Two Pillars of Long-Term China-U.S. Relations

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June 2013

Forty years have passed since Dr. Henry Kissinger, then the National Security Adviser to the President, visited China in 1971, and one year later, in 1972, President Richard Nixon visited China as well. Surprisingly, to people at that time and even today, the China-U.S. relationship has been relatively healthy in these last four decades. The two countries have not fought each other and neither of the two major powers has engaged in confrontations, given the background that the two countries, especially China, and the entire world have changed so fundamentally in the four decades, for example, with the reform and opening up and the rise of China, as well as the end of the Soviet Union and the Cold War.

What has allowed the U.S.-China relationship to remain basically stable and positive in these last four decades? History indicates that long-term China-U.S. relations in the past forty years have been based on two pillars: the common interests of the two countries, and each government not challenging the fundamental interests of each other. If the relationship between the two major world powers is to stay stable and positive today and into the future, the two pillars should be maintained and strengthened.

* This research received support from New York University’s Center on U.S.-China Relations, the author is grateful of the Center and Professor David Denoon’s support and advice for this research.
I. The Common Interests/Ground between the U.S. and China

Any stable and positive relationship between two countries must be based on some important common ground between them, and the U.S.-China relations are no exception.

In the first twenty years of the relationship beginning in 1971, when Dr. Kissinger visited China, to 1991, when the Soviet Union collapsed and the Cold War ended, Sino-U.S. relations were based on the “common strategic interests” against the “Soviet Threat.” Indeed, the leaderships of the U.S. and China, President Nixon and Dr. Kissinger, and Chairman Mao Zedong and Premier Zhou Enlai, shared similar views on the global strategic situation and threat at that time. Both sides perceived the Soviet Union as taking an “offensive” posture in international affairs, and saw the Soviet strategy as a great threat to the world. Both the U.S. and China felt the serious national security threat posed by the Soviet Union in the 1970s and 1980s. Therefore, Nixon/Kissinger and Mao/Zhou adopted similar strategies to engage in “strategic cooperation” between the U.S. and China in the “strategic triangle relationship” among their own countries and the USSR. Such strategic relations were the great and solid foundation of the Sino-U.S. relations in the two decades of the 1970s and 1980s, despite serious differences in areas such as political ideology.

These “strategic relations” ended in the early 1990s when the Soviet Union collapsed and the Cold War ended. By then, there was no longer a common strategic view on the world situation and shared security/strategic interests in countering the Soviet threat. However, President George Bush and Chinese leader Deng Xiaoping still believed that their countries were still important in the world, and thus they
needed to maintain “engagement” after the collapse of the common enemy and the end of the Cold War era. The two leaders worked hard to keep the relationship on track after the fundamental change in the global and internal strategic environments of both the U.S. and China, including the end of the Cold War and the “Tiananmen Incident” on June 4, 1989 in Beijing, China.

After the historical legacy during the senior Bush years, the two countries (U.S. and China) then faced a common strategic challenge to relocate the common ground of their relations in the post-Cold War and post-Tiananmen era. Because of the reform and opening up of China since 1978, China’s economy grew quickly and the country was on the rise, thus, the new development of China’s economy laid down the new strategic common ground between the U.S. and China in the post-Cold War era: shared economic interests and ties between the two world powers. Soon after the end of the Cold War and China-U.S. strategic relations toward the Soviet Union, the U.S. and China found that they were becoming major trade and economic partners, which has become the largest area of common interests/ground between the U.S. and China in the post-Cold War era.

I-1. The Economic Interests and Social Ties

In 2012 the U.S. was closer to the twenty-seven countries of the EU (European Union), China’s largest trade partner. China was America’s second largest trade partner, next only to Canada, and the third largest market for American exports, next to Canada and Mexico. According to government figures from the two countries, trade volume between the two countries was $484.68 billion and the U.S. exported $132.89 billion worth of goods and services to China in 2012, an 8.8% growth.¹

In the area of economic relations and ties, the U.S. and China are closer

partners than almost all other countries except with Canada. Indeed, American economic relations with China are closer than U.S. relations with its major allies, including the United Kingdom, France, Germany, and Japan. The economic relations, ties, degree of interdependence between the U.S. and China are so great that we can say they are economically close relationships.

These common economic ground and interests, ties, and interdependence are projected to be even greater when we look at the near and long-term future. Two specific areas are especially promising.

