



A Case of Dynamic Self-Contradiction:
Prospects of China's Policy toward the U.S. and
Asian Neighbors

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- China's New Leadership: Balancing Tensions in Formulating Foreign Policy

China's new leaders face the challenge of crafting Chinese foreign policy in a very different context compared to that of their predecessors. While Chinese national power is much stronger than before, the international environment is both more complicated and less beneficial to the country's strategic goals.

The new leaders have to contend with **two internal tensions** that influence the creation and implementation of foreign policy: First of all, **the leadership needs to balance China's different strategic interests**, especially those that are military and economic in nature, against the country's overall diplomatic goals. Secondly, and more importantly, it has increasingly become the case that **national strategic requirements are at odds with domestic and international constraints**. As usual, the prospects for Chinese foreign policy are uncertain.

As of yet, there is no grand strategy that can provide answers to the fundamental questions facing Chinese policy-makers:

How can China deal with the tensions that have resulted from increased national strength, rising popular nationalism, and other complex domestic forces?

What should China's response to the military and geo-strategic rivalry with the U.S. look like?

How can China respond to the territorial and maritime disputes with its Asian neighbors? Is there a way to make "China the giant" acceptable to its neighbors both strategically and diplomatically?

How can the further aggravation of "China as military threat" thesis and the corresponding arms race be prevented in the context of

a dramatic buildup of power-projection capabilities in the Chinese military?

Over the longer term, considering the vigorous expansion of China's overseas economic interests, how can China avoid "forced imperialism" resulting from efforts to protect legitimate interests but pursued through arms and coercion?

And how will China deal with the e-world, NGOs, and various other issues of soft-power and global governance?

There is also a more immediate issue to tackle: managing intensive and protracted confrontation with Japan, which has the remarkable potential to escalate into military conflict! **How can China execute its new preference for "pushing (vigorously) toward the bottom line" while managing the increased risk of military conflict and the weakening of China's influence in its periphery that President Xi Jinping himself referred to?** In fact, he emphasized both preparing for the worst scenario in the confrontation and managing the broader picture of China's periphery relations for the better as well as checking the risks of escalating to military conflict shortly after the 18th Party Congress, a difficult balancing task facing himself and the Chinese government.

• Predictions Regarding China's Foreign Policy Direction

In attempting to predict where Chinese foreign policy is headed there are **two major reference points** that should be considered. First of all, in the foreign policy section of his report to the **18th Party Congress in late 2012**, then-President Hu Jintao reflected on China's sense of its national strategic requirements over the longer term in highlighting the oft-repeated principle of **"peaceful development."** This stands in contrast to the **current emphasis on maritime power, sovereign rights, and sustained dramatic military build-up.** Although this build-up reflects in part domestic pressures, including militant opinions from the public and armed forces, **it is also a response to the U.S. "pivot" to Asia, and the East and South China Sea disputes.**

If the strategic outlook on "peaceful development" which former President Hu put forward prevails, then the U.S.-China rivalry will be mitigated and well-controlled. However, **the strategic outlook that Hu outlined could be regarded as a soft fist to be used against the hard fist of the U.S. strategic "pivot" and military preponderance.** The intention would be that over time the hard fist would be softened as a result of this asymmetrical interaction between the soft and the hard.

If China were to instead deploy a hard fist, this thesis would

suggest that the outcome would be a mutual hardening, making conflict inevitable. However, the problem is that the opposite thesis—that China's hard fist could, in due course, press back against the U.S., or force the U.S. to become softer if the U.S. "bottom line" was not too seriously challenged, is also plausible and, at the moment, a more popular line of thinking in China.

• Predictions Regarding China's Foreign Policy Direction

The experiences of the last few years suggest that the “soft fist” prospect is not very likely. Indeed, since the 18th Party Congress in November 2012 produced a new leadership cohort for China, the main developments do not give rise to much optimism. Specifically:

1) Xi Jinping's repeated use of the theme of **“the great resurgence of the Chinese nation”** (referred to more officially as “China's Dream”).

2) **A shift in the driving aim of the People's Liberation Army (PLA)** from an effort to just build up modernized forces to the simpler but

more comprehensive and forceful aim of “being capable of fighting, and fighting victoriously”.

