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Powers and Principles:
International Leadership in a Shrinking World

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A Rising China's Rising Responsibilities

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With a reaction by Wu Xinbo

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About the Project

The aim of the Stanley Foundation's project on **Powers and Principles: International Leadership in a Shrinking World** is to identify plausible actions and trends for the next ten years by which the international community could become more unified. The foundation asked contributing authors to describe the paths by which nine powerful nations, a regional union of 27 states, and a multinational corporation could all emerge as constructive stakeholders in a strengthened rules-based international order. For each case, the writers discuss how their given country might deal with the internal and external challenges posed by international norms for the global economy, domestic governance and society, and global and regional security.

Each essay in the series represents an assessment of what is politically possible (and impossible), supported by a description of the associated pressures and incentives. Unlike other future-oriented projects, there were no calculations of probability; we were interested in a particular global future—an international community with broad respect and support for norms—and how it might take shape. Authors were expected to address the particular challenges, pressures both for change and continuity, as well as natural leadership roles pertinent to their actor's geostrategic position, economy, society, history, and political system and culture.

The project did not apply a checklist or rating system to the question of stakeholdership. A responsible stakeholder can be an upholder, critic, and shaper of the rules-based order all at the same time. But while stakeholdership is not a matter of accepting the entire set of norms, if a powerful nation opts out of too many rules, it will undermine rather than uphold the order. To provide a perspective from the inside and counterweight to each essay, a commentator from the given country (or other actor) has been enlisted to provide critical reactions to the coauthors' piece.

How Will China Fit In?

By 2050, if present trends continue, China will have the largest GDP in the world, will be the globe's largest emitter of carbon, will have the world's largest standing military, and will have the world's second largest population.

It is inconceivable, in other words, to imagine the future global order without allowing for the central role that China will have in it – for better or for worse – as well as the major influence China will have over the shape of that order. Whatever the new patterns and processes are that will determine the international order of the twenty-first century, they will be patterns and processes emanating, in many respects, from China. Although some have yet to recognize it, the question of whether China will be an integral part of the international community has long since been settled: it certainly is. But an open question remains regarding how China will use its position as a rising global power that is deeply woven into the fabric of international regimes on security, economic and political affairs.

The United States has for more than 35 years sought to foster a relationship with Beijing aimed at bringing China into that order. Nixon's historic visit and the Shanghai Communiqué put in place a framework for US-PRC accommodation which has led over time to China's steady, though sometimes fitful, integration into the existing international system. Remarkably, it was just 10 years ago that *Foreign Affairs* published a serious article asking, "Does China Matter?" Today, China matters so much that professional strategists place the enormous and unprecedented challenges and opportunities it presents at the top of the agenda for the United States and others in the international system. Just as China is "part of the problem" on big issues affecting world order – economic competition, free and fair trade, climate change, dealing with odious national leaderships, promotion of justice and good governance – more optimistically, China will also be a "part of the solution" to resolve the long-term challenges of our time: maintaining stability among great powers, sustaining global economic growth, combating terrorism, stemming dangerous weapons proliferation, and addressing new transnational threats of infectious disease, environmental degradation, international crime, and failing states.

Hence it was in September 2005 that U.S. Deputy Secretary of State Robert Zoellick spoke of how it is in both American and Chinese interests that China become a "responsible stakeholder" in the international system. Explicit in this construct is the idea that because China has so richly benefited from its steady integration into the global order over the past three decades, it therefore has a self-interested "stake" in strengthening and sustaining that order.

Although the intrinsic logic of that argument may appear as self-evident to many in the United States, it is not necessarily viewed similarly through a Chinese lens. Viewed from a Chinese perspective and a longer historical horizon, over the past 150 years, China's version of history is replete with abuse and exploitation at the hands of the outside world: from the occupations and forced concessions of colonial powers in the late-Qing, its abandonment by the League of Nations in the face of Japanese aggression, to the invasion and brutalities of the Imperial Japanese Army, to ill-fated alliance with the Soviet Union, to the Cold War containment policies of America. From this history, many Chinese may reasonably conclude that the international community is not exactly filled with responsible stakeholders, and that China can only be deeply skeptical of the concept at best. Who defines "responsible"? A stake in whose "order"?

It is interesting, in that context, to review the evolution in the past decade of the Chinese lexicon for China's orientation in global affairs from "*heping jueqi*" – peaceful rise – replaced by "*heping fazhan*" – peaceful development – to the currently operative "*hexie shijie*", or "harmonious

world”.¹ Although all three imply a certain degree of buy-in to the international order, there are subtle and not insignificant differences—suggesting shifting Chinese conceptions of both China’s role in the world generally as well as its posture specifically toward rules of the game that preceded its rise. Just as there is evidence of Chinese policies in line with U.S. views about “responsible stakeholder”, so too there is evidence that China is seeking to play by its own set of rules, and is increasingly capable of doing so.

This conundrum – that China is both a beneficiary of the neoliberal world order and, owing to the benefits it has accrued, increasingly capable of diverging from it– make it particularly opportune to ask how it is we might know when China is indeed a “responsible stakeholder”?

Fundamental Assumptions and Understandings

Six strategic understandings should frame the question of China’s prospects to be a responsible stakeholder. First, efforts to lure China more deeply into the community of nations must be conducted with utmost sensitivity to China’s self-perception as a unique player in the international system. Given their ages-old civilization, historical contributions to mankind’s development, former imperial glories, and a strong cultural identity, the Chinese leadership and its people share a sense of their country’s unique character and “differentness” from the dominant political West. This is not necessarily an insurmountable obstacle to further integrating China, but any attempts to do so must account for the reality of the country’s self-image.

Second, a necessary pre-condition for the United States and others to preserve a working relationship with Beijing is for them to acknowledge and work with the current one-Party Chinese political system. It is critical to note that this does not mean turning a blind eye toward specific practices of the Chinese government that violate norms or conscience. Nor does this mean governments and others outside China should refrain from criticizing perceived defects and shortcomings of the Chinese system. Rather, this approach proceeds from the realistic understanding that any hopes for genuine international partnership can only begin with the international community’s expressed willingness to accept as a given the internal political arrangements of the other players in the system.

