

Understanding China

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THE WAKING DRAGON

CHINA TODAY is like a dragon that, waking up after centuries of slumber, suddenly realizes many nations have been trampling on its tail. With all that has happened to it over the past 200 years, China could be forgiven for awakening as an angry nation, and yet Beijing has declared that it will rise peacefully. This good disposition stems partly from China's awareness that it is relatively weak. But it is also a sign that Beijing has endorsed the vision of progress that the United States has extolled since World War II. States no longer need to pursue military conquest to prosper, the theory goes; trade and economic integration pave a surer path to growth. And Beijing has noted how much adhering to this philosophy helped Japan and Germany emerge from the ruins of World War II.

As the main architect of the world order today, the United States should be among the first to celebrate China's progress. For if Beijing continues to abide by Washington's rules, peace and stability could reign, and the United States, as both a society and an economy, could benefit a great deal from the renaissance of Chinese civilization. Curiously, however, the United States is doing more to destabilize China than any other power. And no one in Washington seems to be proposing, much less pursuing, a comprehensive new strategy for U.S.-Chinese relations. The working assumption appears to be that with a little tinkering here and there, the relationship will stay firmly on track. In fact, however, nagging suspicions and mutual misunderstandings are already threatening to derail it.

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One key point needs to be emphasized at the outset: although there is almost nothing China can do to disrupt the political stability of the United States, the United States can do plenty to destabilize China. Hence, the signals that Washington sends to Beijing matter a great deal. Unfortunately, Washington's current China policy lacks coherence, and a conviction is growing among Chinese policymakers that the United States is bent on curtailing China's rise. Unlike most Americans, for example, the Chinese have not forgotten the 1999 missile attack on their embassy in Belgrade during the war in the Balkans. U.S. officials have claimed that it was a mistake, regretted it, and moved on, but many Chinese remain convinced that the bombing was deliberate. Pointing to the sophistication of U.S. surveillance technology, they hold on to the belief that the attack was intended as a message to China: beware of U.S. power.

Such mistrust is dangerous, for the history of the twenty-first century will largely be determined by the relationship that emerges between the world's greatest power and the world's greatest emerging power. History teaches that such transitions are inherently fraught with danger and that they are best managed with grand visions. Thus, it would serve the interests of the United States and China to rethink their relationship in terms as broad and bold as the 1972 understanding that then President Richard Nixon and National Security Adviser Henry Kissinger worked out with China's leader at the time, Mao Zedong, and its premier, Zhou Enlai.

There already is a lot to work from: although the United States sometimes sends mixed signals, it has also done more than any other country to promote China's development. Much of the economic and social dynamism in China today results from its growing interdependence with the United States. In 1978, when Deng Xiaoping, Mao's successor, decided it was time to expose the Chinese population to its economic backwardness, he asked Chinese television stations to broadcast evidence of the advancement of U.S. society, even though doing so could unveil the incompetence of the Chinese Communist Party (CCP) and hurt the party's legitimacy. The demonstration worked just as Deng intended: the Chinese people bought into the American way of life. Since then, with the implementation of various free-market policies, the Chinese economy has exploded. By opening the U.S. market to

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Chinese exports and allowing China to join the World Trade Organization, Washington has made an enormous contribution to China's economic dynamism. Today, for the first time in centuries, most Chinese believe that their children will be better off than their parents—and in part they have the United States to thank for that progress.

SKEWED PERSPECTIVES

SOME OF the differences that continue to separate China and the United States stem from the fact that the two countries approach their relationship from different historical perspectives. From Beijing's point of view, China's recent rise marks the end of a century of painful internal convulsions, civil wars, and foreign humiliations. The Chinese feel that after having climbed a treacherous slope, they are finally on the verge of joining the modern world of developed states. Never have they opened a more promising chapter in the country's history; their great future has finally arrived.