First is the growing Chinese market for American exports. The U.S. has already provided the largest foreign market for Chinese exports in the past thirty or more years. This market is still growing despite the International Financial Crisis of 2008. Last year, in 2012, Chinese exports to the U.S. grew more than 8.5% even though the U.S. economy has not been in very good shape for years, while the European and Japanese markets for the Chinese export shrinked about 10%.2

The Chinese market for American exports has been expanding for many years, and it may be growing much faster in the future. The potential lies in the possible shift of the Chinese economic growth model. The thirty-year Chinese economic boom since 1978 has been heavily dependent on export and investment. The Chinese leadership, government, business, and the Chinese people understand well that this model is not sustainable now or in the future. The Chinese have clear consensus that the model of the Chinese economic development must shift to on driven by domestic consumption, dependent on its 1.3 billion people. The Chinese have had lots of difficulties in attempting to shift the model and that change so far has not been quite successful, even though the consensus has been there since the 1997 Asian financial crisis or the later International Financial Crisis in 2008. However, trends of recent

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years have been in the right direction. The share of domestic consumption in China’s economic growth has been rising. Last couple of years, domestic consumption grew around 11 to 15% after inflation. The 2012 figure was 14.3% and 12.1% before and after inflation, higher than export growth in last year, which was 7.9%, but still not as high as the investment, which grew at 20.6% in 2012. According the official statistics, in the first quarter of 2013, the domestic consumption contributed to 55.5% of the country’s economic growth, while investment and net export contributed 30.3% and 14.2%, accordingly.

As Chinese domestic consumption continues to grow and when China can become “the world market,” in addition to “the world factory,” then the potential for American export to China would be great. China has become a world market at some level already. Now each of the last few years, China was the world’s second largest importer, in addition to be the largest exporter, next only to the United States. Last year of 2012, total Chinese import was US $1.8178 trillion. It is estimated by the World Bank that China will overpass the U.S. to become the world’s largest importer in a few years. It is not impossible that the day will come when the U.S. exports more goods and services to China than China exports to the U.S., if China can really shift its model from export/investment driven to domestic consumption driven growth. The day is coming, then Americans can and should change their views on the economic and whole relationship between the two countries, and see the common interests between the U.S. and China are greater than Americans usually recognize today.

The second promising area of U.S.-China economic ties is the growing Chinese investment in the United States. Investment, both domestic and foreign (FDI), always

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contributes to economic development and employment. China’s economic boom over
the last thirty years owes much to foreign investment, including American. Now after
more than thirty years receiving international investment, China is becoming a major
international investor in the world. In the past thirty years, American investment in
China was about $2 to $3 billion each year in the 1980s and early 1990s, rose to $4 to
$6 billion in later of the 1990s and the 2000’s. It decreased to be $2 to $3 billion each
year during the recent years, partly due to economic situation in the United States.
Now in each of the last couple of years, China’s direct investment in the U.S. was
about 2 to 3 billion dollars. It was $5.8 billion in 2010, increased to $6.5 billion in
2012, cumulative amount up to 2012 was more than $50 billion. In each of the
recent years, China received around $100 billion actual FDI, while its international
investment is around $70 billion. In 2012 alone, China received $111.7 billion actual
FDI, while China’s non-financial outbound direct investment was $77.22 billion in
actual.\(^6\)

That figure could grow if the American government, including the Congress,
eases restrictions on the Chinese investment and China liberalizes its state enterprises.
Chinese technology is basically middle and lower ones, not in high technological
arena. Therefore, the Chinese investment in the U.S. is not competition to American
business. The Chinese investment, like any investment, would contribute the
economic development and employment in the United States, as it does to China and
in other places. Therefore, the American government and Congress should reduce
their restriction on the Chinese investment in the U.S., except in few real national
security areas.

I-2. Common Ground on Regional and International Arenas: Two Basically Status
Quo Powers

U.S.-China relations are very important, one of the most important relationships to each. However, as the world’s two largest powers, the Sino-U.S. relations certainly go beyond the bilateral significance. It determines, at certain levels, world economic development, peace and stability. There is no doubt about that in the entire world.

Therefore, international and regional issues are always a major part of the U.S.-China relations. There is a wide and growing range of areas and issues needed in the U.S.-China consultation and cooperation.

Korea has always been and will continue to be a troublesome problem to the Republic Korea, the U.S. and thus to China in Northeast Asia. China and the U.S. have different interests and goals towards North Korea and the Korean Peninsula. But the U.S. and China certainly have some important common interests and grounds. Neither would like to see a nuclear North Korea and nuclear Korean Peninsula. Both of the U.S. and China want to see stable and changing North Korea and Korean Peninsula. The North Korean regime constantly causes trouble, and the U.S. and China have to consult with each other to cope with those troubles to try to prevent and react to new big troubles now and in the future. China does need to be tougher towards North Korea after they engaged in their third nuclear test in February 2013, and have launched other long-range missiles, and attack on the South in the future. China actually did become tougher to North Korea during this crisis in the spring of 2013, when Chinese leaders and foreign affairs ministry harshly warned on North Korea,8 reduced its aid to the North, and closed the North Korean account at Bank of China, to implement the UN Security Council’s resolution against DPRK.

