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“China’s Growing Power and Influence in Asia: Implications for U.S. Policy”

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by,

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China’s Influence Is Growing:

There have been six post-9/11 alterations in the regional and global security environments most significant for American interests and the prospects for continued U.S.-China cooperation, security and otherwise:

- China’s economic and diplomatic clout in Asia has dramatically increased since 1997, in the context of a Washington preoccupied elsewhere and a less economically potent Japan. China’s increased power is reflected in the realms of economic power (remunerative), military power (coercive), and even ideas (normative), with the increase in economic influence being most dramatic. Further, in its diplomatic strategy in the region and the world beyond China is leading with its economic power, placing less emphasis on military power, with Taiwan being the principal exception in this regard. Nonetheless, American preeminence in Asia remains the central geopolitical and economic fact, a circumstance reflected in the PRC’s priority on maintaining productive relations with Washington.
- North Korean nuclear weapons programs have fostered Sino-American cooperation to a degree few would have predicted in November 2002, simultaneously strengthened U.S. cooperation with Japan, and have had the opposite effect with respect to Seoul-Washington ties. China’s diplomatic heft has gone up by virtue of its efforts to broker a non-disruptive resolution of the crisis.
- Japan gradually is assuming more responsibility for its own defense and beginning to provide limited “global, public security goods,” a development that is occurring with American blessings and Chinese wariness. Simultaneously, Japan is developing ever-deeper economic ties with the PRC and Beijing is not making an issue of Tokyo’s changing security role, though it is worried. The U.S.-Japan alliance is strong, in part as a hedge against a rising China, and, Chinese leaders have partially conceded that the U.S.-Japan alliance has given Beijing a “free ride” on security. The net is that China seems reconciled to a more “normal” Japan and the U.S.-Japan Security Alliance as long as neither are aimed at promoting the separation of Taiwan or containing China, concerns that never will be fully assuaged in Beijing.

- South Korean-Chinese economic (and to a lesser extent security) relations have grown with remarkable speed since the two nations established diplomatic ties in 1992. Today, Beijing and Seoul often have been closer on inter-Korean Peninsula issues than Washington and Seoul. The ROK-US alliance relationship is troubled, raising the issue of its long-term prospects.
- The War on Terror (here to include the war in Iraq and counter-proliferation policy) has fostered growing and important Sino-American cooperation. Cooperation in this domain has reduced some of the vigor with which Washington's demands on China in some other domains (economic and civil rights) are pursued. Beijing was (and remains) very helpful in the War on Terror and it served minimal American interests by getting out of the way with respect to Iraq.
- With respect to Taiwan, the core friction in U.S.-China relations since 1950, micro-nationalism and competitive electoral politics have energized Taipei's increasing efforts to assert autonomy. This threatens Beijing's and Washington's interests to the extent that a conflict in the Strait could ensue that neither capital desires. For now, this has produced Sino-American cooperation (perhaps limited and temporary) and generated growing friction between Washington and Taipei. American allies and friends increasingly are allergic to a Taiwan Strait conflict and Tokyo and Paris have urged restraint on Taipei in the run up to the March 2004 presidential elections, as did President Bush on December 9, 2003.

Cumulatively, the developments highlighted above reflect the comprehensive growth of Chinese power in the realm of money, coercive force, and ideas. What are the implications of China's rise for American interests, broadly defined?

Implications for the United States:

It is inaccurate to say that Asia has become Sinocentric. The economic and military power of America remains a central geopolitical and economic fact for every nation on the PRC's periphery. Moreover, China is not yet a balanced comprehensive power; its coercive and normative power still weak compared to its growing economic muscle. Also, China's influence remains uneven around its circumference—strongest on the Korean Peninsula, weakest (but growing) in Central Asia, and growing briskly throughout East and Southeast Asia. Moreover, it is fashionable, but mistaken, to ignore Japan's current power and future potential because of its protracted national malaise. And finally, at the same time that the PRC's neighbors seek to gain from enhanced Chinese capabilities, they also seek more distant balancers to hedge against Beijing's power.

While neither the United States nor others ought to overreact to China's increased power and influence, the success of Chinese policy does have implications for America. The most important of these implications is that the principal directions in which Chinese policy has moved (toward the use of remunerative and normative instruments, and away

from coercive power [except with respect to Taiwan]) are consistent with fundamental U.S. interests. Washington ought not deflect China from its basic heading. Nonetheless, rising Chinese power requires some adjustments, and perhaps profound changes, both in U.S. policies of long-standing and those of more recent vintage. China's rise has implications for regional alliance and security structures, the kinds and mixes of power America exerts in the region, and Washington's ability to use sanctions and other instruments of policy.

A key point is that Washington's post-9/11 mix of power, in the eyes of many throughout Asia, has overemphasized military strength and takes insufficient advantage of America's economic and potential normative muscle. Normatively, the United States now is less attractive throughout Asia than it has been in the past, if almost any public opinion survey is to be believed. Washington has become too distracted. Americans need to do more listening throughout the region. Finally, Washington needs to place more emphasis on multilateral security and economic relationships. As well, the difficulties visa issuance are creating to economic and cultural exchange are a serious impediment to the effective employment of American economic and normative power.

