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Are China and the US on a Collision Course?

by

Harry HARDING
Dean
Frank Batten School of Leadership and Public Policy
University of Virginia
USA

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Harry Harding
Dean
Frank Batten School of Leadership and Public Policy
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The question posed by the organizers of this year's Asia-Pacific Roundtable is a familiar one, increasingly debated by analysts of international relations around the world and especially here in the Asia-Pacific Region. "Are China and the US on a Collision Course?" ask the designers of this panel. "Will China's Rise Lead to War?" asks Charles Glaser, writing in a recent issue of *Foreign Affairs.* Yes, there is a *Coming Conflict with China,* answered Richard Bernstein and Ross Munro, as far back as 1997.[1]

For me, the short answer to this question is: no, the two countries are not necessarily on a collision course. The somewhat longer answer, and a familiar one to all of you, is that the relationship between the US and China will be characterized by a combination of competition and cooperation. An even fuller answer, and the one I will give you today, is that there will very likely be a blend of three outcomes – cooperation, competition, and confrontation – but that each of these there terms needs to be deconstructed, since each of them contains a further range of possibilities.

Competition

China and the US are already competitors in many realms:

- Chinese and American firms are competing for markets in China, in the US, and in third countries.
- Chinese and American scientists and engineers are competing in various scientific and technological fields, including supercomputing and stem cell research.

[1] Charles Glaser, "Will China's Rise Lead to War?" *Foreign Affairs,* 90:2 (March-April 2011), pp. 80-91; and Richard Bernstein and Ross Munro, *The Coming Conflict with China* (New York: A.A. Knopf, 1997).

- The Chinese and American militaries are trying to develop the weapons systems and strategies and defeat the other in the event of armed conflict.
- They have different models of development. While the Chinese are reluctant to say that there is a Beijing Consensus that can be a model for others, they are less hesitant to say that the American model – the Washington Consensus – is not universally applicable. And some Chinese, and many more foreigners, are trying to codify the Chinese model to a degree that the Chinese government is not.
- More generally, there is a widespread perception – held by many people in both China and the US, as well as in third countries, that the two nations are competing for international power and influence, especially in Asia.

Most generally, the sense of competition is reflected in the reluctance of the United States to regard China as an equal player in international affairs. In part, this reflects a competition for power, be it hard power, soft power, or economic power. Perhaps even more important, it reflects the divergence in politicalvaluesand systems between the two countries, since treating another country as an equal is an acknowledgement both that it has equal power and that is possesses equal virtue.

Of course, international competition is not always officially acknowledged, lest it be exacerbated. As a presidential candidate, George W. Bush declared China and the US to be strategic competitors, but he dropped that language shortly after taking office, in the aftermath of the EP-3 incident of 2001, when the risky consequences of such a competition became apparent. For a time, Colin Powell replaced that initial slogan with a slightly different formulation, declaring the two countries to be “strategic competitors, but economic partners.” Finally, these

kinds of statements were replaced by the hope that the two countries could form a constructive and cooperative relationship.

Still, despite those praiseworthy and optimistic aspirations, the two countries do have a relationship that contains significant competitive elements. The key question is not whether such a relationship exists, but what form it takes and what consequences it produces.In this regard, it is interesting that competition is so widely believed to be an unfortunate development in international politics. In many other areas of human activity, competition – or at least certain forms of competition – is considered not only not to be harmful, but actually to be beneficial.

Competition is one of the most important features of market economics, where it is seen as the mechanism that improves the quality, increases the availability, and lowers the prices of the goods and services on offer. Most market economies have policies to promote competition, initially laws against monopoly, and more recently laws to increase access by foreign firms. From that perspective, economic competition between Chinese and American firms will be a positive development to be welcomed, not a negative outcome to be avoided.