China will continue to be tougher when North Korea takes more proactive positions and actions in the future. But besides calling for the renewing Six-Party

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talks, China cannot do this and is unlikely to seriously force the North to give up its nuclear weapons. China’s influence and willingness is limited. Its major goal on the Peninsula is to maintain the stability there so China can concentrate on domestic economic development.

Afghanistan and Pakistan have been or were close to becoming failed states, a source of international terrorism, and posed major threat to the national security of China and the U.S., as well as the international security and stability. The more than ten-year war on terror in Afghanistan and Pakistan has reached some success but not enough. The situation might be worse after the U.S. and NATO (North Atlantic Treaty Organization) start to withdraw troops from Afghanistan in 2014. Terrorism and internal chaos can become more serious if the governments/military of Afghanistan and Pakistan cannot control the situation after NATO’s withdraw. This would cause more troubles and pose a greater threat to China and the United States. Then the two countries have to engage at some levels to counter the situation, to do something to help to stabilize the two countries and the situation in the troubled areas. What China is likely to do is to give more support, including economic and military aid and training, to the governments of Afghanistan and Pakistan to control their countries.

The Middle East is always a hot spot. Iran’s nuclear situation could worsen in the near future. It looks that Iran is determined to develop nuclear weapons in order to become a “great power” in the Middle East and in the world. A nuclear Iran is absolutely not acceptable to Israel, might also be equal to the U.S. and the whole West. Israel would attack and destroy Iranian nuclear facilities when diplomatic efforts cannot stop Iran nuclear program. This potential war could be more serious than Iraq War and Afghanistan War, because Iran is more powerful than Iraq and Afghanistan in terms of both national and military capabilities.

The Chinese and American views and polices on Iran are not always same. However they have the same goal of non-nuclearization of Iran and Persian Gulf.
China has to stay with the majority of Middle East countries and international community when there is clear sight that Iran is making nuclear weapons. China has to make a decision on its national interests in the Middle East. Oil is important to China, but China can get oil from other countries and places than Iran.

China opposes international intervention into the Syrian crisis because it is worried that the Libyan model might come again. This is increasingly becoming a challenging issue to China because they have to consider the majority view and position of international community on the Syrian issue. In fact, China does not care what kind of regime is in Syria, including the religious preference. China needs to rethink its non-interference policy and support international efforts to end the Syrian crisis.

In addition to Iran, the Middle East as a whole is not a stable area in the world. Modernization, democratization, and stabilization will be a long time process in the region. Middle Eastern energy will always be important to China and whole world, even though China will continue to be successful in its “diverting strategy” of its oil imports, and American “shale gas revolution” may reduce its dependence on Middle East oil Thus, the U.S., China, and the international community definitely have to do more together to stabilize the situation in the trouble area.

There are huge differences between the U.S. and China on many regional and global issues. However, there are always common interests of the two countries for maintaining peace and stability in Korean Peninsula, East Asia, Afghanistan/Pakistan and Central Asia, and the Middle East. Both the U.S. and China are the world’s status quo powers. They have benefitted greatly from the world system since the end of the Second World War and they have fundamental common positions and interests to maintain the status quo, such as the World Bank and International Monetary Fund (IMF). As clarified by President Xi Jinping during his meeting with President Obama at Annenberg Estate in early June that the “China Dream” is about economic
development and focuses on the rich of the Chinese people. China, as it was in the thousands of years in history, is not interested in leading role in Asia and in the world. It is basically an “internal looking” or “internal-oriented” country and culture. China is basically satisfied and believes its role in the region and world is already high enough for the country. Maintaining the status quo is to maintain peace and stability.

I-3. Consultation and Coordination in International Institutions: The Global Governance Responsibility

The U.S. and China now are the world’s two largest economies, permanent members of the United Nations’ Security Council. Therefore, the two countries certainly have the responsibility to promote global economic development and maintain peace and stability in Asia and the world.

Our world is increasingly becoming globalized, multilateral, interdependent, and countries are bound together. There is increasingly the matter of global governance. The United Nations, G-20, UN Climate Convention, the World Bank, IMF, and other international and regional institutions play important roles in global economic, social development, and international security. As the two major members and players of those major international institutions, the U.S. and China certainly have the responsibility to play the major role on global affairs and global governance.