A third pre-condition is likely to be a clear international acceptance of the territorial unity and integrity of China. Again, this does not imply that the international community must shy away from such issues as the peaceful resolution of the Taiwan issue or meaningful autonomy for Tibet. Rather, in recognition of China’s historical sensitivities, the “One China” policy should be consistently applied.

A fourth pre-condition is for the international community to be prepared to match China’s sheer magnitude as a nation – its economic strength, population size, territorial breadth, and ethno-cultural heft –with a commensurate seat at the table in the high councils of international politics. The Chinese might call this regaining the country’s “rightful” place as major power in a more multipolar world. At the same time, though, such adjustments also imply an increase in Chinese weight and influence relative to the United States—and all the associated unease that can mean for Americans.

Fifth, China is more likely to work constructively with the international community as long as there is no significant deterioration in relations with other key powers, especially the United States. A lingering sense of grievance remains just below the surface in China—one that is quick

¹ Bonnie S. Glaser and Evan S. Medeiros, “The Changing Ecology of Foreign Policymaking in China: the Ascension and Demise of the Theory of “Peaceful Rise,” vol. 190, *China Quarterly* (2007), pp. 291-301.

to react negatively at slights, and destructively in the face of open hostility. The point is not to indulge a China which exploits its (often-too-easily) wounded pride, but to realistically recognize that any blatant attempts at coercing China or openly confronting it with ultimatums will only decrease the prospects of it taking on a more responsible role.

This is critical because if there is one set of sensitivities that clearly could lead China off the straight and narrow when it comes to embracing the international community, it would be any provocation of aggrieved nationalism in China. Such perceived incitement could only trigger an internal political dynamic leading to an aggressive Chinese posture both in China's immediate neighborhood and perhaps globally as well.

Finally, another key factor for the emergence of a more responsible China is its ability to maintain domestic stability and steadily build its capacity to meet the economic and social needs of its citizens in an accountable and responsive way. Conversely, a China that is plagued by domestic instabilities—or incapable of meeting the rising expectations of its people—will likely be a far more suspicious and far less cooperative partner on the international scene.

How Will We Know When China is a Responsible Stakeholder?

In the following pages, we identify eight important challenges to the international system and examine how China might approach them. By looking at these key issues, we can gain a sense of how to “measure” China's ongoing evolution as a responsible stakeholder. These key issues include:

- Political evolution at home;
- Peaceful resolution of territorial and sovereignty disputes;
- International economics, trade, and investment;
- International institutions and public goods;
- Regional hotspots;
- Military affairs;
- Climate change and ecological degradation; and
- Energy consumption and conservation.

Political Evolution at Home

Contrary to much conventional wisdom, China has undergone a remarkable political evolution. It is clearly the case that China today is more open, not just economically, but politically too, than it has been in the past. But for China to assume even greater international responsibility—and make a greater contribution to the global order from which it has gained so much—continued political liberalization will have to be a part of the picture.

This is not to say that China should precipitously adopt Western-style political arrangements. Rather, a China which in its own self-interest continues on its path of increasing pluralism, equity and justice, will also recognize the value of these norms in other countries. In addition, a China which is more responsive to the needs of its own citizens will be a more stable, constructive, and less fearful international partner, better able to help with the challenges facing the international community.

There are some signs Beijing understands these possibilities, at both the domestic level, and regarding its international relationships. Officially, Beijing continues to eschew “interference” in the internal affairs of other states. At the same time, Beijing increasingly also recognizes that poorly-governed states (i.e. those which do not deliver steady economic and social development) are prone to instability and thus may require some international assistance and possibly intervention. For example, the joint statement from the EU-China summit in November 2007

“confirmed their full support” for the good offices of UN Secretary General Special Advisor Ibrahim Gambari, “with a view to advancing democracy in Myanmar.”²

China’s continuing opening at home—to include inner-Party democracy, anti-corruption measures, improvements in administrative law, empowerment of citizenry, rule of law, more transparent and accountable governance, improved treatment of minorities, religious groups, and civil society organizations, and poverty alleviation—will be important markers along its path toward more responsible stakeholdership.

Peaceful Resolution of Territorial and Sovereignty Issues

China has been embroiled in territorial and sovereignty disputes with many of its neighbors and has used military force to push their claims on numerous occasions, such as with Taiwan, Vietnam, Philippines, India, and Russia. Tensions continue over competing claims to this day with Japan, Taiwan, and with claimants to islets, reefs and seabed resources in the South China Sea.

In the last 15 years, China has taken steps to resolve several disputes peacefully, and to shelve others indefinitely. The long-standing border disputes with its Central Asian neighbors, including Russia, have been almost entirely settled, and in some instances China actually ceded over 90 percent of disputed territory. At the 2002 China-ASEAN summit the two sides agreed to a “Declaration on the Conduct of Parties in the South China Sea”, which stated, in part, that the parties would

resolve their territorial and jurisdictional disputes by peaceful means, without resorting to the threat or use of force ... in accordance with universally recognized principles of international law, including the 1982 UN Convention on the Law of the Sea [and] to exercise self-restraint in the conduct of activities that would complicate or escalate disputes and affect peace and stability.”³

The agreement created a political framework for managing these unresolved off-shore territorial disputes. Similarly, China and India have in recent years conducted a regularized dialogue to settle their disputed borders, as the bilateral relationship has blossomed into a “strategic partnership.” Chinese President Hu Jintao’s state visit to Japan in May 2008 appeared to spur a process for the two sides to find a settlement to their disputed territorial claims in the East China Sea. Early indications suggest China is prepared to engage in peaceful discussions and implement a range of confidence- and security-building measures with Taiwan following the election and inauguration of Taiwan President Ma Ying-jeou.

Further diplomacy to resolve China’s territorial and sovereignty disputes will be an important indicator of its willingness to be a responsible stakeholder.

International Trade and Finance

China’s economy is one of the fastest developing in history and poised to be the world’s largest by mid-century. Following three decades of explosive economic growth, China is now a top trade partner of virtually every significant economy in Asia and around the globe—, becoming EU’s second largest external trading partner in 2005, the United States’ second largest trading partner in 2007, Japan’s largest trade partner in 2004, and South Korea’s in 2002.

