight (ADMM+) meeting in 2010. Making it clear that the US would play an active role in the region, the Obama administration waded into the territorial disputes over the South China Sea when Secretary Clinton declared at the annual ASEAN Regional Forum in Hanoi on 23 July 2010 that 'freedom of navigation, open access to Asia's maritime commons and respect for international law in the South China Sea' are of US national interest. She also offered to help foster multilateral negotiations as a US 'leading diplomatic

priority'. Dan Blumenthal, a constant critic of the Obama administration's China policy, acknowledged that Clinton's 'comments on territorial disputes in the South China Sea mark a welcome new realism from the Obama administration'.¹⁴ A reporter therefore suggested that 'the US ambushed China in its backyard'.¹⁵ Whether or not it was an ambush, Beijing reacted furiously to Secretary Clinton's statement. The Chinese foreign minister issued a statement charging that Clinton's remarks were an attack on China. China's Ministry of Defense spokesperson also made a statement to 'oppose the South China Sea issue being internationalized' and reiterated that China 'has indisputable sovereignty over islands in the South China Sea and the surrounding waters'.¹⁶

In spite of the strong reaction from Beijing, East Asian states welcomed the newly demonstrated US leadership. Accepting the invitation by ASEAN to attend the sixth annual East Asian Summit (EAS) on 30 October 2010 as a full member, the US set an ambitious goal for the EAS to develop 'into a foundational security and political institution for the region, capable of resolving disputes and preventing them before they arise'.¹⁷ On her way to attend the EAS, Secretary Clinton made a major policy speech that reiterated the US commitment to the resources and attention necessary to maintain US leadership in Asia for the long term, despite two ongoing wars and the economic downturn. This was her second visit to the region in four months and the sixth trip to Asia as Secretary of State. The trip took her to seven countries: Vietnam, Cambodia, Malaysia, Papua New Guinea, New Zealand, Australia, and China. The warm welcome she received during her travels through Asia showed that 'southeast Asians are more than happy to hang on to *Pax Americana* for a bit longer, out of fear of China'.¹⁸

Taking heart that many countries in the region sought closer security ties with Washington, Secretary of State Clinton described the arrival of 'An American Pacific century', in which the US strategic priority would shift toward the Asia–Pacific as a pivot after winding down wars in Iraq and Afghanistan. This announcement was followed by President Obama's hosting of the APEC summit in Hawaii, his whirlwind visit to Australia and participation in the EAS in Indonesia for the first time in November 2011. While respectful of the existing agenda of that EAS, the Obama administration advocated expanding the dialogue among the leaders to include key strategic and security issues, specifically nonproliferation and maritime security, in an attempt 'to transform the existing EAS into a venue where the leaders can not only discuss but provide guidance and leadership to the other regional institutions, such as the ASEAN Regional Forum and the meetings of the ministerial'.¹⁹

Enhancing the US leadership in multilateral diplomacy, the Obama administration strengthened its bilateral ties with Asian allies and partners. When Secretary Clinton

14. Dan Blumenthal, 'Reining in China's ambitions', *Wall Street Journal*, (27 July 2010), available at: <http://online.wsj.com/article/SB10001424052748703700904575391862120429050.html>.

15. Greg Torode, 'How the US ambushed China in its backyard', *South China Morning Post*, (25 July 2010).

16. Cheng Guangjin and Wu Jiao, 'Sovereign waters are not in question', *China Daily*, (31 August 2010), available at: <http://www.cdeclips.com/en/nation/fullstory.html?id=48815>.

17. Amitav Acharya, 'Asia in the new American moment', *PcNet* no. 49, (14 October 2010).

18. Ian Buruma, 'China's recent thuggish behaviour is changing Asian opinions', *Guardian*, (7 November 2010), available at: <http://www.guardian.co.uk/commentisfree/2010/nov/07/china-foreign-relations-diplomacy>.

19. *The White House Press Briefing to Preview the President Trip to Hawaii, Australia and Indonesia, November 9, 2011*, available at: <http://www.whitehouse.gov/the-press-office/2011/11/09/press-briefing-previewing-presidents-trip-hawaii-australia-and-indonesia>.

was still in Asia, President Obama made a tour of four major Asian democracies—Japan, South Korea, Indonesia and India—on 5–14 November 2010. While the visit to New Delhi was to ‘bring about an equilibrium in power politics in the Asia–Pacific’ to balance China’s power,²⁰ the visits to Seoul and Tokyo aimed to reenergize the long-time US alliances with Japan and South Korea. After the September 2010 collision at sea, Japan became more reliant on the US to maintain deterrence capabilities against an increasingly powerful China. By forcing Tokyo to stand down in the worst diplomatic row in years, China put Japanese friction with the US over issues like Futenma on the back burner and pushed many people in Japan from a strong anti-US position toward a more favorable view. Amid rising tension between Japan and China over the disputed Diaoyu/Senkaku Islands, Secretary Clinton confirmed to the Japanese Foreign Minister that the islands administered by Japan and claimed by China were covered by Article 5 of the Japan–US security treaty, which authorizes the US to protect Japan in the event of an armed attack ‘in the territories under the administration of Japan’.²¹

One result of the strengthened relationships with key allies was the historical meeting among the foreign ministers of the US, Japan and South Korea in Washington, in December 2010. Despite a history of animosity between Seoul and Tokyo, the meeting was ‘a landmark trilateral meeting between three strong partners’ and a remarkable show of solidarity between the US and its two major Asia democratic allies.²² ‘Although the three stopped short of explicitly criticizing China’s refusal to fully pressure its ally in Pyongyang’, the trilateralism provided ‘a longer-term hedge against a reemerging China’.²³