Here the U.S. and China should have new thinking on global issues and governance. They should go beyond the traditional interests concerns. Yes, countries act according to their national interests. However, as the world is increasingly becoming a global village, countries also have the responsibilities to act according to the global interests and needs. As major powers in the world, the U.S. and China

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enjoy greater role and influence in the world, thus they have greater responsibility for the whole world, not only for their own national interests and needs. The U.S. and China, especially the rising China, should take greater responsibility in global governance at the international institutions, working together with European Union (EU), and other members of international community, to ensure global security and development, including global economic and financial stability, environment protection.

II. Not Challenge, Threaten, and Oppose Each Others’ Reasonable Fundamental Interests

Common interests and ground is always the foundation of international relations, including the relations between major powers such as the U.S. and China. However, given the huge and fundamental differences between the two countries of the U.S. and China’s political system and ideology, foreign policy goal, national interests and security, military capacity, culture and others, depending solely on common interests and ground may not be strong enough to ensure a cooperative relationship between them now or in the future. Therefore, the U.S.-China cooperative relations cannot depend on just one pillar. It needs also depend on the other pillar, which is non-conflicting strategy towards the differences between them, now and in the future, or manage the differences between the two countries.

II-1. The Limitation of Common Ground and Interest between the U.S. and China

For decades, leaders, officials, scholars, and business people in the U.S. and China argued that the two countries have great common interests and grounds to have a cooperative relationship and that they should develop more common interests and ground now and in the future in order to have a better relationship between the U.S. and China.
That is true and not so true. Because the facts are not deniable: no matter how large areas we can give on the common interests and ground between the two powers of the U.S. and China in the past, today, and future, we have to face the fundamental reality that the United States and China are different countries in the world. They were different in the past, are different today, and will remain many differences in the future. They are different in history, experiences, culture, philosophy, geography, capacity, world views, national interests, and strategic goals.

For countries with greater common grounds, such as the U.S. and Canada, Europe, Australia and New Zealand, which share similar history, tradition, culture, political system and ideology, world view and global goals, common ground/interest is large and strong enough to support the cooperative relations between them. But for countries such as the U.S. and China who do not share similar historical tradition and experiences, do not share similar language and culture, do not have similar political thinking, system and ideology, do not have similar world views and strategic goals, then their cooperative relationship cannot only depend on those common grounds, but very much depends on how they can cope with or manage the differences between them. History tells us that good relations among major world powers lie more on how can they cope with their differences, rather than how great common grounds they can have.

II-2. The Two Different World Powers: Limitations on Strategic/Security Arenas and Different National Priorities

People must confess, recognize, and always keep in mind that the United States and China are different countries. They are different in international relations and global affairs because they are different world powers, today and in the future, even though their capacity, or levels of strength, might be getting closer.
The U.S. has been and will continue to be for long time in the future a world power, a truly global power in all respects. Therefore, the U.S. always has the capacity to be the “leader” of the world, and do something it wants to do in all the places in the world.

China is continuing to be rising and its capacity is growing, but it will not reach to American level of power, or a truly global power position at least for the foreseeable future. In fact, China has never been a truly global power, including the times that China was the strongest power in the world before modern time, according to the studies and statistics of the West. In the future, China’s total economic size, its GDP, might be as big as the U.S. or even larger than that of the United States, as many authoritative international institutions and private sectors have predicted, in ten or twenty years from now. However, China’s economic quality, its science/technology, military strength, international influence, and soft power, will not reach the levels of the United States. Therefore, at the best, China will become a quantitative economic superpower in ten to twenty years, though it would not become a comprehensive superpower in the foreseeable future. China is and will continue to become more powerful world power, but it will not become a global comprehensive superpower, which has capacity and influence over all the places of the world, and can do something relatively effective everywhere and on any issue of the world. China would not become that kind of comprehensive superpower and global power in the world. China is not the United States, and China will not become next the U.S.A. in terms of comprehensive national strength.

Besides the capacity, the national will and goal, the strategic intention of the U.S. and China are also always quite different. Since the later years of the Second World War, the United States has always been trying to “lead” the world, to engage, or

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interfere into almost all the problems the world has had. American leaders, politicians, and even scholars have always been saying that the leadership role of the U.S. is “indispensable.”\textsuperscript{11} That means the U.S. must take care of the world, manage and lead the world, and the world cannot go without such an American leadership role.