Precisely at the time when the Chinese are full of unprecedented hope, U.S. policymakers seem to be reaching a despondent conclusion: in their view, the current Chinese government is a relic of the communist era, a piece of a history that has mostly vanished. After the demise of the Soviet Communist Party in the late 1980s, many Americans assumed that the tide of freedom and democracy sweeping the globe would soon wash away the remaining communist rule in China. Yet while Americans were wondering how much longer the regime could survive, the Chinese feared that their newfound peace and prosperity might not last.

In fact, the United States and China reached almost opposite conclusions when communism collapsed in the Soviet Union. Americans were quick to cheer the disappearance of communism and the arrival of democratic elections, partly because they believed this meant they were finally freed of the nuclear threat that had long terrorized them. The leaders and people of China, on the other hand, warily noted the quick collapse of the Soviet state and the rise of anarchy in the dismantled union. As the Chinese watched Russia deteriorate in the 1990s—with corruption rising and wealth being transferred from the state to a few oligarchs—they were reminded of their own experience in the early twentieth century, when both corruption and anarchy pervaded

China. The elites in Beijing shuddered to think that such conditions could recur at home; for them, *luan* (chaos) had always been the greatest social danger. What happened in Russia in the 1990s convinced the Chinese that the CCP would be needed for a while longer.

Since then, Washington has developed the firm conviction that China would benefit enormously from being transformed into a democracy—and the sooner, the better. Were China to rid itself of its “oppressive” communist rule and allow the forces of freedom to take over, the country would flourish. The United States, the thinking now goes, should therefore pursue any measure to plant the seeds of democracy in China. But even as they privately wish for the end of the communist regime, most Americans seem to assume that through deft diplomacy Washington can at the same time maintain smooth relations with Beijing and earn its cooperation on the geopolitical challenges posed by North Korea and Iran.

Meanwhile, Chinese policymakers are also making great efforts to keep relations on an even keel. They bend over backward to accommodate U.S. hegemony, bearing in mind the wisdom of an ancient Chinese proverb: in moments of weakness, swallow your bitter humiliation and focus on getting stronger. Slowly but steadily, they try to accumulate bargaining chips on important geopolitical matters, such as the containment of North Korea or the reconstruction of Iraq, to use in their dealings with the United States. But relatively smooth government-to-government exchanges mask serious differences in perspectives on the bilateral relationship.

A PARTY TRANSFORMED

OVER THE last decade, most Americans have held a static vision of the CCP and failed to note its substantial transformation. On paper, the party looks much the same as it once did, but the reality is dramatically different. After more than a century of misrule, China is now run by the best governing class in generations. Gone are the aging commissars clinging to party rule; they have been replaced by leaders committed to moving the country forward, including many young mayors who have been trained at U.S. universities. Already, the success of this cohort’s policies is evident—and remarkable. Delivering rapid economic growth

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in small or medium-sized societies is difficult enough, but to watch the world's most populous society experience the world's most rapid growth is like watching the fattest kid in school win the 100-meter hurdles. Despite enormous social, cultural, and political baggage, the Chinese economy has outpaced almost every other economy in the past two decades. Such progress does not happen automatically; it requires incredibly deft economic management of the kind that China's new, sophisticated elite has delivered.

Of course, China is no paradise. Large pockets of poverty remain. Corruption is widespread, especially at the local level, where checks from the central government are less effective. U.S. reporters looking for flaws in the Chinese social and political fabric have found many—as the frequency of negative stories on China in the U.S. media suggests. China's human rights record in many areas remains atrocious (even if Washington's indignant protests against the suppression of the 1989 demonstrations in Beijing's Tiananmen Square have been undermined by its own behavior at the U.S. base at Guantánamo Bay, Cuba). Still, there is no doubt that the Chinese people are far better off now than they were two decades—or two centuries—ago.

Credit for this change is owed to the CCP, which by reinventing itself has retained its political legitimacy, an important but fragile commodity. Mao used the party to eliminate feudal landlords and capitalist classes; Deng used it to steer China away from a command economy and toward a free-market system. Although Deng's legacy will always be dogged by the Tiananmen Square tragedy, he managed, through the wrenching ideological redirection he oversaw, to preserve political stability in China. Future Chinese scholars will view the episode against the larger backdrop of Chinese history and understand why Deng acted as he did. Had he lost his nerve then, China might have wasted decades trying to regain its sense of purpose. Deng also laid down guidelines for recruiting the party's leaders: select only the best, train them rigorously, and renew them frequently.