In addition, the US deepened its bilateral alliance with Australia when President Obama announced in the Australian Parliament that America is ‘all in’ in Asia and the Pacific with its allies and the US was to send military aircraft and rotate up to 2,500 marines to Australia’s northern coastline during his whirlwind visit in November 2011. The US–South Korean alliance was also strengthened. After the sinking of the South Korean ship *Cheonan*, the US took a position of zero-distance from South Korea’s position with regard to North Korea. In spite of China’s protest, the Obama administration eventually sent the *USS George Washington* to the Yellow Sea to join the US–South Korean joint military exercises in November 2010. The US also stood together with South Korea to reject China’s call for resuming the six-party talks until substantive inter-Korean discussions were held. As a result, as a *Korea Times* story mentions, 2010 was ‘the best year for the US–South Korea alliance’ and ‘the worst year for South Korea–China ties’.²⁴

The Obama administration also enthusiastically welcomed the growing relationship, including military and security ties, with former enemy Vietnam. Just weeks after Vietnam’s fiery exchanges with China over disputed areas of the South China Sea in

20. Ajaya Kumar Das, ‘Obama’s India visit: in search of a new equilibrium’, *AJISS-Commentary* no. 150, (18 November 2010), available at: <http://www.rsis.edu.sg/publications/Perspective/RSIS1502010.pdf>.

21. ‘Clinton tells Maehara Senkaku subject to Japan–US security pact’, *Associate Press*, (23 September 2010), available at: <http://www.breitbart.com/article.php?id=D9IDOG400>.

22. Hillary Clinton, ‘Remarks with Japanese Foreign Minister Seiji Maehara and South Korean Foreign Minister Kim Sung-hwan’, (6 December 2010), available at: <http://www.state.gov/secretary/rm/2010/12/152443.htm>.

23. Patrick M. Cronin, ‘Testing trilateralism: US facilitated trilateralism hedge’, *PacNet* no. 59, (7 December 2010).

24. Sunny Lee, ‘Can Korea “hedge” between US and China?’, *Korea Times*, (8 July 2011), available at: http://www.koreatimes.co.kr/www/news/nation/2011/07/116_90538.html.

early June–July 2011, the *USS George Washington* aircraft carrier docked in the port city of Dan Nang on 8 August 2010. It then cruised off Vietnam's coast in the South China Sea, where Vietnam officials boarded the carrier to observe operations. On 11 August, Vietnam received the destroyer *USS John S. McCain* at the same port for joint naval engagement activities. The visit was 'the first ever training exchanges with the Vietnamese navy on damage control, emergency repair and fire fighting'.²⁵ The US–Vietnam security cooperation was part of the US push to deepen military ties across Southeast Asia, including an expansion of training and military exercises with Southeast Asian countries 'to enhance its ability to police international waterways, and to lift the confidence and military capabilities of smaller Southeast Asian countries'.²⁶

The Obama administration thus laid down markers for when China's behavior infringes on US interests in the region. It is interesting to see the term 'core interests' did not appear anywhere in the joint statement released during President Hu Jintao's state visit to the United States in January 2011. As one observer suggested, 'American willingness in 2009 to accommodate China and the unwillingness to do so' in 2010 'indicates that Washington is more realistic today about the kind of cooperation that it can expect from China'.²⁷

The precipitating cause of the Obama adjustment

The failure of President Obama to convince Beijing to embrace his positive engagement and China's unusually assertive behavior in the wake of the global financial crisis, which coincided with the first year of the administration, was the precipitating cause for President Obama's China policy adjustment. Due to Beijing asserting 'its interests—and its willingness to prevail, even at the expense of appearing the villain',²⁸ President Obama had to make changes to what his critique labeled his 'appeasement policy' that undermined the 'balance-of-power logic'.²⁹

Chinese leaders are in essence realists. Their making of Chinese foreign policy often starts from a careful assessment of China's relative power in the world. For many years after the end of the Cold War, conditioned by China's limited power and geostrategic position, China followed a *taoguang yanghui* policy to keep a low profile and concentrate on building up its national strength. In relations with the US, China tried 'learning to live with the hegemon', making adaptations and policy adjustments based on the reality of the US dominance in the international system.³⁰ Chinese leaders avoided taking a confrontational posture in response to the US sanctions after Tiananmen in 1989, the US inadvertent bombing of the Chinese embassy in 1999,

25. 'Vietnam, US display military ties amid China tension', *AFP*, (10 August 2010), available at: <http://www.france24.com/en/20100810-vietnam-us-display-military-ties-amid-china-tension-1>.

26. Patrick Barta, 'US, Vietnam in exercises amid tensions with China', *Wall Street Journal*, (16 July 2011), available at: <http://online.wsj.com/article/SB10001424052702304223804576447412748465574.html>.

27. Frank Ching, 'Hedging the glad hand to China', *Japan Times*, (7 February 2011), available at: <http://search.japantimes.co.jp/cgi-bin/eo20110207fc.html>.

28. Andrew Small, 'Dealing with a more assertive China', *GMF blog*, (2 February 2010), available at: <http://blog.gmfus.org/2010/02/08/dealing-with-a-more-assertive-china/>.

29. Michael J. Green, 'A teachable moment for Pyongyang and Beijing?', *Foreign Policy*, (15 July 2010), available at: http://shadow.foreignpolicy.com/posts/2010/07/15/a_teachable_moment_for_pyongyang_and_beijing.

30. Jia Qingguo, 'Learning to live with the hegemon: evolution of China's policy toward the US since the end of the Cold War', *Journal of Contemporary China* 14(44), (August 2005), p. 395.

and the mid-air collision between a Chinese jet fighter and US EP-3 surveillance plane in 2001.