China, at the other end, never thought about its leadership role in the world, even at the time that China might be the world’s largest power. It had thought about the role in Asia for quite long time. And today, there is not any sight that China may pursue a global political and security role in the future when the country becomes much stronger. China is already a strong global economic power, with its trade, goods, investment, and people everywhere in the world. China’s “go out strategy” intends to expend its economic activity, including market, investment, resources, everywhere in the world: Asia, Middle East, Africa, Latin America, Australia, U.S./Canada and Europe. However, in terms of political ideology and system, and security and strategy, China does not and will not have a global goal and intention. This is very much because Chinese culture is non-religious one; it never had the mindset to “save the world,” or “send God’s message” to everywhere in the world. When the Chinese went and go abroad, in thousands years and today, they are always driven by economic or personal interests and motivations, not state will. China has strong economic interests, including market, resources, and investment, in everywhere in Asia, Middle East, Africa, Latin America, and the developed world, and it wants to have good bilateral relations with every country. Besides economic interests and bilateral relations, China does not and will not have a real strategic goal and security responsibility in any areas, except its immediate borders. China never proposed anything big for any region, such as “Pacific Community,” or APEC, East Asia Summit (EAS), G-20. It never had the idea of shaping the world or a clear goal and structure on what the regions and world

should become, but its sense on the responsibility on particular issues or countries, such as world economy, Korea, and Iran are growing.

The Chinese culture is basically an “inward-looking” culture. It never had global interests, goals, and intention to lead or dominate the world, even when the country was a strong nation for a long time in history. In addition to its non-religious culture, philosophy, and tradition, this might also because that China has been a big country, the size is big enough for the leaders and people in China to manage and to survive. Besides, the philosophy and mind-set of Confucianism tells and requires the Chinese to be “Junzi” (gentleman) as a life-long goal and to improve oneself all the time during the life. It does not encourage the Chinese to care much about other nations outside China and does not require the Chinese to “save” the world.

The good news from the traditional culture is that China never had a global goal or ambition so it would not seek world leadership or domination and challenge other’s leading position in the world. There was, there is, and there will be no strategic competition between China and the U.S. on global leadership or domination. Those people worrying that China may seek a world leadership role and domination and thus would cause the strategic rivalry between the rising China and established world power of the U.S. and the West, are lacking real understanding of Chinese history and culture, and do not understand the Chinese world view and goal today and for the future.

The bad news for China-U.S. relations from the Chinese inward-looking culture and strategy is that the Chinese do not share the priorities and agendas on international and regional areas that the U.S. has. Yes, during the summit meeting and talks among officials, the Chinese would agree with Americans that they should and will cooperate with the U.S. on almost all the important issues in the world: North Korea, Iran, Iraq, Afghanistan/Pakistan, the Middle East, and Africa, non-proliferation, climate change, international finance and economy…. But after the meetings, the
Americans always found that the Chinese are always willing to do little with the U.S. on those “common ground” issues. The real reason is not only the lack of “strategic trust” between the two countries, but also because those issues are neither priorities nor major agendas of the Chinese leadership and people. Foreign affairs, especially international affairs, are never major issues to the Chinese, except those immediately related to the Chinese sovereignty and territory, such as Taiwan, Hong Kong, South and East China Seas.

Therefore, as the world’s two largest economies and increasingly most powerful countries, the cooperation on regional and international arenas between the U.S. and China will be limited. Americans will continue to get disappointed that the Chinese usually do not get with the U.S. closer enough in coping with regional and international problems, which to Americans are the major area of the U.S.-China cooperative relations.

II-3. Political/Ideological Disputes: Limitation on the Bilateral Relations

For relatively longer time in the future, at least the next ten to twenty years, the U.S. and China will remain to be different or even conflicting, in the arena of political system, ideology, and values.

A lot of officials and scholars in the U.S. and China tend to look down the real meaning of those political/ideological differences between the two countries. They always argue that the real matters of the relationship are the national interests, not those empty political ideology and values.

It is not so true. Political system, ideology, and values do matter in relations between countries, especially between major powers such as the U.S. and China. The U.S. and China may not engage in real confrontation on national interests issues, including Taiwan, East and South China seas, because they are not bilateral issues
between the two countries. The U.S. does not really oppose China’s position on those fundamental national interests' issues of China, even though the U.S. does not agree nor support the Chinese positions. The U.S. always “takes no position” on territory disputes, including those involves China in Asia.

