

Engaging a Rising China in the Twenty-First Century

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Michael D. Swaine, *America's Challenge: Engaging a Rising China in the Twenty-First Century* (Washington DC: Carnegie Endowment for International Peace, 2011).

Diplomacy, as Henry Kissinger famously remarked, is “the art of restraining power.” The National Security Advisor for Richard Nixon who orchestrated the establishment of US diplomatic relations with the People’s Republic of China in the 1970s was fond of playing the “China card” against the Soviet Union, and vice versa. Today, in the second decade of the twenty-first century, US diplomacy toward China must be broader and more sophisticated than simply restraining power. In his latest book, *America's Challenge*, Michael D. Swaine warns against the “dangerous zero-sum mindset” he sees “growing in the defense communities” in both countries, leading some U.S. analysts to “assert the need for the U.S. to maintain clear predominance over Beijing at whatever cost” (16). As Swaine points out, the Chinese aspire – overtly, at least - to a “mutually beneficial, win-win cooperative pattern” [*huli shuangying de hezuo geju*] (32). In fact, given America’s worsening economic plight, a domineering approach by the U.S. could be downright “self-defeating” and “even spur Chinese efforts to challenge US military

capabilities on issues such as Taiwan” (16). Washington policymakers should eschew such zero-sum thinking, Swaine writes, and instead try to incorporate China further into bilateral and multilateral organizations (16). In contrast to the George W. Bush Administration, which called China a “strategic competitor,” Washington should encourage China to behave as a “responsible stakeholder.” Swaine advocates a policy of combined cooperative engagement and cautious “hedging.”

Swaine’s book thus focuses in depth on the question of how the United States should deal with a rising China. He states that economic globalization is one of “three sets of variables” (along with China’s growing power and nontraditional security threats) that are “reshaping the assumptions that have previously shaped Washington’s policy toward Beijing” (xiv). Swaine, a senior associate in the Carnegie Endowment’s Asia Program, assesses US policies toward China in economic, as well as political, military, and environmental aspects. In ten chapters, Swaine covers all key areas of U.S. relations with China, including energy cooperation, trade negotiations, naval strategy, and cooperation in anti-money laundering policies to counter terrorism. His research is based on interviews with over fifty U.S. policymakers conducted between 2008 and 2010, including Harvard professor Joseph Nye, who served as chairman of the National Intelligence Council and later assistant secretary of defense for international security affairs (1993-1995).

Considering the current fury of many Americans at what they term China’s “mercantilist policies,” it is ironic to recall how arduously both the Clinton and second Bush Administrations worked to get China to join the World Trade Organization (WTO), hoping U.S. corporations could profit from trade and investment in China’s vast market (371). As Swaine notes, China’s successful weathering of the global financial crisis has led

to more resolve in some areas - for example, in bold calls for a move away from the U.S. dollar standard (39). Later, in February 2010, irate Chinese military officers proposed selling off U.S. government bonds later after the Obama Administration sold weapons worth \$6 billion to Taiwan. Beijing also abhors the U.S. Federal Reserve's money printing since it lowers the value of the U.S. dollar, hence diminishing the total value of the dollar reserves held by the Chinese.

However, economic globalization has made nation-states highly interdependent. While China can threaten to sell all or parts of its U.S. dollar-denominated debt holdings and call for a new global currency, its finance ministers know that if they did so, U.S. interest rates would rise, slowing U.S. economic growth even more drastically, and greatly reducing Americans' demand for Chinese goods. Given the new realities – the U.S. as the largest debtor nation in the world and China conversely as the largest creditor nation – the U.S. “might not have the economic capacity” to “maintain military predominance in the Western Pacific and especially along China's periphery,” Swaine argues. Moreover, “China might not continue to accept this predominance” (342-3). Washington should downplay its emphasis on human rights and “democracy promotion,” which the Chinese view as interference in their internal affairs, and focus on the two countries' largely common goals.

Taiwan is arguably the most contentious issue in U.S.-Chinese relations (85). Here, too, Beijing would prefer to move gradually toward a negotiated reunification rather than employ force, Swaine opines (37). Ever since the negotiations in 1972 between Nixon and Mao Zedong, the U.S. has officially endorsed the “One-China” policy, stating that there is only one China and that Taiwan is a part of China. In 1979 President Carter formally

recognized Beijing as the sole government of China and closed the U.S. embassy in Taiwan. In 1980 the US-Taiwan Mutual Defense Treaty of 1954 was abrogated. The U.S. nevertheless maintains unofficial relations with Taiwan and has pledged – in the 1979 Taiwan Relations Act - to assist Taiwan in maintaining its defensive capability. This act does not, however, require the U.S. to intervene militarily if Beijing attacks or invades Taiwan. Swaine argues that China’s growing military leverage vis-à-vis Taiwan makes this current “hands-off stance toward the Beijing-Taipei relationship” unsustainable (15, 360). According to polls, Americans view the Taiwan issue as the least critical to U.S. national interests and would not support the use of American troops to defend Taiwan (361). China is the largest foreign holder of U.S. debt (about \$1.1 trillion) and thus holds great leverage over the U.S. It seems irrational for the U.S. to use that borrowed money to vex China further by arming Taiwan. The counterargument is that if Washington “abandoned” Taiwan, other traditional Asian allies of the U.S., such as Japan and South Korea, would lose faith in the U.S. to protect them militarily. However, China is now by far both Japan’s and South Korea’s largest trading partner, and Taiwan’s largest export partner. Do they really need to be “protected” against China? Unfortunately, Swaine ignores the influential role of U.S. defense industry lobbyists (e.g. Boeing, Honeywell, Northrop Grumman, and others) on U.S. policy toward Taiwan.

In short, Swaine’s book *America's Challenge* is a key contribution to the growing literature on U.S.-China relations and should be on diplomats’ reading lists. Another book that looks comprehensively at a wide range of issues relating to US-Chinese relations is *Tangled Titans; The United States and China*, edited by David Shambaugh (2013). Since it consists of sixteen chapters written by separate authors, the essays are more concise, with

clear conclusions. To stimulate classroom debate, professors might also consider assigning Aaron L. Friedberg's *A Contest for Supremacy: China, America, and the Struggle for Mastery in Asia* (2011). Friedberg expounds the hawkish, alarmist viewpoint against which Swaine warns, namely that China is not only a competitor, but a potential adversary that can threaten the United States in terms of trade and global influence. Friedberg would embrace Kissinger's definition of diplomacy.

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