Making tremendous strides forward in terms of economic strength, China narrowed the gap with the US in recent years. While China's GDP accounted for only an eighth of America's in 2003, it increased rapidly, accounting for a third of America's in 2009.³¹ While major Western economies plummeted during the financial meltdown that started in the US and swept quickly across the globe in 2008, the Chinese economy rebounded quickly and strongly and contributed more than 40% of the world's growth from 2008 to 2010.³² China's perception of the power distribution, therefore, began to change. Seeing a shift in the world balance of power in China's favor and the US in financial turmoil and seemingly desperate for cash-rich China to come to its aid, the Chinese leaders became increasingly confident of its ability to deal with the US and forcefully safeguard China's national interests. As a Chinese scholar claimed, 'the global financial crisis damaged the United States' financial position. US economic recovery depends on rapid economic growth in China and cooperation from Beijing'.³³ The perception of a troubled US still attempting to keep China down made Chinese leaders less willing to make adaptations.

Although President Obama went out of his way to show his goodwill in advance of his first official visit to China, Beijing still stage-managed his trip in a heavy-handed way. His town hall meeting with young Chinese in Shanghai was not broadcast live nationwide. At his joint press conference with President Hu, no questions were allowed from the audience; 'On trade, currency, Iran, climate change and human rights, Mr Obama failed to win so much as an inch of ground from his hosts'.³⁴ The state visit, therefore, marked the beginning of a downward spiral in the relationship between the Obama administration and Beijing.

At the Copenhagen climate summit in December 2009, China proposed the principle of 'common but differentiated responsibilities' to press the US and other Western countries to detail deep quantified carbon reduction commitments as well as their financial pledges to poorer nations while developing countries only needed to do 'what they can to mitigate greenhouse gas emissions and adapt to climate change in the light of their national conditions'.³⁵ China then dispatched a Vice Foreign Minister to represent Premier Wen at an event for heads of state. He sat opposite President Obama and fought strenuously against fixed targets for emission cuts in the developing world. President Obama later had to track down Wen in a conference room where the leaders of China, Brazil, South Africa, and India were meeting.

31. 王缉思 [Wang Jisi], '中美重大战略较量难以避免' ['A strategic trial of strength between the US and China is inevitable'], *国际先驱导报* [International Herald], (9 August 2010), available at: <http://www.chinaelections.org/NewsInfo.asp?NewsID=184308>.

32. Editorial, 'China's fall, not rise, is the real global threat', *Bloomberg*, (3 October 2011), available at: <http://www.bloomberg.com/news/2011-10-04/china-s-fall-not-its-rise-is-the-real-threat-to-the-global-economy-view.html>.

33. Jin Canrong, 'Reason for optimism in Sino-American relations', *East Asia Forum*, (14 February 2010), available at: <http://www.eastasiaforum.org/2010/02/14/reason-for-optimism-in-sino-american-relations/>.

34. Peter Foster, 'Barack Obama visit signals new era of US-China relations', *Daily Telegraph*, (21 November 2009).

35. 'Foreign Minister: communication with other developing countries at Copenhagen summit', *Xinhua*, (18 December 2009).

While China's failure to cooperate with the Obama administration at the Copenhagen summit was a blow to the US, China's unusually strong response to the arms sale to Taiwan in January 2011 brought the Obama–Beijing relationship to a new low point. The Taiwan issue is one of China's so-called core interests. China ratcheted up the rhetoric in its warnings about the consequences of the routine and predictable arms sales to Taiwan as a serious challenge to China's core interest as soon as Obama came to office. When the Obama administration announced the sale of Patriot III missiles on 6 January 2010, Chinese security policy analysts openly proposed sanctioning the US firms to 'reshape the policy choices of the US'.³⁶ After the Obama administration ignored Beijing's warning and continued the decades-long policy by notifying Congress of its \$6.4 billion arms sale to Taiwan on 29 January, the Obama administration was met with unprecedented Chinese objections. In addition to announcing the immediate suspension of some military exchanges and unleashing a storm of bluster by various government and military agencies, the Chinese Foreign Ministry spokesman threatened to impose sanctions for the first time on American companies involved in the arms sales.³⁷

In addition to the Taiwan and Tibetan issues, China also grew increasingly vocal in protesting and pushing back US naval operations in international waters off its coast. Assistant Minister of Chinese Foreign Affairs Cui Tiankai told two senior US officials in March 2010 that China now viewed its claims to the South China Sea, an international waterway through which more than 50% of the world's merchant fleet tonnage passes each year, as its core interests, on a par with its claims to Tibet and Taiwan.³⁸ Although this claim cannot be confirmed by the Chinese government, a *Xinhua News* Commentary stated that 'By adding the South China Sea to its core interest, China has showed its determination to secure its maritime resources and strategic waters'.³⁹ Even before this announcement, a group of Chinese vessels intercepted an American surveillance ship, the *USSN Impeccable*, in March 2009 in the South China Sea where the American navy had frequently been deployed to monitor China's military activities. According to a Chinese scholar, the incident 'is a sign of new robustness in China's dealing with the West'.⁴⁰ In the summer of 2010, Beijing took an unusually assertive position against the joint US–South Korean military exercise in the Yellow Sea to deter North Korea from further provocation. Although the US navy had long conducted naval exercises in the area, Beijing specifically objected to the *USS George Washington* aircraft carrier's deployment in the Yellow Sea, an area which Chinese experts warned would place the Chinese capital within the carrier's striking distance. Between early June when the news was revealed and early July when Washington confirmed the exercises, the spokesman at China's Ministry of Foreign Affairs issued six official protests with a successively tougher tone from calling on involved parties to 'maintain calm and constraint',

36. 'China yesterday urged the United States to cancel a massive arms deal to Taiwan, warning of severe consequences if it does not heed the call', *China Daily*, (8 January 2010).

37. 'Chinese threats to sanction Boeing are more sound than fury', *Chinese Economic Review*, (3 February 2010), available at: http://www.chinaeconomicreview.com/today-in-china/2010_02_03/Dont_worry_about_Boeing.html.

38. John Pomfret, 'US takes a tougher tone with China', *Washington Post*, (30 July 2010), p. A1.

39. 'Modernizing navy for self-defense', *Xinhua*, (13 July 2010).