But political system, ideology, and value cause the real confrontation between the U.S. and China. Firstly, they cause the mutual denial between the two great powers. The U.S., including its leaders, government, politicians, news media, and general public, basically deny Chinese political system and government. In reaction, the Chinese leaders and government deny American political system, ideology, and values, in theory and in the Chinese official news media. Secondly, the political/ideological confrontation and mutual denial cause strategic suspicion between the two major powers. The Chinese leaders and governmental officials fully believe that the U.S. wants the Chinese political system and communist government to collapse sometime in the future, if not today. The leaders and governmental officials in China believe that the U.S. always has bad-intentions towards China. And to Americans, the non-democratic, non-rule of law, one Communist Party rule in China will always have done something wrong in domestic and foreign policy.

The confrontation over political and ideological fronts prevents the U.S. and China from a truly mutual trust and friendly relations, at least between the two leaderships and governments, if not between the two people of the two societies. American leader and governmental officials, Democratic and Republican alike, have stated this very clearly in decades, such as the saying that “the U.S. cannot have a comprehensive relationship” with China as long as China is a communist or socialist country. 12 This states the common sense and feeling of all Americans. The “comprehensive relationship” to American policy-makers might be an “overall” and good relation with China.

II-4. The Two Countries Cannot “Respect Each Other’s Core National Interests”

Roughly at the end of the George W. Bush Administration and the early days of the Obama Administration, the Chinese side proposed the “new model” of the U.S.-China relations. That is each side “respecting the core national interests and major concern” of the other. The Obama Administration quietly accepted the model in the earlier time of the administration and such language was put into the joint statement between Presidents Obama and Hu Jintao when the U.S. President visited China in November of 2009, the first year of President Obama.

The language, especially in the “joint statement,” has been criticized by lot of Americans in the United States. Therefore, the President, Secretary of State, and U.S. officials never repeated the words in years after the “joint statement.” It looks clear that the American side does not endorse the model of “respecting each other’s core national interests and major concerns,” even as the Chinese leaders and government continue to state as a major principle of the U.S.-China relations today.

Americans have good reason not to endorse the model and principle. How can one “respect” something that one does not agree nor in control? Americans may never agree and “respect” the communist system, ideology, and values. The American government and people have lot of disagreements on many internal and external policies of China, including in South and East China seas disputes. The Chinese may not agree nor “respect” the American position in Iran, Libya and Syria, the position on climate change, and American alliance system in Asia-Pacific, especially with Japan, and American “returning to Asia” or “Rebalancing Strategy” in Asia.

Therefore, the Chinese proposed model of China-U.S. relations based on “respecting each other’s core national interests and major concern” is an ideal model, and thus it has been a false model for the U.S.-China relations, even the Chinese side
continues to repeat the proposal. It is finished, and would not have any future. The Chinese leaders and government should recognize this and stop to talk about the “principle” or the “model,” simply because it has got and will get nowhere in the relationship, today and in the future.

In recent years, the Chinese have confused Asia and world with their term of “core national interests.” The area of China’s “core national interests” seem to be expanding, according to China’s foreign ministry spokesman, and military/civilian “scholars” on international/security affairs. However, in fact in China’s system, only the party congress and government report to the People’s Congress. Its President and Prime Minister are authorities to defy the “core interests” of China. In recent years as it in the past, those authorities have been careful to defy China’s core interests as economic development/modernization in Taiwan, Tibet and Xingjiang. Chinese leaders never said Diaoyu or South China seas are “core national interests” of China. Even though people cannot criticize the foreign ministry spokesman, to some military officers and scholars saying so, it is because common language people consider national sovereignty and territory integrity are core national interests, as a principle and general concept.

II-5. But the U.S. and China Should not Challenge, Threaten, and Oppose Each Others’ Reasonable Fundamental Interests

Even though the U.S. and China would not agree nor “respect” many interests of the each other, including some of the “core national interests and major concerns,” the two countries can and should not challenge, threaten, and oppose the reasonable and fundamental national interests and priorities of the each.

To avoid challenge, threaten, and oppose each other’s reasonable fundamental interests are to avoid strategic rivalry and confrontation between the major powers such as the U.S. and China, so they can have a balanced, stable, and a cooperative
relations. Countries become enemies and engage confrontation, including fighting and war, because one finds the other challenging, threatening, and opposing one’s fundamental interests. Countries usually would not compromise on their real fundamental interests, such as security. Therefore, if the U.S. and China want to have stable, peaceful, and positive relations between the two major powers now and in the future, the two nations should be careful not challenge, threaten, and oppose the reasonable fundamental interests and priorities of the each country.

The difficult area is the “reasonable.” How one can judge other’s interests and priorities are “reasonable”? One’s reasonable might not be to the others. Here the U.S. and China should apply international standards and common sense to view, evaluate, and recognize the “reasonable” interests of the other.