With respect to the realm of coercive power, perhaps the most dramatic consequence of China's rise has been the weakening of the U.S.-South Korea Alliance and the longer-term effects that China's growing strength may have on Washington's other regional alliances. While growing Chinese military power may strengthen the perceived need in Japan, the Philippines, and perhaps Australia for alliance with Washington, the PRC's growing economic attraction and its currently benign foreign policy may simultaneously lessen the perceived need for these pacts. Which of these contending forces prevails (the China threat or China's attractiveness) will depend greatly on how both Beijing and Washington play their cards in the future. Thus far, Beijing has played them skillfully.

In the case of South Korea, the strains in the U.S.-ROK Alliance already are everywhere apparent. Beijing's economic attraction to Seoul, China's greater leverage over North Korea than any other outside power, and a U.S. policy toward Pyongyang that worries South Koreans cumulatively have put China in the catbird seat. While it is far too early to pronounce the death of the U.S.-ROK Alliance, restoring its vitality is going to require changes. In the more distant future, Washington may have to consider whether a new security framework (perhaps involving the six parties in Northeast Asia) is needed to replace or supplement the traditional bilateral alliances in the region.

Turning to the Taiwan Strait, this is the one issue that, if mismanaged (by Taipei, Beijing, and/or Washington), could produce a dramatic increase in the acquisition and use of Chinese coercive power. The many deficiencies of Beijing's policies toward Taipei, combined with micro-nationalism on the island, create recurrent pressures on Taiwan to assert autonomy in ways that are dangerous. Washington's policy of deterrence has helped restrain Beijing from either overreacting to Taipei's actions or being proactively coercive. But, Washington should be no less vigilant with respect to Taipei's actions. The ball on which Washington should keep its eye is stability and growth in the region as a whole and encouraging Beijing to remain on the policy trajectory described above.

This likely will require U.S. administrations and the U.S. Congress to periodically be firm with Taipei. President George W. Bush's December 9, 2003 statement in front of visiting Chinese Premier Wen Jiabao ("The comments and actions made by the leader of Taiwan indicate that he may be willing to make decisions unilaterally to change the status quo, which we oppose.") is an example of what periodically may be required.

Even more fundamentally, as more and more American allies and friends in the region develop positive stakes with the PRC, how supportive are they likely to be of an American intervention in the Taiwan Strait? When Deputy Secretary of State Armitage went to Australia in early 2002 and suggested that Washington expected Canberra to be at its side in a Taiwan contingency, former Australian Prime Minister Malcolm Fraser said: "[The Australia-New Zealand-United States Defense Treaty] designed to achieve Australian security is now being distorted potentially to embroil us in a conflict of America's choosing with another super power [China]."

The PRC's rise also has important implications for the remunerative realm of U.S. policy. Most fundamentally, as the PRC increasingly becomes an engine for regional and global economic growth, the strategic importance of stable ties between Washington and Beijing will grow beyond narrowly defined security interests.

The fact that China is embedded deeply within key global supply chains and increasingly has become the final assembly point for products that incorporate the value-added components made by many of America's friends throughout the region, means that Washington increasingly will discover that to economically retaliate against China is to economically strike America's allies and friends. Put crudely, if on a given one-dollar item (produced in China and intended for export to the United States) China's value-added is 15 cents per dollar, one dollar of U.S. sanctions directed at this product will inflict 85 cents of pain on Washington's friends. Using such a policy instrument too frequently is both bad economics and bad international politics.

U.S. multinational firms that have invested in the PRC *both* as an export platform *and* as a base from which to penetrate China's domestic market increasingly will resist unilateral, punitive impulses in Washington. Moreover, the degree to which China recycles dollars earned in this globalized trade into the United States (in the form of U.S. Treasury notes and other debt instruments) means that Washington increasingly will find it difficult to punish Beijing without punishing itself—China is the number two holder of U.S. Treasury notes after Japan.

Further, as more and more countries become significant suppliers to China, they may well find that their economic interests often parallel those of the PRC. For example, when in late-2003 and 2004 many in Washington called for Beijing to revalue or float its currency, few in Asia supported the U.S. position. As Taiwan's China Post put it, "So the notion of getting Beijing to relax its currency controls—an American economic priority—is hardly a top goal in this part of the planet."

Turning to the realm of normative power, the United States needs not only to pursue the war on terror and associated activities, it also must devote more economic and diplomatic effort to remaining a nation that attracts through the power of positive example.

If it is to replenish its stock of soft power, the first place the United States must begin is by placing greater emphasis (both rhetorical and financial) on economic, social, and political development through institution building, talking more about development as a process rather than simply as an end state in which there is democracy, rule of law, and human rights.

The developments enumerated above point to something very fundamental. China is becoming a more adept player in the emerging regional and global orders--America must adapt its economy and its policies to the logic of the system it has played a central role in creating. China's rise could be profoundly positive for America and for the world system, or it could lead to friction and conceivably conflict. If positive outcomes are to occur, it will be because both countries responded positively to the opportunities for cooperation that interdependence creates.