Similarly, competition is one of the most important features of pluralistic political systems, where political parties and candidates for office compete for votes and for financial backing; interest groups compete for membership and contributions; and policies and ideologies compete for support from members of society. The idea of the “marketplace” of ideas draws the analogy between the benefits of competition for an economy and the benefits of ideological competition for a society. In that sense, too, a competition between the Chinese and American models of development, or even between Chinese and American norms of international governance, may be healthy.

The issue is whether these forms of competition are conducted fairly or unfairly. China believes that it is the target of treatment by the US that is discriminatory and therefore unfair. Beijing points out that Chinese direct investment in the United States is scrutinized for security concerns involving both advanced technology and critical infrastructure. It also complains about continuing American controls on the export of advanced technology to China, and the fact that China is not yet regarded as a market economy with regard to the application of anti-dumping regulations.

Conversely, there have been many complaints, first in the US and now increasingly in the EU and Japan, that Chinese firms are not engaged in fair economic competition. The theft of intellectual property, and government regulations discouraging purchase of foreign products, are examples of trading practices that are widely regarded as unfair. So are various forms of government financial support, whether tax rebates, below-market loans, or export subsidies. One could increasingly add the lack of reciprocity in investment regulations, where one country limits investments in some sectors while seeking the right to make investments in those same sectors abroad.

This is not to imply that China is the only country to have engaged in such unfair commercial practices. Many others have, and some still do. But perceptions of unfairness will complicate the economic competition between China and other economies. Fortunately, the WTO provides rules to ensure fair competition, and a dispute resolution mechanism to adjudicate alleged violations of those rules. Bilateralnegotiations between China and the US are intended to reduce other barriers to trade between the two countries.Regrettably, there is as yet no comparable international mechanism that can assure fair competition when it comes to

investment or to overseas development assistance, and no bilateral agreements governing either of those two areas.

On economic and political issues, then, the question is whether the competition is fair or unfair. Political and economic competition is usually regarded as beneficial, if conducted according to rules that ensure fairness, since its long-term outcomes can be positive for all parties. For security issues, in contrast, the problem is that competition may not be desirable at all. Strategic competition is usually regarded as wasteful, and potentially dangerous, if it involves costly arms races or if it increases the possibility of war by either miscalculation or accident.

The danger today is not that the US and China are increasingly regardingthemselves as competitors, but that they are perceiving each other as *strategic* competitors. The two countries' militaries are designing and developing weapons systems and military tactics to overcome the other. This process will be costly for both sides, although both China and the US are sufficiently wealthy that this will involve more opportunity cost than absolute cost. Even worse, the process will be risky. We have already seen incidents in which American reconnaissance and patrol missions off the coast of China have literally collided – or nearly so – with Chinese military unions seeking to push them further away from Chinese territorial waters. The EP-3 incident of 2011, mentioned above, was the most dramatic of these. The risks that such incidents can escalate are not trivial – which is precisely why it led the G.W. Bush administration to stop describing China as a "strategiccompetitor" shortly thereafter.

There is a long history of arms control and other confidence-building measures to limit those costs and risks, but their results have at best been mixed. They are more effective in situations where strategic competition is only incipient and the overall relationships in question

are cooperative; they are far less effective when strategic competition has already gotten well underway, and when that competition dominates the broader relationship.

This already appears to be the case with the US-China relations. The US has sought to engage China in military-to-military exchanges to increase transparency and build trust, and in discussions of possible arms control measures to govern the two countries' nuclear deterrents and weapons in space. So far, the results have been disappointing, which creates the danger that the costs and risks of strategic competition will continue to mount. Fortunately, the overall US-China relationship is far wider and deeper than simply a strategic competition, which was the main feature of Soviet-American relationsduring the Cold War. That reduces the change of conflict – a point that we will return to later.

Cooperation

The existence of competition does not preclude the possibility of cooperative behavior to advance common goals. Most frequently, these common goals may lie in other areas, as when economic competitors join together in a security alliance against a common enemy (like the US-Japan alliance against the Soviet Union in the 1970s and 1980s). Less frequently appreciated is the possibility that two competitors may have a common interest in maintaining the viability of the arenas in which they compete. Asset managers are competitors, but they share an interest in maintaining efficient financial markets. Manufacturers and service providers may also be competitors, but they share an interest in maintaining the prosperity and openness of the markets to which they both wish to sell. Governments may compete for support in the UN Security Council, but they may also have a common interest in preserving the vitality of that key international body.