To Americans, economic wealth, global and regional leadership role, national security, alliance system, are among those “reasonable” fundamental longer-term national interests of the United States. The Chinese should recognize, not challenge, threaten, or oppose those fundamental interests and priorities of the United States.

Economic interests are competitive but not conflicting in nature, so there will be no problem for the U.S. and China to recognize each other’s economic interests, even they have some disputes. Besides, the Chinese should understand and recognize that the world does need a leader and America for long time has been the world leader. This may stand against Chinese mindset that there should not be a world leader and every nation is equal. That sounds well but ideal. Like the domestic society, the international community needs a leader. Leadership does not equal to hegemony and domination. It has been a positive strategic move for the Chinese to stop criticizing and opposing “hegemonyesim” since the 16th CPC (Communist Party of China) congress in 2002. This means that the Chinese are no longer challenging nor opposing American leadership role in Asia and in the world.
Chinese leadership and government have committed to “not engage in an arms race” with the U.S. or anybody. This means China would not pose security/military threat to the United States; it will maintain and strengthen its strategic and conventional capabilities to deter America and others from using military means against China.

China used to oppose American alliance system in Asia and the world. It still does not endorse the system now. But China in the last decade and today is saying that it recognizes the American security role in Asia, and taking American alliance system as something from history. As Secretary of Defense Leon E. Panetta said in September 2012 in Beijing: “The one thing here was very pleased to hear from the leaders I talked to is that they – they acknowledge that the United States presence in the Pacific is not something they viewed as a threat. They viewed it as important to the future prosperity and security of the Pacific region.” Therefore, for the past decade and today, Chinese leadership and government is no longer challenging nor opposing American alliance system, and military presence, in Asia and the world.

To China, Americans should recognize some “core national interests” of China are reasonable and the U.S. should not challenge, threat, and oppose them.

Economic development and modernization of China is the Chinese fundamental interest, and it is so to the Americans and the whole world. Business disputes are normal and should be dealing with international rules, and China needs to catch up with the rule of law system inside and outside China.

China is a historical nation with thousands of years of history and with more neighbors than most of the countries in the world. So Americans should understand

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and recognize that territory disputes between China and other neighboring countries are normal. The disputes were caused by history and do not mean China is a trouble maker and is aggressive or expansionist. China does neither dispute nor demand territories outside its immediate borders. National sovereignty and territorial integrity involve national feeling and are emotional issues to all the countries, especially to the countries with humiliated experience and history, such as China and Korea. Therefore, Americans should understand the tougher statements and position that China taking on defending its sovereignty and territory interests. The U.S. may not agree, endorse, or support the Chinese “core national interests” here, but it at least should not challenge, threaten, or oppose the sovereignty and territorial interests of China, including Taiwan, East and South China seas. China should not take proactive or aggressive actions to change the status quo of Diaoyu Islands and South China Sea and should not pursue a “winning” position over the disputes. But it is “reasonable” and right for China, or any other country, to react to other’s proactive and aggressive actions on disputes and defend its interests, and to maintain a balanced situation and outcome on the disputes. The U.S. may sometime stands against some of Chinese position and actions, but it should not fundamentally challenge, threaten, and oppose China on those sovereignty and territory issues, not staying with other sides against China. Or in other words, just as China to the U.S., the U.S. should not pose major security threat to the Chinese fundamental national security interests.

When Americans and Chinese do not feel that the other is threatening and opposing, and they are not staying on the opposite side of each other on the fundamental economic and security national interests and priority arenas, then the two countries would feel basically well on each other, and then they would be able to maintain a normal, stable, peaceful, and positive relations between them, now and in the future. And then they might develop into a close and friendly relationship in the longer-term future, when they share more in common in ideologies, values, system, and interests.
III. The Conclusion: “The New Type of the Major Powers’ Relations” between the U.S. and China in the 21st Century

In the past two years, President Hu Jintao and then Vice President now the President Xi Jinping of China, have been talking about the building a “new type of major powers’ relations” between the U.S. and China, and between China and other major countries in the world.\(^\text{15}\) This was officially and formally put into the speech/document of the report to the 18th CPC Party Congress in November 2012, \(^\text{16}\) thus it has become a strategic principle and goal of China’s foreign policy and relations.

On the American side, since the early days of the Obama Administration, the President and Secretary of State Mrs. Clinton have been talking about the “non-zero sum” relations with China, a “new type of major powers’ relations.” At a public forum held few days before her departure as Secretary of State, Mrs. Clinton said: “Historically, a rising power and a predominant power have had clashes, whether they were economical or military. Neither of us wants to see that happen.”\(^\text{17}\) Secretary Clinton repeated that statement even in the last days before she departed from the position in later January 2013.\(^\text{18}\) Therefore, there has been common ground and consensus between the U.S. and China to have a new type of major powers’ relations now and in the future.\(^\text{19}\)

Then the question is how to build such a new type of major powers’ relations?