3) Extraordinarily frequent **official reports of breakthroughs in China's military build-up**, including advanced weaponry, military technology, and the increasing capability of the PLA's combat readiness.

4) **The further hardening of China's posture toward territorial and maritime disputes with some neighboring countries**, especially Japan and the Philippines. Though, maybe significantly, since the time around Shizo Abe launched most recently the formal process of "re-interpreting the Constitution" to make Japan having military rights of collective self-defense, China's posture toward Japan has quietly begun to emerge some indication of delicate change toward moderation.

5) **The sudden declaration of establishing the East China Sea Air Defence Identification Zone (ADIZ), a major strategic action taken in the context of the intense confrontation with Japan.** In the longer term, this represents the first formal expansion of China's maritime “strategic space” since the founding of the People's Republic in 1949 beyond China's immediate offshore waters. Of course, this has fully self-conscious implications for the strategic dominance of the United States in the western Pacific.

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6) **The remarkable decline**, especially in the months before President Xi's Bo'ao speech in early April 2013 on Hainan Island, **in the number of references to the principle of "peaceful development"** – this principle used to guide Chinese foreign policy and was declared frequently by the Chinese government in previous years. Deng Xiaoping's "Taking a low profile", another traditional principle in contemporary Chinese foreign policy, is no longer referred to as well.

However, on the other hand, one can also and must **refer to another set of developments since the 18th Party Congress**, especially since the early summer of 2013. These remarkably reflect **the complexity and inner dilemmas of China's foreign policy under the new leadership headed by Xi Jinping**:

1) Repeated confirmation of the "peaceful development" orientation in leaders' statements since April 2013.

2) The much emphasized objective of **creating a China-U.S. "new type of great power relationship"**, repeated again and again as China's favored central concept for the future of China-U.S. relations. In fact, this concept has received Xi Jinping's personal insistence, and is reflected by his repeated efforts to gain President Obama's acceptance of this characterization of the China-U.S. Relationship.

3) Much **increased cooperation and accommodation with the United States on prominent international security issues**, including North Korea, Syria, and Iran, together with prominent progress in the field of broadening market access for U.S. service capital in China. Both of these were difficult to obtain by Washington in the past to such a degree.

4) The extraordinary "Peripheral Diplomatic Work Conference" held in October 2013 and attended by all the members of the Standing Committee of the CCP Politburo. This Conference emphasized forcefully that the general line of the **"good neighbor policy" must be the guarding star of China's behavior toward neighboring countries**. However, the strong impression it made at the time has been somewhat diluted since the intensifying confrontation with Japan after Prime Minister Abe's visit to the Yasukuni Shrine.

5) Remarkable moderation of China's acts in general in the recent past over South China Sea disputes, in the numerous months until the sudden outbreak of China-Vietnam confrontation about establishment of a Chinese oil rig in the offshore waters of Parasel Islands, together with increased efforts to improve China's relations with ASEAN and its member states, including Vietnam, a primary

rival of China in the disputes. This is despite the rumor that China might soon declare the establishment of a South China Sea ADIZ.

• [Concluding General Notes for the Future of Chinese Foreign Policy](#)

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The prospects of China's foreign policy are still uncertain, conditioned by various domestic and international elements that will continue to be dynamic and often mutually contradictory.

As all the above indicated, **the current Chinese foreign policy could be regarded as self-contradictory, reflecting mutually conflicting domestic and international factors.** As a quite remarkable example of this self-contradiction, Beijing's policy posture toward Ukraine crisis has had very

limited influence upon both Russia and U.S./EU but must make President Xi feel difficult and even awkward. **China appealed again and again to principles of non-intervention, peaceful settlement of international disputes through diplomatic dialogue and negotiation, and respect to states' sovereignty and territorial integration during the crisis before Russia's annexation of Crimea,** despite the strategic importance of relations with Russia as the major strategic partner of China, as well as the almost intimate personal relationship with President Putin developed by Xi himself. However, just because of that strategic importance, China's public appeal to the above principles has been reduced remarkably in frequency and loudness in recent weeks in the contest of Russia's continued and accelerating efforts to separate Ukraine's eastern part from that country, and Beijing would give huge amount of financial assistance to Russia in the disguise of commercial payment to help it pass over the economic difficulties largely brought about by the impacts of the U.S./EU sanctions.