There is a long list of issues on which China and the US have had common or overlapping interests, and therefore on which they can cooperate: counterbalancing the rise of the former Soviet Union in Asia,encouraging the denuclearization of North Korea, preserving stability in Asia, ensuring the vitality of the international economy, opposing the rise of protectionism, suppressing piracy off the African coast, supporting counter-terrorist activities in Central and Southwest Asia, discouraging Taiwanese independence, promoting the security of energy supplies, developing alternative sources of energy, and preventing climate change, to name a few.

And the two countries have cooperated to advance some of these common interests. Their common interest in maintaining the vitality of the international economy was reflected in the parallel stimuluspolicies that they implementedafter the Global Financial Crisis, and both countries have supported the creation of regional security and economic architecture in the Asia-Pacific region.Doubtless they would also cooperate if there were crises in other areas that threatened both of them, such as a pandemic such as SARS or avian flu. And they have agreed to work together or still other issues, including enhancing energy security, developing alternative sources of energy, and promoting the more efficient use of energy.

As with competition, however, the issue is not just whether or not cooperation exists, but what form it takes. Even when two countries can identify common interests, they can differ over the allocation of either costs or benefits, making cooperation more difficult. The American and Chinese governmentsagree that climate change is a problem that would pose significant costs and risks to both their countries. But they cannot agree on the allocation of the burdens of reducing carbon emissions between the developed and developing countries. Both Washington and Beijing may agree on the desirability of creating a more robust regional architecture in Asia,

but they do not necessarily agree on the membership or agendas of those organizations. They may have a common interest in the denuclearizationofNorth Korea, but they differ on the extent they are willing to impose such severe sanctions on the country as to threaten the collapse of its government, since such a collapse would impose far higher potential costs on China than on the United States. These differences over burden-sharing have been frequent between China and the US, and they often reflect the competitive aspects of the relationship. They make the development of a fully cooperative relationship far more difficult.

A less familiar way of distinguishing among various forms of cooperation is to distinguish what might be called the degree of enthusiasm that cooperation invokes. From this perspective, the least enthusiastic form of cooperation is simply passive consent, given by a party that might otherwise be able to block an action that its counterpart might wish to take. In many votes taken by the UN Security Council, involving the imposition of sanctions or military action against third countries, the so-called "cooperation" from China that the US has been able to obtain is simply Beijing's willingness to abstain, rather than exercising a veto. Even securing this modest form of cooperation is important to Washington if it permits the adoption of a Security Council resolution that authorizes the United States to undertake the sanctions or military activity it seeks. To be sure, Beijing often appears to be reluctant to cast a veto anyway, especiallyif it would be the only country to do so, or if a veto would offend or irritate countries whose friendship of diplomatic support China values. Alternatively, Beijing may be able to water down the resolution under consideration, removing some of what it regards as the most objectionable passages, as the price for its consent. In any event, acquiescing to an American action that China does not really favor but decides not to block can be regarded as the weakest form of "cooperation" between the two countries.

At the other end of the spectrum, the strongest form of cooperation can be called collaboration, which involves not just the identification of common interests, but the joint design and implementation of measures to achieve those shared goals. The distinction between collaboration and less enthusiastic forms of cooperation can be described as the difference between working in tandem and working in parallel – or, to borrow terms from international politics, the difference between an alliance and a united front.

Fairly or not, many Americans have perceived over the years that China may cooperate, but it does not collaborate, largely because it does not want to be perceived by either domestic or foreign audiences as working too closely with the United States. This was first apparent in the two countries' opposition to Soviet expansion in Asia, where both countries shared the same interest but did not actively collaborate in the same way as the United States and Japan. On North Korea, Beijing wants to maintain a clear difference between its position and that of the Unite States, even to the point that it can play a mediating role between Washington and Pyongyang in a way that neither Seoul nor Tokyo would be able to do.