40. James Mikes, 'China and the West, a time for muscle-flexing', *The Economist*, (19 March 2009).

to expressing ‘concern’ and ‘serious concern’, then morphing into words such as ‘oppose’ and ‘strongly oppose’.⁴¹

China’s angry reactions reflected the frustration among many Chinese regarding the perceived US intention to prevent China from rising to its rightful place. Seeing a structural conflict between China as a rising power and the US as the sole superpower, they believe that the US would never give up the policy of containing China. As a commentary in the *People’s Daily* stated,

it is easy for the US to say but difficult to take action to adapt to China’s rise. If the US cannot find a way to recognize and accept China as a world power, Sino–US relations would continue ups-and-downs like a roller coaster.⁴²

With high expectations over Obama’s positive engagement during the first months of his presidency, Chinese leaders were frustrated at the end of the year by ‘the rigid US position’ that ‘does not reflect the nature of the new Sino–US symbiosis and fails to recognize Beijing’s growing international clout’.⁴³ Although President Obama never promised to end US arms sales to Taiwan or stop meeting with the Dalai Lama, Beijing found an inconsistency between Obama’s words and deeds and felt betrayed when President Obama announced the arms sales to Taiwan and met with the Dalai Lama in early 2010. Some Chinese scholars contended that the

Obama administration gave top priority in its first year to coping with the financial crisis; since it desperately needed China’s help in this regard, its China policy was set to be more cooperative and conciliatory. However, once the US economy began to recover, Washington was viewed to have switched its China policy back to the usual orbit and played the old game of ‘hedging’ against China.⁴⁴

As a result, the Obama administration’s early positive engagement netted almost nothing on issues of importance to the US, only encouraging Chinese leaders to strut more in the face of perceived US weakness. The resulting disappointments brought back old and new animosity. As Secretary of State Clinton later acknowledged, the US now had to ‘be honest about our differences’, and ‘address them firmly and decisively as we pursue the urgent work we have to do together . . . to avoid unrealistic expectations’.⁴⁵

The deep cause of the adjustment

The Obama administration’s policy adjustment was deeply rooted in US anxiety over China’s reemergence in the twenty-first century. An ancient empire, China was one of the most powerful nations in the world before the Industrial Revolution gave rise to Western powers. Accounting for about one third of the world’s output as recently

41. Cary Huang, ‘PLA ramped up China’s stand on US–Korea drill: Beijing rhetoric evolves from neutral to shrill saber-rattling’, *South China Morning Post*, (6 August 2010), available at: <http://www.scmp.com/portal/site/SCMP/menuitem.2af62ecb329d3d7733492d9253a0a0a0/?vgnextoid=8018423df234a210VgnVCM100000360a0a0aRCRD&ss=China&s=News>.

42. 钟声 [Zhongsheng], ‘美国准备好中国作为大国登场了吗?’ [‘Is US ready for China to take the stage as a world power?’], 人民日报 [People’s Daily], (29 July 2010), p. 3.

43. Zhu Feng, ‘A return of Chinese pragmatism’, *PacNet* no. 16, (5 April 2010).

44. Wu Xinbo, ‘Forging Sino–US partnership in the 21st century: opportunities and challenges’, *Journal of Contemporary China* 21(75), (May 2012).

45. Hillary Clinton, ‘America’s Pacific century’, *Foreign Policy*, (November 2011), available at: http://www.foreignpolicy.com/articles/2011/10/11/americas_pacific_century?page=full%23.TpQwzShztTI.email.

as the early nineteenth century, China's share of the global output began a steady decline in the twentieth century, plunging into chaos involving war, famine, isolation, and revolution. This trajectory was opposite to that of the US, which accounted for only about 1–2% of the world's output in the early nineteenth century but shot up to about 20% in the twentieth century. China is now reemerging from a dark cocoon of decline and isolation into the light of international recognition as a great power and is on the way to matching US power in the foreseeable future.

The rise of China has transformed Sino–US relations. Before the twenty-first century, the US engaged China for various purposes but always regarded it as secondarily important in the context of rivalry with other powers, such as with imperial Japan during the Pacific War and with the Soviet Union during the Cold War. As China steadily stepped up as a counterweight to US influence, the Sino–US relationship has become increasingly strategic and globally significant, but it is not easy to manage the relationship. While Harry Harding called it a 'fragile relationship' in the 1980s and Mike Lampton used 'same bed different dreams' to characterize it in the 1990s, this relationship becomes even more complicated in the twenty-first century. In addition to the sharp differences over many bilateral issues such as trade, human rights and Taiwan, suspicion of each other's long-term intentions has come to overshadow the relationship. While many Chinese are concerned that the US will try to keep China down, some Americans are anxious about the implications of what China's great power aspiration means for US interests.

In spite of theoretical equality, a global hierarchy exists among nation-states and 'is constantly in flux, reflecting variations in relative power'.⁴⁶ Hegemonic states commend dominant positions over other states, resting on a robust economic base and military capabilities, supplemented and solidified by normative power. They have a vested interest in maintaining the status quo as their values and interests are universalized to the point where they largely conform to the rules, values, and institutions of the international system. Rising powers, however, often become challengers, demanding a change in the power hierarchy. Historically, the rise of great powers was often associated with power transition from a dominant state to a challenger through disruptive conflicts and even large-scale wars. During the twentieth century, except for the more or less peaceful power transition from a *Pax Britannica* to a *Pax Americana*, all other great power competitions were violent and disruptive.

A weak and isolated revolutionary state for many years, China was unable to pose serious challenges to US interests. Although China is still far from reaching the position of power parity with the US, China's rise has changed the US strategic thinking of China from 'a weak China' to 'a strong China' and from 'the theory of a crumbling China' into 'the theory of a rising China'.⁴⁷ A sense of anxiety about China's great power aspiration has occurred and has been reinforced by the following three developments inside China.