² See “Joint Statement of the 10th China-EU Summit,” November 28, 2007, accessed at: http://www.eu2007.pt/UE/vEN/Noticias_Documentos/20071202CHINA.htm.

³ Declaration on the Conduct of Parties in the South China Sea,” November 4, 2002, accessed at: <http://www.aseansec.org/13163.htm>.

And although there is no denying that China has made great strides in joining the international economic order since the late-1970s, full commitment to free market principles would require a proactive, rather than defensive, leadership posture within the World Trade Organization that leverages the WTO for further liberalization of both international and domestic markets.

Another key indicator will be Chinese efforts toward multilateral trade liberalization, as opposed to weak bilateral free-trade agreements. It is apparent that the aim of many of the bilateral trade agreements pursued by Beijing is largely to improve strategic and political relationships with partners, rather than advancing a more liberal regional or global trading regime. Rather than devote energies to these kinds of agreements – which have the effect of balkanizing the international trade regime without significantly promoting liberalization – Beijing would affirm its stake in free trade by taking a leadership role in ensuring the success of global trade talks, rather than contributing to their failure. Greater support for the more inclusive, trans-Pacific regional free trade aims of the Asia Pacific Economic Cooperation (APEC) group – rather than a narrower and exclusive Asia-based free trade area – would be another indicator of a more comprehensive, forward-looking and responsible approach to free trade.

A softening of Chinese protectionism for merchandise and service markets will also be a good marker of Chinese commitment to a liberal international economic order; such a shift would both help the global trade system as well as China's own growth. Likewise, a reorientation on intellectual property rights to show a willingness to enforce the rights of others, even at some cost to itself, would be a clear sign to the international community of China adopting a new role in international economic affairs.

China's approach to its currency also raises many concerns and does not signal a responsible approach to international financial and monetary affairs. By continuing its substantial intervention in the foreign exchange market to maintain the undervaluation of its currency, China contravenes its commitments to the International Monetary Fund, while amassing huge current account surpluses. After agreeing in 2005 to a managed floating exchange rate, there has been some recent appreciation of the *renminbi* against the dollar, but no meaningful change in the currency's undervaluation on a trade-weighted basis. These policies seem to contradict China's growing role as global financial player and risk triggering a greater protectionist backlash from major trading partners such as the United States and European Union—thereby complicating an increasingly troubled global financial situation. China could act more in accordance with its global economic role by meeting its IMF commitments while working closely with the United States and other major economic partners to avert the worst of a looming global financial crisis.

Relatedly, making greater contributions to the work of major global economic institutions such as the World Bank and the International Monetary Fund would also be commensurate with the country's wish to be seen as a "responsible great power." Furthermore, Beijing could propose how it might play a bigger part in the G-8 process, either as a possible member of the G-8 (if such arrangements can be created), or as a founding member of a new global economic leadership forum that more accurately reflects China's burgeoning role in the world economy.⁴

⁴ C. Fred Bergsten outlines a number of steps China (and the United States) should take as more responsible leaders in world trade and financial markets in his "A Partnership of Equals: How Washington Should Respond to China's Economic Challenge", *Foreign Affairs* (July/August 2008), accessed at <http://www.foreignaffairs.org/20080701faessay874047/c-fred-bergsten/a-partnership-of-equals.html>.

International Institutions and Public Goods

China's approach to institutions and the provision of international public goods will be another indicator of its evolution as a responsible member of the international community. One way to measure this is to track Chinese engagement in institutions like ASEAN, ASEAN+3, ARF, APEC, SCO, EAS, the Six Party talks (and the potential development of a North East Asian Peace and Security Mechanism). And indeed, Chinese leadership in the development of a NEAPSM would serve as a very good example of a China's willingness to contribute to maintenance of regional and international order. But the focus in evaluating China's position as a responsible stakeholder should increasingly be on Chinese efforts to equip global and regional institutions to address the challenges of the 21st century.

China's position as a permanent member of the UN Security Council gives China not only international prestige, but also a position at the heart of high-stakes diplomacy, where its every move is scrutinized. Beijing's response to the challenge of North Korea's nuclear program showed the highly constructive role of which it is capable. The question is whether it will adopt a similar approach on the UNSC towards challenges like Sudan, Iran, and Burma. Such a move would indicate China's willingness to uphold international order and contribute to the greater good, rather than being interested exclusively in its own position, power, and influence.

Likewise, China's orientation towards UNSC reform and enlargement debates will provide an indication of Chinese self-assuredness with their own international position. A China that recognizes the need to draw in and work alongside other key stakeholders such as India and Japan—even at potential cost to its own direct short-term interests—will be a China that has internalized the lessons of what it takes to be a responsible great power.

The China of the 20th century and initial years of the 21st has been, despite its great power aspirations, a net-taker of public goods, be it navigation and maritime rights, international humanitarian response or development assistance. It has often been a free rider. A China that adopts a problem-solving orientation towards the maintenance of the global order will be a China that starts to contribute international public goods, both in its region and on a global scale, commensurate with its growing power, riches, and capabilities.

Global Health. Health issues in particular might provide a good way to gauge China's willingness to serve as a provider of public goods. To cite two examples the PRC's willingness to let Taiwan join the WHO (in an appropriate way) and becoming a net-contributor to the global fight against infectious diseases would signal a China committed to the spread of genuine human security.

Likewise, a more responsible and open approach at home to the threat of infectious disease would be another important indicator. China's initial cover-up to the emergence of Severe Acute Respiratory Syndrome (SARS) led unnecessarily to the disease's further deadly spread. China today accounts for some 10 percent of the world's cases of extremely drug-resistant tuberculosis (XDR-TB) and is a perennial source for widespread outbreaks of avian influenza. Given China's integration into a globalizing world, outbreaks of infectious disease within China can quickly spread well beyond its borders. Consequently, how China chooses to address these problems internally will be a sign of its willingness to protect the international system from which it has so greatly benefited.

