

**China, Russia, and the United States: Partners or Competitors?
Policy Prescriptions for a New Administration**

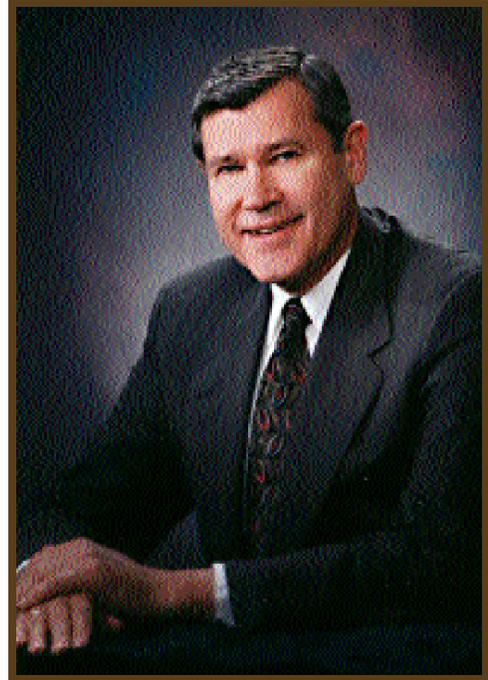
Opening Remarks

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The Stanley Foundation

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Opening Remarks



*Richard H. Stanley
President*

Welcome to the Stanley Foundation's 41st Strategy for Peace Conference. This conference series, which began in 1960, seeks to promote a secure peace with freedom and justice. Annually, it brings together experts from public and private sectors to discuss, in an open forum, current and potential US foreign policy issues and to recommend policy actions. It encourages off-the-record dialogue on foreign policy issues of both contemporary and lasting concern to the United States.

This year's conference focuses on US economic and security relations with China and Russia. While Serbia and Israel have been dominating the headlines in recent weeks, China and Russia are enduring major powers whose economic and security policies and direction will have significant impact upon regional and global affairs. Managing US relations with both countries should be a key part of the new administration's foreign policy planning.

In thinking about China, the time has come to stop analyzing it as a society in transition and to recognize that what we see today in China's economic, political, cultural, and social spheres contains elements of both continuity and change. Understanding this might help policymakers distinguish the spheres where the United States has the opportunity for effecting change in China and the spheres where there are limits to US influence. Many of the same questions also apply to Russia. Before we begin critiquing US policy and trying to establish blame for past policy failures and accolades for success, it is important for us to step back and ask what Russia is today and where is

it going? Only by examining the remarkable period of reform and change in these two countries can we see more clearly what they have become and where they are headed.

China: Reforming to Where?

The story of Chairman Mao and President Nixon, two unlikely collaborators, meeting in Beijing during one of the most authoritarian periods of the People's Republic of China (PRC) political history, and deciding on the first steps toward developing normal political relations, is only one of the many bizarre tales that can be told from the past 30 years of China-US relations. Since then, our two countries have alternately cooperated and competed over a host of regional and international issues, from trade, investment, and copyrights to the resolution of conflicts in Southeast Asia and the Korean Peninsula. Throughout this period, some things have remained constant. While the United States argues that the era of imperialism died in the Cold War era and with the rise of the United Nations, China has never stopped worrying that powerful nations will move quickly to press their political or economic advantage should it ever demonstrate unmanageable internal weaknesses. While Chinese argue that the age of imperial China ended with the establishment of what they term new China in 1949, Americans have never stopped worrying about a resurgence of Chinese expansionism in Asia. Reflecting an historical continuity that dates from the 19th century, PRC officials and intellectuals still argue that every part of contemporary life, from economic policy to social relations, has to reflect what they call "Chinese characteristics," while Americans consistently press China to adopt what they call "universal or international standards" in all aspects of economic, social, and political life.

During these past 30 years, many of our fellow citizens and policymakers have consistently looked hopefully to China for what they would consider to be positive change in how Chinese work, live, choose their leaders, and interact with other nations in the world. And many of them have been just as consistently surprised and disappointed at the direction China has chosen to go. We still use the terms transition and reform when talking about China. While this highlights our recognition of the ongoing economic, political, and social changes in China, it perhaps also illustrates our stubborn refusal to recognize the economic, political, and social spheres where change is unlikely or will take place much more slowly. Transition is a word that sounds encouraging to those who are not enthusiastic about the status quo. The need is to look ahead into China's future and assess where changes are likely to occur in its economic and political structures, social relations, and cultural development. What policy choices confront China today and tomorrow? What are China's primary economic and security concerns? Where can the United States find areas of common ground and mutual need with China? What are the areas of most intense disagreement between our two countries?