One is the lack of transparency in China's rapid military modernization and security affairs. The outside world has little knowledge of Chinese motivations and decision-making regarding military modernization in terms of its capabilities and strategies. The lack of knowledge has thus become a source of growing anxiety. China has released Defense White Papers every two years since 1998 but they gave more

46. Ronald I. Tammen, 'The impact of Asia on world politics: China and India options for the United States', *International Studies Review* 8(4), (December 2006), p. 564.

47. David M. Lampton, 'Paradigm lost: the demise of "weak China"', *National Interest*, (Fall 2005), pp. 67–74.

information about China's benign strategic intentions than its expanding military capabilities and its grand objectives. A study of China's 2010 White Paper found it provided even less information about Chinese military capabilities and modernization efforts than previous editions and therefore received lower transparency ratings than defense white papers of other major Asia–Pacific powers.⁴⁸

Out of frustration, the US Congress passed the 2000 National Defense Authorization Act, which required the Secretary of Defense to submit an annual report on the development of Chinese military power and strategy to the US Congress. The Pentagon's *Quadrennial Defense Report* (QDR), a geopolitical blueprint, also carefully monitors China's military modernization programs and makes its own assessments. The first QDR issued right after September 11, 2001 identified that '(a) military competitor with a formidable resource will emerge in the region'.⁴⁹ Although it did not mention the name of China, everyone knew the identification. The next QDR in 2006 stated explicitly that 'Of the major and emerging powers, China has the greatest potential to compete militarily with the United States and field disruptive military technologies that could over time offset traditional US military advantages absent US counter strategies'.⁵⁰ The 2010 QDR further stated that 'China's rapid development of global economic power and political influence, combined with an equally rapid expansion of military capabilities, is one of the central and defining elements of the strategic landscape in the Asian region and, increasingly, global security affairs'.⁵¹

The second development is the rise of popular Chinese nationalism harbored on the conviction of a 'century of shame and humiliation' at the hands of imperialist powers. While relatively minor incidents, such as America's accidental bombing of the Chinese Embassy in Belgrade in 1999 and China's capture of an American spy plane in 2001, provoked massive anti-American demonstrations,⁵² a strong sense of wounded national pride burst forward violently when huge crowds gathered in many Chinese cities and Chinese nationals gathered all over the world to protest at what they believed to be the 'anti-China forces' in the West during the Olympic torch relay in 2008. Popular nationalism ran particularly high during the global financial crisis. As one American scholar found,

Since the start of the 2008–09 financial crisis many Chinese strategists have reached the conclusion that the United States is declining, and their own country is rising much faster than had previously been expected. Belief that this is the case has fed an already powerful strain of forceful, sometimes belligerent nationalism that appears to be increasingly widespread, especially among the young.⁵³

48. Phillip C. Saunders and Ross Rustici, 'Chinese military transparency: evaluating the 2010 defense white paper', *National Defense University Strategic Forum* no. 269, (July 2011), p. 1.

49. US Department of Defence, *Quadrennial Defense Report*, (30 September 2001), available at: <http://www.defenselink.mil/pubs/qdr2001.pdf>.

50. US Department of Defence, *Quadrennial Defense Report*, (6 February 2006), p. 29, available at: <http://www.qr.hq.af.mil/pdf/2006%20QDR%20Report.pdf>.

51. US Department of Defence, *Quadrennial Defense Report*, (1 February 2010), available at: http://www.defense.gov/qdr/images/QDR_as_of_12Feb10_1000.pdf.

52. Suisheng Zhao, 'China's pragmatic nationalism: is it manageable?', *Washington Quarterly*, (Winter 2005–2006), pp. 131–144.

53. Aaron Friedberg, 'The coming clash with China', *Washington Street Journal*, (17 January 2011), available at: <http://online.wsj.com/article/SB10001424052748704323204576085013620618774.html?KEYWORDS=aaron+friedberg>.

Claiming the crisis could result in an envious West doing whatever it can to keep China down, relations between the West and China reached a critical point whereby a showdown was anticipated.⁵⁴ A popular book, *China is Not Happy* sold half a million copies in a few months after its release in early 2009, not counting bootleg copies and online piracy, and immediately shot to the top of the bestsellers list.⁵⁵ Astonishingly, senior military officers were allowed to openly join the nationalist chorus. Colonel Dai Xu's popular book in 2009 warned that China was encircled in a C-shape by wary countries beholden to the US and could not escape the calamity of war in the not-too-distant future. He claimed that because the US put a fire in China's backyard, China should light a fire in the US backyard.⁵⁶ Senior Colonel Liu Mingfu's 2010 book, *The China Dream*, called for China to abandon modest foreign policy and build the world's strongest military to deter the wary US from challenging China's rise while the West was still mired in an economic slowdown.⁵⁷ A rising China driven by this type of nationalist sentiment could easily become irrational and inflexible.

The third development is China's reluctance to open up domestic political competition and build a liberal democracy. Although realism is an important tradition in US foreign policy, Americans have a deep conviction about the superiority of democracy over authoritarian governments and are suspicious about China's authoritarian regime, which is in a permanent state of aggression against its own people and more prone to plunge into wars than democracies. China's rapid economic growth under the authoritarian government has, therefore, become the 'biggest potential ideological competitor to liberal democratic capitalism'.⁵⁸

The US is also alarmed to see China pursuing deals with countries under US sanctions or with US security concerns in its search for raw materials and the energy supplies needed to meet its unprecedented shortage of resources due to rapid economic growth. This development has raised concerns that China is not only challenging the United States' historic dominance in many parts of the world but also undermining its efforts to promote transparency and human rights, thereby damaging US interests and values. In addition, a combination of China's authoritarian state and a market economy has produced a corrupt crony capitalism in which power and money forges an alliance to infringe on ordinary people's rights, causing deep discontent and unrest, along with numerous protests. In response, the Chinese leadership could attempt to blame foreign interference and seek foreign conflicts to divert attention from domestic problems. From this perspective, an American scholar suggested that 'the nascent Sino-American rivalry' is driven not merely by 'the forces that are deeply rooted in the shifting structure of the international system' but also 'the very different domestic political regimes'. As a result, 'For as long as China continues to

54. 宋晓军 [Song Xiaojun], 王小东 [Wang Xiaodong], 宋强 [Song Qiang] *et al.*, *中国不高兴 [China is Not Happy]* (南京: 江苏人民出版社, 2009).