Humanitarian Assistance and Developmental Aid. China has traditionally been an important benefactor of countries in the developing world, providing assistance particularly in the form of: education and training, the extended deployment of doctors and other public health officials in Asian and African countries, as well as the provision of public buildings and other basic infrastructure. Today, China's development aid is expanding to the provision of low-cost or

interest-free loans and other grants. During the 2006 Forum on China Africa Cooperation in Beijing, for example, China, among other pledges, offered to: send 100 senior Chinese experts on agriculture to Africa and set up 10 agricultural demonstration sites on the continent; establish a China-Africa Development Fund gradually amounting to U.S.\$5 billion to support investment in Africa by “well-established and reputable”; provide U.S.\$3 billion of preferential loans and U.S.\$2 billion preferential export buyer’s credit to African countries; train 15,000 professionals from African countries in three years; establish 100 rural schools and double the number of scholarships for African students to 4,000; open 10 hospitals and 30 anti-malaria clinics, while providing RMB 300 billion (approximately \$37.5 million) for the purchase of anti-malarial drugs; and double development assistance to Africa by 2009.⁵

These are all encouraging steps and mark an effort to make a more significant contribution to global development. Looking ahead, China’s fellow international donors expect Beijing to be more transparent in the amounts and methodologies of its development aid, to adopt emergent best practices of good donorship, and to coordinate more closely with other donors to leverage resources more effectively, and avoid redundancy and waste. A China that seems to have learned the lessons of its less-than-outstanding reaction to the 2004 tsunami – where its initial offer was for \$60 million in assistance and one medical team – and raises the level of its humanitarian assistance will surely be seen more widely as a responsible great power.

Peacekeeping. Over the past ten years, China has dramatically expanded its contributions to United Nations peacekeeping operations. Up to the late 1990s, China typically contributed approximately 50 observers to UN missions such as in the Golan Heights and on the Iraq-Kuwait border. As of early 2008, China has a total of more than 1,000 soldiers, observers and police in 13 out of 17 current UN peacekeeping missions. China is most active as a troop contributor to missions in Africa, including its most recent contribution to the deployment in the Darfur region of Sudan. By expanding its involvement in United Nations peacekeeping, Beijing demonstrates a willingness to take some risk and accept some cost which benefits more than only its own narrow self-interest.

China could take a number of steps which might further deepen its involvement in peacekeeping. One a continued expansion in the number of troops it contributes to UN missions. Another step would be to increase China’s commitments to the U.N. Standby Arrangements System. Currently, China has made a “Level 1”, or lowest-level, commitment, providing a providing a basic list of potentially available capabilities. According to the Chinese defense white paper of 2002, this “Level 1” commitment means China is “ready to provide the U.N. peacekeeping operations with engineering, medical, transportation and other logistical support teams at appropriate times,” and “is able to provide these operations with 1 UN standard engineering battalion, 1 U.N. standard medical team and 2 UN standard transportation companies.”⁶

Yet another indicator would be for Beijing to show greater flexibility on peacekeeping when the Taiwan issue is involved. China has a history of bringing its Security Council veto to bear on resolutions for peacekeeping operations in order to protest states’ establishment of diplomatic ties with Taiwan. For example, after Haiti invited Taiwan’s vice-president to its presidential inauguration in 1996, China held up a subsequent peacekeeping operation to Haiti for several weeks. After Guatemala recognized Taiwan in 1997, China vetoed a proposed U.N. peacekeeping

⁵ On China’s recent activities in Africa, see, Bates Gill, J. Stephen Morrison, and Chin-hao Huang, *China’s Expanding Role in Africa: Implications for the United States* (Washington, D.C.: Center for Strategic and International Studies, January 2007), accessible at: http://www.csis.org/component/option,com_csis_pubs/task,view/id,3714/type,1/.

⁶ *China’s National Defense in 2002* (Beijing: State Council Information Office, December 2002), p. 35.

mission to the area, although it subsequently reversed its vote. During the 1999 Kosovo crisis, Macedonia established diplomatic relations with Taiwan, and China vetoed a proposed resolution to extend the U.N. force (UNPREDEP) that was safeguarding Macedonia's borders at the time.⁷ China seemed to change course significantly, though, in 2004 when it sent civilian police officer to take part in the U.N. Stabilization Mission in Haiti (MINUSTAH), despite Haiti's diplomatic relations with Taiwan.⁸

In the future, observers should also watch to see how willing China is to send UN forces, including its own soldiers, into more dangerous and destabilized situations.

Nonproliferation and Arms Control. Since the early- to mid-1990s, China has taken an increasingly constructive approach to nonproliferation. China has steadily reduced its exports of conventional and unconventional weapons, instituted a more effective domestic export control system, and joined and complied with nearly all the major global nonproliferation treaties and many of the supply-side export control regimes. China also entered into a number of bilateral agreements with the United States – such as agreeing to halt new nuclear cooperation with Iran – going beyond its multilateral commitments.⁹

Potential future mileposts might include a continued reduction of its sensitive exports to such countries as Iran, Pakistan, and North Korea. China could exert greater pressure on Iran to fully comply with demands of the international community regarding its nuclear capabilities and intentions. China could also demonstrate greater concern over its long-standing ally, Pakistan, and the safety and security of that country's nuclear programs and materials.

International arms control efforts may well see a resurgence in the coming years, and it will be important that China demonstrates its willingness to actively contribute rather than stand on the sidelines. Potential, if not likely, elements of the agenda are efforts to assure a successful Nuclear Nonproliferation Treaty review conference in 2010, establishment of a fully safeguarded multilateral enrichment facility, and demonstrable steps to further reduce the salience of its nuclear forces.

Regional Hotspots

As China's global influence and national capacity grows, so too should its obligation to steer regional hotspots toward stability, development, and human security.

The Asia-Pacific region is a natural test bed for where China's shift from a traditionally inward-directed to an engaged power. But China's approach to developments further afield – as in Sudan and in Iran – will also tell us how prepared Beijing will be to engage responsibly within the international system.