One of Deng's main legacies was to steer the country resolutely toward capitalism. He succeeded so thoroughly that now China might consider dropping the pretense that it is a communist country, especially in its dealings with foreign nations. In the early 1980s, Chinese hotels often provided a book of Mao's sayings in each room, much like hotels in

the West leave a Bible in their nightstands. A decade later, glossy economic brochures, lauding local investment opportunities, had replaced Mao's Little Red Book. Fierce competition for private investment has broken out among Chinese cities and provinces: China is now a priority destination for capitalists. At this point, it would be more accurate to say that "ccp" stands for "Chinese Capitalist Party."

To be sure, in the long run, China will have to adapt and move toward democracy if it is to avoid lapsing into corrupt rule. But it will take a long time for the country to develop into a U.S.-style democracy—perhaps a century or more. A sudden end to communist rule would prove disastrous for the people of China, the region, and the rest of the world: it could unleash the strong populist and nationalist forces that Beijing has managed to hold in check so far. Thus, the ccp may be doing the world a favor by managing the gradual improvement of Chinese society and, as a responsible global citizen, steering it carefully toward integration with the new international order. In the meantime, however, it should not be assumed that China cannot, through its own means, achieve some of the results of the U.S. political system. If the ccp develops a disciplined set of rules and a healthy corporate culture and remains serious about its leadership selection process, it may well produce an elite as vibrant and dynamic as that of the United States.

Washington should play a constructive role in this great Chinese experiment, not oppose it. But patience is a lot to ask of Americans, who find it difficult to conceive that nondemocratic rule may suit China better than premature democracy. Americans fervently believe, for both ideological and pragmatic reasons, that democracy is the best possible form of government anytime, anywhere. But this well-intentioned sentiment can have harmful implications, and U.S. actions can have an enormous impact on China. Americans believe, for example, that supporting political dissidents is an unequivocal good. Thinking they are only helping individuals in distress, they sometimes fail to see that their involvement could damage or shake China's political system. American logic seems to be that if such activities destabilize the Chinese political system, it will surely be because the political system was faulty to begin with.

China's leaders are acutely aware that during the country's transition toward a more open and representative political system, they will

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be moving on unsteady political ground, as if climbing up a mountain slope covered with rocks that, if suddenly loosened, could trigger an avalanche. As they clamber up this treacherous slope, they perceive the United States as throwing little rocks at their feet. Although Washington assures them that it is not trying to destabilize China, they see it acting in ways—supporting dissidents, encouraging nationalist forces in Taiwan, lionizing the Dalai Lama—that could threaten China's political stability.

THE SOFT SPOT

THE GREAT PARADOX of China today is that it feels strong and vulnerable at the same time: strong because of its remarkable economic success, which brings the world knocking on its doors, yet vulnerable to U.S. political moves. One of China's more tender spots is the issue of Taiwan's independence. Taiwan, which was torn from China after its ignominious defeat by Japan in 1895, is the last remaining symbol of a century of Chinese humiliations. No Chinese leader can afford to be seen as the one who "lost" Taiwan in perpetuity. The current Chinese leadership, following Deng's maxim, is determined to avoid conflict around its borders so that it can focus on economic development. This explains China's remarkable pragmatism toward all of its neighbors, including Russia and India, despite difficult relations with them in the past. But China cannot afford to compromise on the issue of Taiwan. From time to time, Beijing makes it clear that it will declare war if Taiwan moves toward independence, regardless of the costs. And it would be dangerous to ignore this reality.