55. Raymond Zhou, 'Why is China angry?', *China Daily*, (24 April 2009).

56. 戴旭 [Dai Xu], *C形包围——内忧外患下的中国突围 [C Shape Encircle, China's Breakthrough with the Internal Concerns and External Dangers]* (北京: 文汇出版社, 2009).

57. 刘明福 [Liu Mingfu] *中国梦 [The China Dream]* (北京: 友谊出版公司, 2010).

58. Timothy Garton Ash, 'China, Russia and the new world disorder', *The Los Angeles Times*, (11 September 2008), available at: <http://www.latimes.com/news/opinion/la-oe-ash11-05312908.story>.

be governed as it is today, its growing strength will pose a deepening challenge to American interests'.⁵⁹

Because of these anxieties, it was painfully clear soon after President Obama entered office that 'mismatched interests, values, and capabilities make it difficult for Washington and Beijing to work together to address global challenges'.⁶⁰ A growing list of grievances over China, such as China's under-valued currency, the Google and cyber attacks, arms to Taiwan, human rights in Tibet, military spending and North Korea, all made headlines in the US media after President Obama's state visit to China in November 2009. With many Americans seized by the country's difficult economic recovery and high unemployment, China became an easy punching bag to be blamed for all that ailed the US: 'In Washington's poisonous political climate, opportunists from both left and right' could easily 'cast engagement with China as appeasement'.⁶¹ During the midterm election of 2010, candidates from both political parties suddenly found China a ready villain to run against. Within just one week in October 2010, 'at least 29 candidates have unveiled advertisements suggesting that their opponents have been too sympathetic to China and, as a result, Americans have suffered'.⁶² These ads played up Americans' anxiety posed by a rising China and complicated the already fraught relationship. Many Americans were concerned that China was going to dominate the world in the years ahead. Martin Jacques' book with an alarming title, *When China Rules the World: The End of the Western World and the Birth of a New World Order*, was published in June 2009 and quickly became a bestseller. In spite of the partisan gridlock in US Congress, anger over China's currency manipulation became one of the few areas of bipartisan agreement, culminating in the House's overwhelming vote in September 2010 to threaten China with tariffs on its exports if Beijing did not let its currency appreciate. This development set the broad stage in which the Obama administration adjusted its China policy.

Conclusion: a return to the centralist approach

The Obama administration's policy adjustment brought hedge back to the engagement with China. The tit-for-tat interactions resulted in a new round of ups and downs in the US–China relationship, but both sides are accustomed to the rollercoaster and have survived much worse instability to bring the relationship back on track. The Obama administration's policy adjustment was not a turn toward the direction of containment and was in fact a return to the centralist position that has been at the core of the US policy toward China for several decades.

Containment is one extreme in an oversimplified sketch of the China policy debate in the US. It sees the rising power of China, by its own accord, as a threat in a

59. Aaron Friedberg, 'Hegemony with Chinese characteristics', *The National Interests*, (July–August 2011), available at: <http://nationalinterest.org/article/hegemony-chinese-characteristics-5439?page=show>.

60. Elizabeth Economy and Adam Segal, 'Time to defriend China', *Foreign Policy*, (24 May 2010), available at: http://www.foreignpolicy.com/articles/2010/05/24/time_to_defriend_china?page=0,0.

61. Ian Bremmer, 'Gathering storm: America and China in 2020', *World Affairs*, (July/August 2010), available at: <http://www.worldaffairsjournal.org/articles/2010-JulyAugust/full-Bremmer-JA-2010.html>.

62. David W. Chen, 'China emerges as a scapegoat in campaign ads', *New York Times*, (9 October 2010), available at: <http://www.nytimes.com/2010/10/10/us/politics/10outsource.html>.

zero-sum game because a rising China would want to define its interests more expansively, seek a greater degree of influence, increase its sense of entitlement, and lessen its tolerance to obstacles. Fulfilling its expected potential, China would join a select group of great powers, including Great Britain in the nineteenth century, Germany and Japan during World War II, and the Soviet Union and the United States in the Cold War, to pursue some form of hegemony at the expense of its rivals. Because China's desire to assert itself springs from a natural appetite, 'the very fact of China's rising economic and military power will exacerbate US–Chinese tensions in the years ahead'.⁶³ A rising China would engage in an intense security competition with the US to maximize its share of world power and consequently upset the balance of power and spark realignments. In particular, China would seek to restore the position of its ancient dominance and develop a sphere of influence over its periphery. Should China's capacities enable Beijing to pursue a regional dominance, it would heighten US–China conflict because China would challenge US strategic relationships with its Asian allies and diminish US strategic presence. Most of China's neighbors and other world powers would have to make a decision about whether to join the US or China in the new round of power competition. In this case, China's rise would inevitably challenge US interests, raising the specter of great power rivalry in the world. Because China's rise will be fraught with tensions with the US, the US has to contain or at least delay China's rise to preserve American preponderance.

Contrary to containment is the liberal view that sees world politics as a non-zero-sum game because the international system built under the leadership of the US is based on rules and norms of nondiscrimination and market openness, creating conditions for rising states to advance their expanding economic and political goals within it. In this case, 'the rise of China does not have to trigger a wrenching hegemonic transition'.⁶⁴ Benefiting enormously from and shaped by the international political and economic system, China has increasingly integrated into the system with growing membership in international security regimes and economic organizations. China's self-interests and growing networks of international involvement, therefore, will impose their own constraints on its foreign conduct as well as incentives to help ensure its adaptation to the prevailing international norms. Consequently, China's reemergence as a global power would provide opportunities for expanding US–China cooperation in a period of rapid globalization and growing strategic interdependence that has increased the common stakes for China and the US and become a positive force to integrate China into the established international system.⁶⁵ China's search for a greater role in world affairs, in this case, will not necessarily threaten US interests: 'Fortified by both globalization and its economic policies, China has thus become an ardent supporter of the existing international economic order'.⁶⁶

63. Robert D. Kaplan, 'The geography of Chinese power', *New York Times*, (19 April 2010), available at: <http://www.nytimes.com/2010/04/20/opinion/20iht-edkaplan.html?partner=rssnyt&emc=rss>.