China's Approach to Regional Security Mechanisms. China's deepened strategic engagement in multilateral organizations such as the ASEAN+3 and the East Asian Summit, as well as the emergence of the Shanghai Cooperation Organization as a more open and inclusive institution

⁷ See, for example, Barbara Crossette, "UN Mission is Repealed" *New York Times*, March 1, 1996, p. A8. See also U.N. Doc. S/PV.3982 (25 February 1999), and Deborah Kuo, "MOFA's Wu Stresses Taiwan-Macedonia Ties Firm, Solid" *Taiwan Central News Agency*, February 22, 1999, in *FBIS Daily Report: China*, February 22, 1999.

⁸ "China to send anti-riot peacekeepers for Haiti" *Xinhuanet*, June 4, 2004; "Chinese Riot Police Head for Haiti Mission," *China Daily*, November 22, 2004.

⁹ Evan S. Medeiros, *Reluctant Restraint: The Evolution of China's Nonproliferation Policies and Practices, 1980-2004* (Stanford, CA: Stanford University Press, 2007); Alastair Iain Johnston, *Social States: China and International Institutions, 1980-2000* (Princeton, NJ: Princeton University Press, 2008).

would demonstrate Chinese willingness to join and sustain a web of thick political and institutional arrangements in the region. Such a commitment would entail China both boosting its influence but also accommodating the views, interests, and norms of others.

Another key indicator of China's rise as a responsible stakeholder would be further indications of its acceptance of an ongoing role in the Western Pacific for the United States and its alliances and other security partnerships -- not just tactically while China bides its time, but as a strategic affirmation of the stabilizing role those forces play for the region.

Korean Peninsula. China's role in serving as host and facilitator for the Six Party Talks, in helping hammer out the September 2005 joint agreement among the parties, and to bring North Korea back to the negotiating table following the DPRK's nuclear test in October 2006 stand out as precisely the kinds of actions one could expect from an engaged and responsible player. China's leadership on the shared agenda of a nuclear-free Korean Peninsula is a positive leading indicator of a China accepting, internalizing and upholding the vital norm against the spread of weapons of mass destruction which is consistent with China's own national security interests.

Japan. The China-Japan relationship was characterized by a great deal of tension in the early years of this decade, as both countries grappled with shifting regional and global power realities. The direction China takes in its relations with Tokyo will be a prominent indication of its approach the region as it gains greater and greater influence. But China will have ample opportunity to move beyond stale debates over history, focus on a practical agenda, and show respect for Japan's stature in Asia as well as globally—with potential cooperation on economic and energy and possible support for Japan as a permanent member of a reformed UN Security Council.

The possibility of placing relations with Japan on a new footing does pose a test of whether China can break a historical pattern and overcome the understandable anxieties it harbors following its experiences from the late Qing through the Second World War. These anxieties have shaped the world view of four generations of post-revolution Chinese leaders, compelling them to “stand up” and play the nationalist card against Japan to garner sympathy and support both within Chinese people and from other Asian populations. As China becomes more confident and secure, hopefully it will not need to base its politics and policy on historical, nationalistic grievances.

India. As with Sino-Japan relations, a Chinese posture of stakeholdership must accommodate a major role for India in both regional affairs and in global affairs. Indeed, the quandary of how two countries with populations over one billion and OECD levels of income will coexist is one of the key challenges to the future global order. China can show its goodwill across a number of issues, including: Tibet (where China and India rub up against each other both physically and metaphorically), the resolution of territorial and border issues, joint management of water issues (given the crucial role that the Tibetan Plateau plays as the watershed of several of India's major rivers), and India's possible candidacy for the United Nations Security Council and other major international bodies.

Burma. The decisions that confront China regarding Burma will also indicate to the outside world how and whether it is ready to help bring a more peaceful, prosperous and secure future for the Burmese people. China's record to date has been decidedly mixed—at times trying to prod the junta to act in a more responsible fashion, but also using its veto power as a permanent Security Council member to shield Burma from stronger pressure from the international community. China supports the Burmese junta in part because of natural gas interests and the help it needs from Rangoon to crack down on cross-border narcotics traffic.

But other near-term interests, such as the threat of pandemics and other cross-border health issues may also push China to seek to develop a more multilateral approach to Burma. Indicators of such an approach would include stepped-up efforts to bring the parties within Burma together for constructive dialogue and increased, but still quiet, Chinese pressures and inducements to spur the Burmese leadership to make concessions to the will of its neighbors and the international community and to see the lives and livelihoods of the Burmese people improved.

Taiwan. Although China views the Taiwan question as an entirely “internal” affair, other major powers in the region – especially the United States – also have their own commitments, stakes and interests vis-à-vis Taiwan. Consequently, developments across the Taiwan Strait have serious implications for regional security and prosperity, and all interested parties have a stake in seeing that differences across the Taiwan Strait are resolved peacefully and with the consent of the peoples of China and Taiwan.

With the election and inauguration of Ma Ying-jeou as Taiwan’s president in 2008, a new window of opportunity may be opening for a more constructive approach by Beijing, as well as Taipei. Key features of such an approach might include a Chinese willingness to re-engage in dialogue and cross-Strait confidence-building measures, a build-down of the armaments arrayed opposite Taiwan, a reconsideration and even rescission of the Anti-Secession Law passed in March 2005, and continued clear statements of Beijing’s long-term intention to engage Taiwan peaceably. In a word or two, a responsible approach to the situation would see China taking actions to induce Taiwan to see it as constructive partner.

Sudan. As a global power, China’s has increasing obligations as a stakeholder in Asian hotspots. But China has yet to engage in a similarly proactive way on some of the other major challenges beyond its own region, including the situations in Sudan and Iran. How China orients itself on these issues in the years ahead will be crucial. China has invested heavily in Sudan, for example, in part to ensure its energy security and diversity of supply. And despite Sudan’s record as a state-sponsor of terrorism and the genocide in Darfur, China continues to serve as a major supplier of armaments to the country. China has taken some positive steps in recent years – for example encouraging Khartoum to accept a hybrid UN-African National Union force for peacekeeping in Darfur. But much more can and should be done by Beijing to enable more effective UN and African Union action and demonstrate a genuine concern for the security, prosperity, and dignity of the people of Darfur.