The domestic economic questions for China are clear, even if the answers are not. How to modernize a big, diverse, and poor country and provide jobs for the world's largest labor force? How to structure an economy so that it can provide clean, sustainable, and equitable development for

its citizens? The domestic political questions for China are a bit messier, as political issues often are. How to maintain the current territorial integrity of the country? How to modernize political institutions? How to allow for political participation, even dissent, without falling into chaos? How to deal with the related problems of internal regional separatism, official corruption, and a discredited organizing ideology? How to keep Taiwan as part of China?

China faces a number of tough domestic and foreign issues, and the choices it makes will provide both dangers and opportunities for the United States. I hope that in your discussions you will focus your attention on what China's core economic and security needs are, what this will mean for the United States, and what directions you recommend US policymakers take in balancing our economic and security requirements with those of China so that our two countries can cooperate rather than compete in our spheres of common interest.

What Is Russia Today and Where Will It Be Tomorrow?

It has been nearly nine years since Russia rose from the disintegration of the Soviet Union. During this brief period, Russia has embarked on ambitious—some might even say revolutionary—reforms to become a democratic state, to establish a free-market economy, and to be an important actor on the world stage. The road to these goals has not been easy and has been marred by political violence, internal turmoil and war, and a near economic collapse. After nine years of reform, what is Russia today and what will it be in the future—our partner or our competitor?

In nine years Russia has made great strides to shake off its communist past. It has held three presidential elections, established a functioning bicameral legislature and a constitutional court, and devolved greater authority to Russia's republics. However, questions remain as to whether Russia is, and will remain, a democratic state. There is uncertainty about President Vladimir Putin's goals as president and whether he is a champion of democracy. He has shifted power from the regions to the center, clamped down on the independent media, weakened both houses of parliament, and prosecuted a bloody war in Chechnya. Are Putin's actions an attempt to avoid Russia's disintegration or a move to consolidate power at the expense of democratic institutions?

The "Shock Therapy" reforms launched in 1992 were designed with the goal of transforming Russia's economy from an economy of rigid central planning to a dynamic free market. The economic transition has been extremely difficult. Since 1992 Russia's gross domestic product (GDP) has contracted nearly 45 percent; 40 percent of the population now lives below the poverty line, and wages have fallen 30 percent. Organized crime and corruption have become a daily fact of life. But Russia's economy has been improving. Sparked by increases in oil prices and the falling ruble, Russia's GDP is again growing. Furthermore, President Putin has made tax and bankruptcy reform, land privatization, and deregulation goals of his economic policy. Is Russia well on its way toward establishing a market economy? Or has it established an unsustainable economy that works in the short term, but ultimately cannot survive?

During the Cold War, the United States and Russia were bitter foes on the international stage. But, since 1991, Russia has ratified START III and the Comprehensive Test Ban Treaty and has become partners with NATO. Russia sees itself as a part of Europe, and Russia's new foreign policy doctrine calls for active engagement with the West and attracting foreign direct investment. However, Russia also wants to reassert itself in the international arena and follow its own path of engagement. Russia's stance on missile defense and newly found friendship with China is possibly an attempt to balance US power in the world.

Clearly, Russia is much different today from what it was nine years ago. But what is Russia today, and what will it be tomorrow? A democratic state or one moving to authoritarian rule? A fledgling market economy or what some have called a "virtual economy" stranded between centralized control and market forces? An ally or a potential foe? Is Russia a partner or competitor?

This election year in the United States offers a unique time to appraise US policy toward China and Russia and offer suggestions for improvement. We have gathered you here on the beautiful grounds of Airlie Center to undertake such a review and to try to reach consensus policy recommendations for a new administration. We promise that your hard work will be put to good use. The four rapporteurs, in coordination with the roundtable chairs, will produce documents that will have wide circulation in the foreign policy community and will be used for briefings with officials in the new administration and Congress. I look forward then, with great anticipation, to the results of your work.

On behalf of the Stanley Foundation, thank you for taking time out of your busy schedules to gather here for a few days of discussion on these topics. You bring impressive capabilities and knowledge to our exploration of these pressing and critical issues. All of us at the Stanley Foundation look forward to learning with and from you over the course of the next day and a half.

The Stanley Foundation

The Stanley Foundation is a private operating foundation that conducts varied programs and activities designed to provoke thought and encourage dialogue on world affairs and directed toward achieving a secure peace with freedom and justice.

Programs engage policymakers, opinion leaders, and citizens interested in solving problems and finding opportunities that present themselves in an increasingly interdependent world. Areas of particular interest are: global peace and security, US international relations, sustainable development, human rights, the United Nations, global education, and the expansion of policy deliberations to include wider public representation.

Activities include:

- Roundtable, off-the-record conferences and meetings for policymakers and other experts.
- Citizen programs for educators, young people, churches, professional associations, civic groups, and educational institutions—often held in collaboration with other nonprofit organizations.
- Production of *Common Ground*, a weekly public radio program on world affairs.
- Publication of the monthly magazine *World Press Review*.
- Publication of [conference reports](#).

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