The critical issues are still: How can China strike the difficult balance between its different strategic requirements? And how can those strategic requirements overcome domestic and international pressures and constraints?

These will be the primary challenges for China's new leadership as it grapples with shaping policy toward the United States and its neighboring countries. While the challenge is already acute, China's response remains under-prepared and far from sufficiently integrated. **China is struggling with various new domestic and international complexities which in great part have been brought about by**

China's own dramatic growth in the past few decades.

• On a New China-U.S. Great Power Relationship

There is a lesson to be learned from having taken the abstract or even romantically philosophical notion of “**mutual strategic trust**” as the central concept for China-U.S. relations over the past few years. **This concept has reduced the effort made by both sides to respect the other's vital interests and concerns in dealing with concrete major issues.**

The next phase should be one where there is a relatively more traditional, and therefore more realistic, relationship between China and the United States, with the intent of preventing, controlling, and reducing substantial rivalries.

On the assumption that China's peaceful rise continues for a sufficiently prolonged period, the United States may come to consider China's economic, diplomatic, and even strategic roles much more seriously. The United States may even eventually adopt a peaceful final settlement with China. This would require **an understanding of the different balances of strength and influence that each side has** in various functional and geographical areas, as well as the adoption of the rationale of selective preponderances or advantage distribution instead of comprehensive superiority.

This will mean not only accepting the leading position that China could obtain in terms of overall economic size (GDP), volumes of foreign trade, and economic and diplomatic influence in Asia, but also accepting the idea of mutual strategic deterrence - nuclear and conventional, between China and the United States. **Mutual strategic deterrence may include Chinese and American military parity, or even a marginal Chinese superiority in its offshore areas as well as in a narrow but still substantial span of the western Pacific** (the waters adjacent to Taiwan's east coastline would serve as the approximate demarcation line under circumstances of a peaceful [or basically so] reunification of the two sides of the Taiwan Strait). The American system of alliances in Northeast Asia would need to become less military-centric and less targeted at China.

Meanwhile, the United States, with China's acceptance, would retain overall military superiority – in particular in the central and western parts of the western Pacific, including Okinawa and Guam. **It would also be assured that China would always exclude war as an**

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instrument in solving major disputes with neighboring countries if the latter could assure the same, thereby guaranteeing America's vital interests in the fundamental peace of the Asia-Pacific region and the security of its allies. Meanwhile, the United States would remain the predominant diplomatic actor in some regions. **The distribution of formal influence between these two powers in global financial and security institutions would roughly correspond to their objective strengths and the contributions made in related functional areas.** As a result, China's contribution in international affairs would have to increase proportionally to its increased strength, while the U.S. formal influence would be reduced somewhat according to the relative reduction of its global strength.

All of this would necessitate power-sharing and close consultation between the two countries. It would also require (1) that the United States accept a peaceful and constructive China as a World Power, and (2) that China respect the vital interests and legitimate concerns of the United States as another World Power (perhaps still the number one).

• [An Ominous Alternative](#)

In light of the present situation, the more ominous alternative seems to be, unfortunately, the more likely one:

The structural rivalry between China and the United States is becoming more comprehensive, profound, and pronounced. On the one hand, China's continuing dramatic military build-up (especially its strategic power projection capabilities in the oceans, air, and even outer space) is becoming an increasingly prominent concern for American strategists and even the American public. On the other hand, the U.S. "pivot" to Asia; its diplomatic gains in East and Southeast Asia; a military revolution driven by diminishing financial resources and a desire for fewer combat casualties; and the increasing perception of China as a strategic threat, have put Beijing at odds with the United States. These increasing tensions, along with the rising possibility of armed conflict with a few strategic partners of the United States in Asia has, in turn, further spurred China's military buildup.

Since the Reagan administration, **the United States has been resolved in its maintenance of unquestionable military superiority, perceiving it to be the most significant strategic asset of a superpower.** China, on the other hand, has resolved to modernize and build up dramatically its military for the sake of what it believes to be its vital interests, self-respect, and because of the wishes of the majority of its people.

This dissonance could be an indicator of the possibility of future paralysis in China-U.S. relations. If it is only to prevent this outcome, the two great powers across of the Pacific should do much more and communicate much better in future year.