Confrontation

The third possible pattern in US-China relations can be called "confrontation." That hostile form of relationship is what is meant when analysts discuss the likelihood of a "conflict" or "collision" between the two countries. Unlike cooperation, a confrontational relationship implies the existence of sharply different, rather than common or overlapping interests. In the case of Chin and the United States, perhaps the most significant of these divergent interests have to do with Taiwan and human rights. Beijing regards the future relationship of Taiwan and the mainland an issue in which no outside party has the right to interfere, whereas Washington

believes that it has a legitimate and historic interest in ensuring a peaceful future for the island. Conversely, the United States believes that it has an interest in promoting human rights around the world, with particular attention to civil and political rights, whereas China insists that these are also domestic matters in which no other country has the standing to become involved, as well as maintaining what it regards as principled differences over the definition of civil and political rights and the priority to be assigned to them relative to economic development and political stability. A third issue is also emerging that would fall into this category: China's desire to push American military activity farther back from its coasts, and America's insistence that reconnaissance activity of this sort is justified to monitor potentially threatening Chinese military developments and is legitimized by the principle of the freedom of the seas.

The difference between competition and confrontation is difficult to draw, since both are based upon divergent interests. One distinction is that competition can produce positive-sum outcomes, at least over the longer term, while confrontation is more likely to be zero- or negative-sum. Another is that competition is more likely to be conducted according to commonly accepted rules or judged by third parties who decide which party "wins" and which party "loses." To draw on Anatol Rapoport's distinction in his classic book on various forms of conflict, competition is more likely to take the form of a "game" or a "debate," whereas confrontation is a form of a "fight."[2]

As with cooperation, however, we need to probe more deeply to understand that confrontational relationships are not all alike, but can take different forms. Just as earlier in this paper we distinguished among consent, cooperation, and collaboration, here we can distinguish among disagreement, confrontation, and open conflict.

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[2] Anatol Rapoport, *Fights, Games, and Debates* (Ann Arbor: University of Michigan Press, 1960).

By disagreement I mean a situation in which two parties, in this case China and the United States, have divergent interests that they openly acknowledge, but that do not lead to conflictual behavior and therefore do not disrupt the broader relationship. This pattern of behavior is frequently described by the Chinese as "reserving differences," and by Americans as "agreeing to disagree." Today, the United States continues to criticize China for what Americans regard as violations of human rights and as retrogression in China's domestic political situation. But other than those statements, issued both publicly and privately in various forums, the United States undertakes no significant action to sanction China for its alleged human rightsviolations. Similarly, China continually criticizes the United States for selling arms to Taiwan – an action that it regards as the most objectionable example of American intervention in what it regards as a domestic issue – but it is no longer restricting military-to-military relations with the United States as a result of those arms sales.

Such has not always been the case. In the past – including quite recently – the two countries have dealt with these same two issues in ways that embodiedconfrontation rather than simply disagreement. For some time after the Tiananmen Crisis of 1989, for example, the United States imposed a series of sanctions on China over its concerns about human rights, including the threat (never implemented) to remove China's most-favored-nation status unless the human rights situation in that country improved. And China has periodically suspended military exchanges in retaliation for American arms sales to Taiwan.

Such interactions involve a kind of negative *quid pro quo*: a sanction or punishment in response to a violation of a perceived interest. Even if they do not lead to a tit-for-tat pattern of escalatory retaliation – a common danger in this kind of situation – they can be difficult to reverse, if the sanctioning party insists upon a reversal, cessation, or repudiation of the behavior

that led to the sanction, and if the target of the sanctions refuses to do so. But they still fall far short of the open conflict that many observers fear may develop in the US-China relationship.