64. G. John Ikenberry, 'The rise of China and the future of the West, can the liberal system survive?', *Foreign Affairs*, (January/February 2008).

65. Banning Garrett, 'US–China relations in the era of globalization and terror: a framework for analysis', *Journal of Contemporary China* 15(48), (August 2006), pp. 389–416.

66. David M. Lampton, 'The faces of Chinese power', *Foreign Affairs* 86(1), (January/February 2007), p. 117.

Reflecting on this policy debate, the US policy toward China has swung from one extreme to the other. Each of the three US presidents since the end of the Cold War have struggled to define his stance on the critical long-term issue facing the United States: whether to view China as a strategic threat and contain it or to see it as a strategic opportunity and engage it. In contrast to his predecessors Presidents Bill Clinton and G. W. Bush, who started from leaning toward a containment direction and adjusted with a reconciliatory tone, President Obama went the other way around and started leaning toward a liberal engagement policy and then scaled back to take a tougher position on issues of fundamental disagreement with China.

This pattern demonstrated that neither extreme approach alone worked well to serve US interests. Every president who swung toward one or the other extreme has always had to adjust the policy toward a central position to strike a balance between conciliation and confrontation. With an intellectual root in realism, the centralist position is a pragmatic approach to cooperate with China on issues of mutual interest and incorporate it into the international system while taking a realpolitik and balance-of-power position to hedge against the possibility that China behaves more like a typical, muscle-flexing rising power. In other words, this is a two-pronged policy to work and hope for the best but prepare to defend against the worst. It is a balanced policy based on the three pillars expressed by President Obama's Senior Director for Asian Affairs Jeff Bader at a press briefing before Chinese President Hu's state visit in January 2011: (1) broadening areas of cooperation with China; (2) strengthening relationships with partners and allies to shape the context in which China's emergence is occurring; and (3) insisting that China abides by global norms and international law.⁶⁷

Returning to the centralist approach, the Obama administration demonstrated US power and its willingness to defend its interests and work with its allies in the region, but the US is not in a position to contain China because a full-out confrontation against China would be self-defeating. First, it is not realistic for the US to forge a coalition in concert with China's neighbors to contain China's rise because most East Asian countries 'reject the false choice of trying to determine whether to side with the United States or China'.⁶⁸ While they have favored a leading role for the US in the region, they also wanted to keep China fully engaged by a combination of hedging and accommodation to avoid direct confrontation with China. As a result, most East Asian countries have used a soft balance strategy to engage China via various economic, political, and even security dialogues while undertaking diplomatic and political–military overtures toward the US and other regional powers such as Japan, India, and Australia to enlist them as security partners to balance China's rising influence.⁶⁹ In this case, as a Chinese strategist acknowledged, 'the impact of the Obama's policy adjustment on China is limited because East Asian states do not want to involve into the US–China strategic competition'.⁷⁰

67. Bonnie S. Glaser, 'Hu Jintao's visit: opportunity to reset the US–China relationship', *Center for International and Strategic Studies Asian Policy Blog*, (23 November 2010), available at: <http://cogitasia.com/hu-jintao%E2%80%99s-visit-opportunity-to-reset-the-u-s-china-relationship/>.

68. S. R. Joey Long, Simon Tay, Kumar Ramakrishna, Carlyle A. Thayer and Zheng Wang, 'Roud table: US re-engagement in Asia', *Asian Policy* no. 12, (July 2011), p. 11.

69. Derek McDougall, 'Responses to "rising China" in the East Asian region: soft balancing with accommodation', *Journal of Contemporary China* 21(73), (January 2012).

70. 刘鸣 [Liu Min], '奥巴马政府东亚战略调整及其对中国的影响' ['The Obama administration's East Asian strategy adjustment and its impacts on China'], *现代国际关系* [*Modern International Relations*] no. 2, (2011), p. 18.

Second, Obama's positive engagement with China reflected the strategic choice of the US in response to the most important geopolitical development in the twenty-first century, i.e. the changing global power distribution from a short-lived US unipolar dominance to a multipolar world. The rise of China is one of the most important forces moving the global power distribution. The US has to make a strategic response to China's rise. Historically, the dominant power has made at least three different choices in response to the rising powers with totally different outcomes. One was to ignore it. When the European powers of Britain, France and Russia, and the Asian power Japan were emerging, Chinese emperors refused to face and adapt to the new reality and were thus defeated by Britain in the Opium War of 1840–1842 and by Japan in the Sino–Japanese war of 1894. The Chinese empire collapsed and China experienced a century of stagnation and humiliation. The second choice was to contain it. Both imperial Spain and France during the sixteenth and eighteenth centuries attempted to contain the emergence of rising powers, particularly England, leading not only to a long series of battered and bloodied wars but also to their inevitable defeat. The third choice was to accept it. Facing the challenge of a rising US in the late nineteenth century, the British Empire accepted the US's increasingly large leadership role in global governance, which not only avoided unnecessary bloodshed but also allowed the UK to maintain its institutional legacy in the post-British world.