Iran. China’s relationship with Iran is likewise a challenge to China’s responsible stakeholder status. China’s interests and relations with Iran are complex, and involve more than simple access to energy. Nevertheless, as a permanent member of the UN Security Council—and with an increasingly constructive approach to nonproliferation—China will need to balance its near-term interests against Iran’s threat to the very viability of the nuclear non-proliferation regime. The support China provides the UN and the IAEA in addressing Iran will provide important clues to China’s own understanding of its role in the maintenance of a rules-based order.

Military Affairs

The rapid military build-up that has accompanied China’s economic rise has sparked considerable worry by some who view it as part of an aggressive Chinese design to remake East Asia, and the globe. Although certain Chinese weapons-systems are worrying because of their destabilizing nature, the critical issue for China is less specific systems, per se, and more the question of whether China will give greater transparency to its strategic intentions and actions. Indeed, in looking at the historical precedent of “successful” instances of peaceful rising power – such as the “handoff” from the United Kingdom to the United States to take a leading role in maintaining

maritime order – a key element has been the transparency of intentions and actions that allowed one (waning) power to accept the greater role played by the other (rising) power. Critical to this equation, of course, is the acceptance by the established power of the legitimacy of the armed forces modernization by the rising power, and a folding in of those capacities into the regional and global order.

Several potential indicators of greater Chinese strategic transparency will need careful observation. Perhaps the most important indicator will be an increased Chinese willingness to fully engage in a robust regime of confidence and security building measures with its neighbors. This would include more transparency for its military doctrine, force structure and operations, and defense budgets—taking the published form of more detailed, comprehensive, and regularized open source “white papers” and other formal publications, as well as reciprocal official exchanges of defense-related information and briefings between China and its principal security partners. Other steps should include increased military-to-military exchanges, defense college exchanges, port visits, joint exercises, and senior-level dialogues between both uniformed and civilian counterparts on military and security matters. With time, these measures can build mutual trust, and help further establish the Chinese military as a more responsible regional player.

Another place to look might be in the domestic Chinese policy discourse about the very issue of military transparency and confidence-building measures. Chinese analysts tend to dismiss such efforts as being disadvantageous to weaker states since they might reveal too much about vulnerabilities, while being advantageous for more powerful countries for which such information can have a deterrent effect. If Chinese military analysts introduce less rigid attitudes toward transparency, showing appreciation for the advantages it can offer in easing security dilemmas and strategic mistrust, it could be an early indication of a positive evolution.

Climate Change and Ecological Degradation

In the years ahead, China faces a huge challenge stemming from the environmental impact of its growth, which has created significant problems for the country’s people, health, and landscape. China remains the world’s largest consumer of coal (an energy source that is among the worst in its production of greenhouse gases), and its energy needs will only increase as it continues to develop, with some studies estimating that unremediated environmental degradation and pollution could cost the Chinese economy between 8 and 12 percent of GDP annually.¹⁰

The implications of China’s environmental degradation are far-reaching and serious, both for China and for the world. Climate change spawns refugees, floods, energy crises, poverty, and conflict over scarce resources – issues that either already affect the United States and China or will affect them in the coming years.

China thus has a shared interest in addressing these critical issues. Having failed to ratify the Kyoto Protocol, has the dubious distinction of joining the United States as one of the top two emitters of carbon gasses. Along with India, China is also now the fastest-growing market for oil. The associated implications and stakes are thus critical for the world as a whole. Given that China will almost certainly be the world’s largest carbon emitter by mid-century, unless it is fully seized with the issue nationally and internationally, then it will be impossible for the world to deal effectively with climate change.

In fact, capping greenhouse gas emissions, with its development and growth trade-off, could be *the* premier test of China’s new global role. To great degree, international debate hinges on how

¹⁰ Elizabeth C. Economy, *The River Runs Black* (Ithica, NY: Cornell University Press, 2004).

China addresses the demands and needs of its own people. It confronts structural challenges of divisions between rich and poor, new demands for governance (i.e. capacity building), and the need to either license or develop clean energy and efficiency technologies. How China chooses to respond to these difficult trade-offs will be an indicator of the country's broader approach to global affairs.

To be effective, any climate change regime must commit developing countries, including China, to a reasonable set of targets and timetables for reducing their greenhouse gas emissions. China's approach at the recent Bali conference indicates that it may be edging toward an affirmative decision to play a much more constructive role in combating climate change. Chinese delegates at Bali brought several proposals, including suggestions to increase fuel efficiency standards, a pronounced shift from past talks where China took hard-line, defensive approaches. China's openness to aspirational greenhouse gas emissions targets in a post-Kyoto climate framework and to measures that are "reportable and verifiable" are positive steps, but its willingness to commit to binding obligations remains the ultimate marker of China's readiness to meet the challenge of climate change with serious action.

Meaningful Chinese leadership on combating climate change would show other developing countries that, rather than harming developing economies, sustainability and environmental stewardship are the only real paths to growth in the 21st century.

Energy Consumption and Conservation

China today has the largest annual increases in oil consumption in the world—around 500,000 barrels per day – and the percentage of its consumption that it imports is growing rapidly. It is clear that China must search actively and cooperatively for solutions to its energy consumption and conservation challenges. As energy competition threatens to become more intense in the years ahead, a China that reinforced free-markets and global trade in energy would be a great boon for the liberal economic order.

Given the implications for China's domestic economy and growth rates, major new investment in less energy-intensive industries would be a sign of Chinese willingness to be a global leader in energy conservation. Beijing has announced a number of positive and ambitious steps toward such goals under the rubric of a "scientific development concept", and any further implementation will be strong indicators of a more globally responsible approach. In cooperating internationally to spur innovation in energy technology and to develop efficient alternative energy resources, China can directly address a source of tension between PRC energy needs and others in the international community.

China's leadership increasingly recognizes that their country's foreign relations are deeply affected and even damaged by its energy consumption and are looking for ways to address the energy and foreign policy problem. In fact, Chinese President Hu Jintao's new energy policy announcement in 2007 stressed openness to international cooperation in part in recognition of these issues.