Because many Chinese fear that Washington may be looking for opportunities to destabilize China, they tend to view U.S. policy toward Taiwan with suspicion, even though Washington officially opposes Taiwanese independence and recognizes the mainland and Taiwan as one China. Washington does advocate, however, that any integration of democratic Taiwan into the mainland should be accomplished peacefully. So far, Washington's delicate diplomacy has prevented the Taiwan issue from turning into a major threat to the U.S.-Chinese relationship. When, in late

2003, Taiwanese President Chen Shui-bian unwisely suggested that a referendum be held to assess the views of the Taiwanese people on independence, President George W. Bush made it clear that the United States did not approve of his move. “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,” President Bush said. This was wise statesmanship, even if it was partly the result of Washington’s need for Beijing’s support on other more pressing issues, such as Iraq and North Korea.

Still, Chinese leaders believe, with some justification, that the Taiwan issue has occasionally been used to pressure them. American leaders will argue that they are not responsible for the rise of Taiwanese political parties advocating independence and that they have not encouraged them. But the only reason pro-independence forces in Taiwan do not fear Chinese retaliation is because of the U.S. commitment to intervene. In short, although Washington may not have consciously encouraged the forces of Taiwanese independence, it has created the conditions for them to grow by constraining China’s capacity to react. Tragically, the United States—the only Western country that played virtually no role in humiliating China in the nineteenth and twentieth centuries—has emerged as the power preserving the last relic of China’s disgrace.

China has never had any serious plans to reintegrate Taiwan by military force. Even today it would be reluctant to do so, because it calculates correctly that in due course circumstances will favor its goals and undermine any hope of an independent Taiwan. The wiser Chinese leaders also realize that Taiwan’s continuing economic success can serve as a beacon for the Chinese people, who naturally admire the success of other Chinese anywhere. The expectation is that growing trade and economic links between Taiwan and the mainland will foster a comfortable *modus vivendi* over time. Most sophisticated Chinese understand that Washington has no conscious desire to humiliate China or remind it of its past degradations. But each time the forces of independence grow in Taiwan, China’s leaders are backed into a corner with very limited political options. Hence, they feel obliged to signal strongly that

any move Taiwan makes toward independence will be met with military retaliation.

The Taiwan issue remains volatile, as was demonstrated again by the joint statement issued by the U.S. and Japanese governments last February after the “two-plus-two” security talks. One innocuous-sounding line in the announcement, stating that Tokyo and Washington had a “common strategic objective” to “encourage the peaceful resolution of issues concerning the Taiwan Strait through dialogue,” provoked a forceful reaction from Beijing. The Foreign Ministry spokesman said, “The Chinese government and people sternly object to the inclusion of the Taiwan issue—a subject about China’s national sovereignty, territorial integrity, and national security—in the statement.” Given Japan’s colonial role in separating Taiwan from China in 1895 and Japan’s subsequent invasion of China, Tokyo had long been careful to avoid taking any public positions about Taiwan that could offend China (even though many Japanese politicians sympathize with the island’s independence efforts). When Japan then declared having a strategic interest in Taiwan, the Chinese leadership felt that a red flag was being waved. The explosion of anti-Japanese demonstrations in China last April should not have come as a surprise: they may or may not have been encouraged by the Chinese government, but the fact that they were tolerated is evidence that Beijing wanted to signal to Tokyo that it had ventured into dangerous territory. By concurring in the two-plus-two statement, Washington complicated the matter, leading many Chinese to wonder whether it was trying to moderate or aggravate Sino-Japanese relations.

A VELVET HAND

GIVEN HOW vulnerable Chinese leaders feel in the face of U.S. pressure, it is only natural for them to look for ways to counterbalance U.S. power. After decades of close encounters with Washington, Beijing has developed a reasonably sophisticated feel for how to work with Americans. Chinese leaders know that arguments alone will not be enough to persuade the United States to restrain any actions that could affect China, domestically or internationally; like any other country, the United States acts according to its national interests. Beijing

has demonstrated its diplomatic dexterity in its recent handling of two issues that have preoccupied U.S. leaders: Iraq and North Korea.