China's reemergence has put the US in a similar position to imperial China, Spain, France, and Britain. The US was a true hegemon immediately after the end of the Cold War and tried hard to maintain 'the unipolar moment'. This attempt, however, failed to prevent China and other non-Western powers from rising. When Obama came to office, the trend toward multipolarity became apparent to more and more Americans. A 2009 National Intelligence Council report laid out the 'multipolar future' as one of most notable challenges facing the US: 'although the US is likely to remain the single most important actor, the US's relative strength will decline and US leverage will become more constrained'.⁷¹ Recognizing the reality that the US now must function in a world of relative power equality, Obama's deputy secretary of state James Steinberg stated explicitly that 'history shows that actions by established powers to resist or contain rising powers often contradict their stated purpose of preventing conflict, and cause what they are trying to avert'. Therefore, 'we have an especially compelling need to work with China'.⁷² Struggling with an ailing economy, budget cuts, including substantive Pentagon budget cuts, and a growing isolationism among many Americans, the US government has to set realistic targets with regard to China. It is interesting that while President Obama made a high profile trip to Australia and Indonesia to announce the strategic reorientation of the US foreign policy priority to the Asia–Pacific in November 2011, the US domestic media paid less attention to his Asia–Pacific mission than to the failure of the bipartisan supercommittee to work out a deficit reduction agreement. The Republican

71. National Intelligence Council, *Global Trends 2025: A Transformed World* (Washington, DC, November 2008), available at: www.dni.gov/nic/NIC_2025_project.html.

72. James B. Steinberg, 'The administration's vision of the US–China relationship', Keynote Address at the Center for a New American Security, Washington, DC, 24 September 2009, available at: <http://www.cnas.org/node/3415>.

Presidential candidate foreign policy debate on 22 November, just a few days after President Obama's return from Asia, focused on Iran, Afghanistan, and Pakistan troop levels. Neither Asia nor China figured in any serious way at the debate. This showed that the US is still pre-occupied by many more urgent domestic and international problems than China and is therefore not in the position to mobilize its resources to contain China.

Third, although the concept of the G-2 amounting to strategic bipolarity or a Sino-US condominium is a fantasy, it reflects a significant convergence of strategic interests between the US and China as 'power is more equally distributed between them and each needs to cooperate with the other to address problems it deems critical to its own future'.⁷³ Declaring the arrival of 'An American Pacific century', Secretary of State Clinton also wrote that because of the increasing interdependence between the two countries, 'a thriving America is good for China and a thriving China is good for America. We both have much more to gain from cooperation than from conflict'.⁷⁴ As a result, in spite of the brinkmanship and the envelope pushing, the Obama administration worked with Beijing to manage their differences, trying to stop a further downward spiral and diffuse fears that cropped up when the relationship reached a critical low point in late 2010 as all-out confrontation between the two great powers would have significant effects on the global security and economy.

President Obama sent a delegation to Beijing in September led by his two top personal aids, Lawrence H. Summers, director of the National Economic Council and Thomas E. Donilon, deputy national security adviser but to be named national security adviser. Beijing took note that the purpose of the visit was 'to send a clear message that the US is approaching its relations with China strategically, with a view that integrates the full range of economic and security concerns'.⁷⁵ Both President Hu Jintao and Premier Wen Jiabao met with the delegation and made positive responses to President Obama's gesture, agreeing to resume military to military exchanges suspended after the US arms sale to Taiwan earlier. Scaling back from its overly assertive posture, China allowed the renminbi to appreciate 3.2% against the dollar; urged North Korea not to retaliate or react to South Korea's December artillery exercises on the island of Yeonpyeong that the North had bombarded in November; pledged to work on intellectual property rights and prevent the new policy of 'indigenous innovation' from freezing out US firms in China; and invited Secretary of Defense Gates to reopen the military-to-military dialogue through a visit to China before President Hu's state visit to Washington in January 2011.

The Chinese leaders returned to the sense of pragmatism because they realized that China's new assertive posture was rooted in exaggerated calculations of China's strength in the global power balance. As realists, they have to come to the reality that China is still far from being in a position to dislodge American power any time soon. Even in the Asia-Pacific, China is still far from matching American military and economic preeminence that has underwritten peace and prosperity in the region for

73. David M. Lampton, 'The United States and China in the age of Obama: looking each other straight in the eyes', *Journal of Contemporary China* 18(62), (November 2009), p. 727.

74. Clinton, 'America's Pacific century'.

75. Wu Jiao and He Wei, 'Visits to get Sino-US ties back on track', *China Daily*, (7 September 2010), available at: <http://www.cdeclips.com/en/world/fullstory.html?id=51129>.

about half a century. From a realist perspective, China's neighbors always view China's rising military power with suspicion. To maintain the status quo, they naturally intend to pursue strategic alignment and balancing against China, including seeking US help. It is extremely difficult, if not impossible, for China to expand its power in the region without generating strong resistance or war at this moment. In addition, Chinese leaders are fearful of their internal economic and political fragility. China's political stability and economic development could be threatened if the rest of the world stands up to China's increasing assertiveness. At the summit with President Obama, President Hu Jintao highlighted China's limits and challenges at home such as low per-capita income, huge disparities between rich and poor, badly polluted cities, a social safety net with holes big enough for 1.3 billion people to slip through, rather than China's new powers.⁷⁶ As the Chinese toned down the rhetoric around President Hu's visit to the US, the Obama administration took advantage of the summit to persuade the Chinese leadership that the US was not engaged in containment and absolutely rejected the notion of inevitable conflict which was popular among hard-line policy circles in both countries. This was not merely a diplomatic gesture. Struggling to recover from the serious economic recession and come out of the costly wars in Iraq and Afghanistan, the US is not in a position to contain China's rise. As James Steinberg stated, in dealing with a rising China, the best the US can do is to cooperate with regional countries and 'create an environment in which China is more likely to choose a benign course'.⁷⁷

76. David E. Sanger, 'Superpower and upstart: sometimes it ends well', *New York Times*, (22 January 2011).

77. Yoichi Kato, 'Interview with James Steinberg', *The Asahi Shimbun*, (24 September 2011), available at: <http://www.asahi.com/english/TKY201109230187.html>.