Challenges for the Leaders of China and its Partners

The global reaction to the rise of China has been varied. For example, a number of countries in the developing world have welcomed Chinese investments and Beijing's "no-strings-attached" approach to aid as well as its support for non-interference in internal affairs. Some still have their doubts about whether China will be a constructive or destructive force in the global community in the decades ahead; others have a more optimistic outlook on the long-term prospects for a more responsible China.

Like other rising powers before it, China is certainly flexing new muscles and seeking new influence around the world. China has also showed that it is susceptible to international pressure, and that it does not wish to be an outlier in the international system—especially at the cost of estrangement from key partners with which it desires stronger ties. The question still remains, however, whether China’s aim is merely to do the minimum necessary to evade international criticism and reap near-term benefits, indicating that it neither rejects the current international order, nor fully buys-in. Put another way, such a stance leaves China a beneficiary of the current world order but also with the option to diverge from it should it choose.

For the United States and others in the international community, the notion of China as a responsible stakeholder can serve as the basis of a progressive policy toward China and also point toward the objective of an international order in which China understands the true measure of its stake. There is no guarantee that an ascendant China will not follow in the path of other rising powers before it and seek to rewrite the rules of international politics and economics. The gains to be realized from China assuming a more constructive role in international affairs are hardly insignificant, and offer the hope that, managed wisely, further Chinese integration will be beneficial to all.

Broadly speaking, China has made encouraging progress along a path toward becoming a more responsible stakeholder in international affairs. But far more still can and should be done to help urge China along this path. At a minimum, interested observers and policymakers should heed the “six assumptions” at the outset of this essay as the surest foundation from which to work with China. This process will be neither quick nor easy. It will demand steady and prudent statesmanship on the part of the Chinese leaders and their key partners abroad, along with regular stock-taking and clear communication with Beijing on the lines we have suggested.

In the end, we are not in the least sanguine, and are at best cautiously optimistic that such an approach can work to solidify China’s role as a pillar of a stable, secure and prosperous community of nations. We appreciate the obstacles and drawbacks which may lay ahead, not least those within China itself. But by clearly defining what is meant by “responsible stakeholdership”, carefully identifying the steps which indicate movement in that direction, and pragmatically working within a framework of common interests as a basis for those steps, we can boost the prospects for a more peaceful and prosperous world.

Wu Xinbo's Reaction

Facilitating China's Rise as a Responsible Stakeholder through Constructive Interactions

One of the perennial challenges confronting international politics has been the management of the rising powers. As China and other countries rise to a more preeminent position in the world arena of the 21st century, a hot topic of the moment is how to turn them into pillars of a rules-based international order. Although behaviors of the rising powers are mainly shaped by their respective internal dynamics, in a world of globalization and interdependence, the outside world can exert significant influence – for better or for worse. Therefore, the question of whether China can become a responsible player depends, in part, on how the outside world will interact with it. In this regard, three questions are relevant: in what context does the outside world engage Beijing? Are the demands from the outside world reasonable? And finally, can the existing major powers such as the United States set a good example?

A More Constructive Framework

Any effective approach to China must address its core concerns: economic growth, political stability and territorial integrity. One of the six strategic understandings laid out by Gill and Schiffer, “acknowledge and work with the one-party political system”, addresses Beijing concern with political stability, while another (“clear acceptance by the international community of the territorial unity and integrity of China”) helps alleviate Beijing's concern over its territorial integrity. However, Gill and Schiffer didn't adequately explore how to address China's concern over its economic growth, which affects both China's political stability and international status.

The truth is that Beijing made strenuous efforts to join World Trade Organization, hoping to secure a stable and favorable international economic environment, but soon became disillusioned by frequent trade frictions with U.S. and Europe. Indeed, the growing protectionist mood in those regions has led Chinese leaders to reexamine the external economic environment and rethink its international economic policies. Frankly speaking, China's integration into the international system and its responsible international behavior are largely contingent on the rewards it reaps from an open and free international economic system. Therefore, to encourage China to behave as a responsible player in world affairs, U.S. and Europe should resist their economic protectionist impulses and help create a stable and amicable economic order.

The authors' argument for recognizing China's uniqueness is also important. From the Chinese perspective, this uniqueness has two implications. On the one hand, it means that China's domestic development may not follow the so-called “Washington Consensus”—i.e., market economy plus multi-party political system. While some in the west have labeled China's development model the “Beijing Consensus”, Chinese leaders prefer the notion of “socialism with Chinese characteristics”. On the other hand, it means that China's rise may not follow the past pattern in which the rise of major powers often led to major wars and conflicts. This squares with the Chinese notion of “China's peaceful rise”. Indeed, international affirmation of China's uniqueness would send Beijing a reassuring message that the west respects China's search for its own development model and will abstain from imposing the western version on China.

Gauging China's Behavior Reasonably

Overall, Gill and Schiffer offered quite sensible yardsticks to measure China's ongoing evolution as a responsible stakeholder are reasonable. Still, I would like to offer the following thoughts to endorse or supplement their points.

Political Evolution at Home. To be sure, the west has its own set of expectation on China's political evolution. Even the Chinese acknowledge that their political system should be further improved. However, when the west tries to sell the value of "democracy" to China, the Chinese are always skeptical. From the Chinese standpoint, democracy is a strongly ideological and narrowly-defined notion. It is too much of a holdover legacy of the East-West confrontation during the Cold War and reflects the U.S. aspiration of spreading throughout the world its values and political model in the post-Cold War era. Moreover, democracies do not necessarily lead to good governance. In Asia, as in other parts of the world, there are both successful and unsuccessful—or functional and dysfunctional—democracies. From a functionalist perspective, what really matters to people is whether they have good governance, that is, conditions of political stability rather than chaos, social harmony rather than conflict, and economic prosperity rather than poverty. Instead of using democracy as the sole and rigid indicator of China's political evolution, Gill and Schiffer adopted a more sophisticated and pragmatic approach, such as inner-Party democracy, anti-corruption measures, improvements in administrative law, empowerment of citizenry, rule of law, more transparent and accountable governance, improved treatment of minorities, religious group, and civil society organizations, and poverty alleviation, etc. These indicators make more sense to the Chinese and are more pertinent to the orientation of China's political development