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\(^{16}\) Hu Jintao: Report to the 18th Party Congress, Renmin Ribao, November 18, 2012, p.4.


\(^{19}\) Li Weihong, “Hu Jintao Meeting with U.S. Secretary of State Clinton,” Renmin Ribao, September 6, 2012, p.1.
III-1 Correctly Understanding Each Other’s Strategic Goal and Intention through Continuous Dialogue and Transparency

There has been some great misunderstanding between the U.S. and China on each other’s strategic goal and intention. Part of the problem is because all the two countries are big and diversified. There are too many voices in each country on policy, strategic, and security issues, including the hardliners’. Therefore, it is important for leaders, policy makers, and analysts in the U.S. and China to focus on the main-stream thinking and statements of the two governments and societies. The Chinese should focus on the statements and thinking of the President, Secretary of State and other administration officials, and the main-stream of scholarship community, no few politicians or news media comments in the United States. Americans should pay attention to what the President, Primer, and Chinese governmental statements and actions say, not news media such as Global Times, or small number of hardliner or extremist “scholars,” including “military experts on international/security affairs.” They represent themselves, not the Chinese government and main stream of the Chinese policy and scholarly community.

The U.S. and China should always continue and improve their “strategic dialogue” in order to explain, communicate, and consult on strategic issues concerned. There needs to be transparency from all sides of the U.S. and China. For example, both of them need to explain their Asian strategies better, in addition to few words and slogans, such as “Rebalancing Strategy” and “Peaceful Development.”

III-2 Starting from Consultation and Cooperation on Important Regional Strategic/Security Issues

After Taiwan, East Asian security certainly has become most controversial issue between the U.S. and China, now and in the future, given the background of continuous rising of China, including its military capability and activities in the
Western Pacific. Therefore, going on U.S.-China dialogue on regional issues in Asia-Pacific is important. The two countries need more serious and candid dialogue on those critical security/strategic issues in Asia-Pacific, including North Korean nuclear and missile programs and proliferation, East and South China Seas, Japan, Afghanistan and Pakistan. The Chinese have a serious suspicion and concern over American “pivot” strategy in Asia. Then the two sides should continue their dialogue on the strategy and reduce the suspicion on it. Neither China nor the U.S. should link the strategy with the specific problems of Asian security, including North Korea, Taiwan, Diaoyu, and South China Sea. Till now, the two countries have been careful not to put the linkage among them and they should continue with this right approach.

Outside East Asia, Iran and Middle East will remain to be troublesome and dangerous places in the world, and involve the U.S. and China as two major powers and members of UNSC. The U.S. and China should expand their conversation and cooperation on Iran and Middle East issues.

In addition to serious dialogue and consultation, the two countries should do more in cooperation, including United Nations’ resolutions and implementing the sanctions against Korean and Iranian nuclear and missiles programs. Here China should do more to fulfill its “responsibility of great world power,” as stated by the 18th Party Congress taken place in November 2012. China is becoming a greater world power and while enjoying greater role and status in the world it should take greater responsibility for world peace and development. It needs to do more to go beyond traditional national interest framework of ordinary powers.

China wants to improve its relations with other countries, bilaterally and multilaterally, and it will continue to follow the “non-ally” foreign policy. China sees BRICS, SCO (Shanghai Cooperation Organization), ASEAN+3, and others as the means to improve its relations and cooperation with other countries, as NAFTA, EU, and ASEAN do. But no Chinese views these groups with the same levels of the UN,
G-20, World Bank, IMF, WTO and other international systems. Groupings are cooperative mechanism at regional and sub-regional levels, they are in no position to compete or substitute to international cooperation and system and the global level.

III-3 Increasing American Exports to China and Chinese Investment in the U.S.

Economic partnership is the fundamental pillar of common interests/ground between the U.S. and China in the post-Cold War era. A “new type of major powers’ relations” requires the further integration of the two world’s largest economies and societies. In this arena now and in the future, the direction should go along the road to expend American export to China, and the Chinese investment in the United States.

One way to overcome the constraints of the current structure is to further reform Chinese economic system, including future liberation, transparency, and rule of law system protecting intellectual rights in China. As China continues to be growing and reforming, there is a big potential to increase American penetration into the growing Chinese market, including agricultural products and the service industry. A “new type of major powers’ relations” in the 21st century includes the close economic and social ties between the world’s largest economies and societies such as the U.S. and China.