When Washington announced its decision to invade Iraq, China, as a matter of principle, opposed it because it was perceived as a violation of international law. But unlike France, which tried hard to prevent the war, Beijing remained quiet. Several months after the war began, Washington approached the UN to legitimize its occupation of Iraq. After a remarkable number of diplomatic twists and turns, the Security Council unanimously agreed to endorse the U.S. presence in Iraq, thanks partly to the helpful silence of China, which neither vetoed nor lobbied against the U.S. initiative. Perhaps Beijing did not want to aggravate the U.S. leadership; perhaps it made a sophisticated calculation that by invading Iraq the United States would get mired in a protracted overseas commitment that would distract it from China. Either way, an American diplomat told me that Beijing's help was noted in Washington.

Similarly, when the White House decided to ratchet up the pressure on Pyongyang by declaring it part of "the axis of evil," Beijing knew how to make itself helpful. China's leaders probably anticipated that, given Kim Jong Il's unpredictable temperament, Washington would eventually seek Beijing's assistance to persuade him to be more cooperative. That is exactly what happened. After a lot of bluster, Washington discovered that it had little real influence over Pyongyang. Bilateral economic sanctions would not work because North Korea had already isolated itself from the international community; a military invasion was not feasible because it could endanger South Korea and possibly Japan. (Despite its crippled economy, North Korea retains a formidable military machine.) So the United States turned to the only country with "persuasive" powers over North Korea: China, which supplies virtually all of North Korea's oil. And when in March 2003, Washington asked for help, Beijing did respond by cutting off fuel supplies to North Korea for a few days. By making the denuclearization of the Korean Peninsula a national priority, the United States has made itself dependent on China. Now it serves Beijing's interests to increase this dependence: by assisting the United States against North Korea, China's leaders can limit U.S. pressure in areas that matter to them.

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THE EAST ASIAN WAY

THE LEADERS of China have been, inadvertently, among the greatest beneficiaries of the attacks of September 11, 2001; the assaults diverted Washington's attention from strategic concerns about China's rise. Four years later, the Chinese leadership may now be realizing that its relations with Washington are poised to come under more scrutiny again.

Now is the time to inject a sense of urgency into devising a comprehensive new understanding between Washington and Beijing. Many pressing issues could disrupt the current relationship: the revaluation of the yuan, the question of Chinese textile exports, the North Korean and Iranian nuclear programs, China's oil purchases from Sudan, or its attempted buyout of the American oil company Unocal. U.S. policymakers tend to view each of these issues independently; Chinese policymakers view them as pieces in a complex game of chess, in which they believe the odds are tilted in Washington's favor. Beijing feels obliged to exploit every slight advantage it has, prompting puzzled reactions in Washington. To dispel misunderstandings, U.S. policymakers need to step into the Chinese's shoes and understand the full impact of their actions on China.

Approaching Beijing with greater sensitivity and care does not mean that the United States needs to abandon the hope of seeing China transform itself into a modern democratic society as open and transparent as postwar Germany or Japan. After all, many young Chinese policymakers secretly share this dream. But they are also acutely aware of China's many false starts throughout the twentieth century and of the considerable suffering each of them caused the Chinese people. They view rapid political change with great suspicion.

The best way to transform China, therefore, remains the East Asian way: paving the road to political reform by promoting economic growth and international integration. This strategy requires considerable patience, but rushing political change would bring grief to both the Chinese people and their neighbors. This is why virtually all of China's neighbors welcome its growing economic success and political stability, despite their fear of its power. They are hopeful that a China that is embedded within the modern global grid will behave toward

its neighbors as peacefully as France and Germany have in Europe in the last half century. Asia, too, can eventually achieve such stability if the United States plays the same constructive role there as it did in Europe after World War II.

Washington can send many signals to indicate that it will continue to support the gradual evolution of China's political and economic systems. Most governments of Asia (if not of the world) believe that the time has come to integrate China into the G-8, the group of the world's leading industrialized nations. China's G-8 membership should not be seen as a reward for good behavior, but as one more constraint on its actions. Similarly, China can and should be involved in other areas, such as the challenge of bringing the Islamic world into the global order. Today, only one country can provide the leadership to integrate, modernize, and constrain China. And that country is the United States. 🌐