The most dangerous and severe form of confrontation in any international relationship is armed conflict. The United States and China have already experienced such conflict in Korea and (to a lesser degree) in the Taiwan Strait. There is the possibility that armed conflict could recur if either of these hot spots exploded again. The most commonly acknowledged danger would be one of two developments in the Taiwan Strait: a unilateral declaration of independence by Taiwan which China sought to reverse through military means, or the unilateral use of force by the mainland to compel Taiwan to accept unification. In either scenario, the United States would have to decide whether or not to use force or the threat of force to uphold its residual commitments to Taiwan's security as contained in the Taiwan Relations Act. If it decided to do so, then the risk of military conflict between the United States and China would be extremely high.

Although the scenario is less frequently discussed, the Korean Peninsula could once again become the occasion for armed conflict between China and the United States. The most worrying possibility would be the collapse of the North Korean regime, followed by a competitive intervention by outside powers to promote their interests, whether the installation of a friendly and effective successor government, or the securing of North Korea's nuclear weapons and fissile materials. Such competitive intervention would not necessarily involve the United States directly. But if South Korea were to cross the DMZ in this situation, to be countered by Chinese forces crossing the Yalu River, the United States could conceivably also become involved. Note that the key development here is not the collapse of the North Korean government per se, but a competitive intervention following such a collapse. Unfortunately,

China and the US have thus far not been able to discuss what their governments would do in the event of such a regime failure, making it impossible to rule out the possibility of such a competitive intervention.

Other scenarios are also conceivable. These might include a crisis in the South China Sea or an incident between American and Chinese military forces, similar to the EP-3 incident of 2001. Fortunately, the possibility that either of these scenarios would escalate to a point that involved significant conflict between Chinese and American military forces is quite low.

Looking ahead

What are the relative probabilities that any of these broad categories of interaction – competition, cooperation, and confrontation – will characterize the US-China relationship in the years ahead? And if none of them dominates, what blend of the three types of relationship will the two countries experience?

In my judgment, it is highly unlikely for the relationship between the US and China to be primarily cooperative, at least in the short to medium term. The differences in values, political systems, interests, and levels of development are simply too great for the two countriesto find common ground on all issues, or even to find a mutually agreeable allocation of costs and benefits when they try to pursue common interests. Only a common interest that was massively compelling – say a widespread pandemic, another financial crisis, a global outbreak of terrorist activity targeted at both countries, or increasingly severe consequences of climate change – might produce a predominantly cooperative relationship.

Fortunately, an essentially confrontational relationship is also unlikely, especially if one is primarily concerned with the risks of military conflict. The high degree of economic

interdependence between the two countries has already created a relatively resilient relationship. The cost of military conflict, especially given the fact that both China and the US are nuclear powers, will be a significant deterrent against military conflict. Equally important, the probability of the most worrying of the trigger events identified above– a unilateral declaration of independence by Taiwan – is presently quite low, as is the risk that China would try to compel unification through the use of force.

If the analysis above is correct, then the most likely future for the US-China relationship will be largely competitive, although with some elements of cooperation and divergence as well. The balance among these elements will depend on whether the two countries can:

- Increase the cooperative elements in the relationship, and minimize the confrontational
- Transform the two countries' cooperative interactions from the relatively passive (mutual consent) to more positive (active collaboration)
- Ensure that the competitive aspects of the relationship are governed by rules and norms that make them appear fair to both sides.
- Avoid introducing strategic elements into the two countries' competitive relationship.
- To the extent that divergence is avoidable, keep it at the level of disagreement, rather than confrontation or open conflict.

In short, the familiar formula that the US-China relationship will be characterized by a combination of competition and cooperation is not wrong, but is incomplete. Some of the competition will be healthy and constructive, even though possibly intense. Some of the cooperation will be grudging or strained, and thus disappointing. While open conflict is unlikely, there will almost certainly be disagreements, and possibly even elements of confrontation in the relationship. As a result, the US and China are not necessarily on a

collision course, but they will be passing through turbulent waters that will test the resilience of their highly interdependent relationship.