International Economics, Trade and Investment. As the Chinese economy continues to grow rapidly and energy consumption rises, a stable supply of affordable energy is all the more important. In recent years, China has conducted active diplomacy to broaden its access to overseas energy resources. However, Beijing was criticized by many in the U.S. for adopting "increasingly mercantilist approach to locking up energy resources," and they suggested that China should use transparent market-based solutions to address energy issues. From a Chinese perspective, however, the international oil market is neither open nor reliable. The U.S. and British oil companies have control over a sizable chunk of the oil trade on the international market. Meanwhile, the U.S. has been pursuing an aggressive policy to dominate the flow of oil in Middle East and beyond. As we saw from the spurned bid of the China National Offshore Oil Corporation (CNOOC)'s for Unocal Corp., oil is not an ordinary commodity and the access to it is inevitably complicated by political and strategic considerations. For China, investment in overseas oil production can help alleviate its concern over dependable access to the international oil market. Unless China's energy concern is adequately addressed, Beijing will very likely continue to pursue long-term oil purchase agreements, invest in established foreign oil companies, and obtain concessions to develop oil fields as well as rights to explore for new fields.

Regional Hotspots. Gill and Schiffer suggested that China's attitude toward U.S., its alliances and other security partnerships in the Western Pacific should also be a key indicator in assessing China's willingness to be a responsible stakeholder. The problem is that Beijing has its reasons for viewing the U.S.-centered security alliances with suspicion—seeing them as the product of the Cold War, and therefore obsolete, and also intended to check a rising China. In fact, China factor looms large not only in the redefined and strengthened U.S.-Japan alliance, but also in other U.S. security partnerships in the region, for instance, the fast growing U.S.-Indian security ties. It is therefore unrealistic to expect Beijing to embrace such security arrangements when China is their major target.

Relations between a rising China and a more assertive Japan remain a sour spot in the diplomacies of both countries, despite their recent improvement. To place bilateral ties on a solid basis would require some tough grand bargaining between Beijing and Tokyo. To reach such a deal, Japan would need to take a more serious and responsible attitude toward the history issue. Meanwhile, Tokyo also needs to overcome its psychological peevishness over having to live with

a strong neighbor for the first time in its modern history and adopt a more accommodating posture toward the emergence of a more powerful China. From Beijing's side, it should discard its long-held contempt of Japan and show more respect and recognition of this neighbor. For instances, Beijing could openly acknowledge the Japanese contribution to China's economic growth and broader global prosperity. China should also be more sympathetic to Japanese desire to play a large role in both regional and global affairs as long as such a role is constructive and stabilizing.

Military Affairs. Gill and Schiffer emphasized the importance of strategic transparency in China's responsible security behavior. Although transparency is not part of China's military traditions, it is likely that improvements to Beijing's military capability will give the People's Liberation Army (PLA) the confidence to increase its transparency. Also, Beijing has become more active in pursuing confidence and security building measures with its neighbors in recent years. So far as the U.S. is concerned, however, the real questions on China's military modernization are twofold: whether the U.S. recognizes the legitimacy of China's defense modernization, and whether the U.S. can accept China's growing military capability.

To be sure, as China's economy continues to boom, Beijing will be able to devote more resources to its defense establishment, and to building a modern and more capable military machine. Also, as China's national interests rise along with its power, it will need to protect those interests. Yet, some in the U.S. may point at China's rising defense budget and question Beijing's pledge of "peaceful development". More importantly, as the PLA's capability grows, and its geographic parameter of activity expands, the U.S. may feel slippage not only in its overall military superiority, but a challenge particularly to its dominance of the Western Pacific. As a result, the Pentagon may increasingly square off against the PLA as its major rival and launch a Cold War-style arms race with China. This will of course conversely factor into Beijing's defense planning and provide more stimulus to the PLA's modernization drive. It will also undermine China's willingness to increase its military transparency.

Exemplary Behavior

As Gill and Schiffer correctly noted, China has shown itself to be "susceptible to international pressure". Meanwhile, it is also true that other major powers' behavior, good or bad, will have important impact on China's thinking and behavior. Given its preeminent position in the current international system, the United States is the most important point of reference for China in framing its policies. It is therefore crucial that the United States and other major powers set good examples for China and other rising powers through their own international behavior.

In a world of globalization and interdependence, multilateralism is not only necessary to deal with many transnational issues and common challenges, but also a value that should guide the behavior of the members of international community. However, multilateralism also means respect for the views and interests of others and compromise of one's own. Major powers, and particularly a superpower like the U.S., may choose unilateralism when deemed necessary to pursue its narrow national interests, as the George W. Bush administration did. Such destructive behavior, though, not only undermines international order and the spirit of international cooperation, but also sends a message to other countries that multilateralism is merely a matter of convenience.

Undoubtedly, a neoliberal world order has to be based on an open and free international economic system. Despite globalization's successes in promoting economic development, its harmful side effects—trade imbalance, relocation of the production base by the transnational companies, and uneven competitiveness among countries—have generated social and economic pressures and sparked protectionism in both developing and developed worlds. Some politicians, for the sake

of their own political interests, may pursue economic nationalism. Such actions would not only undermine the liberal economic order, but also hinder cooperation among the major powers on political and security issues, thereby undercutting any basis for a neoliberal political order as well.

Finally, a neoliberal world order should be one of strategic stability and free of major power competition. However, the United States risks an arms race and strategic instability if it tries to exploit its superior economic and technological prowess and aggravates the security dilemma by developing both advanced offensive and defensive capabilities. Also, a U.S. effort to strengthen and expand its security alliances and partnerships in pursuit of a favorable power balance will only create geopolitical tensions and undercut mutual confidence among the major players. The 21st Century calls for genuinely new security thinking and practice. Indeed, the world will look to the United States to set a good example by pursuing relative security instead of absolute security, strategic confidence instead of military preponderance, security cooperation instead of balance of power. The United States should define its greatness in a progressive, rather than regressive, way.

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