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Respond to China’s Rise and Engage Taiwan

Vincent Wei-cheng Wang

Barack Obama’s election as president of the United States is not only a watershed event in U.S. history but also a fresh start for the country’s relationship with Asian nations. Contested against the backdrop of financial turmoil, military imbroglio, and personality clashes, the 2008 presidential election failed to rigorously debate one important foreign policy issue that will undoubtedly demand the new president’s attention—U.S. policy toward China.

Since September 11 the United States has focused strategic policy on the Middle East. Seven years and two wars (Afghanistan and Iraq) later, Washington’s preoccupation with the war on terrorism and the Bush administration’s unilateralist style have seriously eroded America’s international prestige and “soft power.”

Meanwhile, an overextended and distracted United States fails to appreciate the seismic strategic shift in the Asia-Pacific caused by the rise of China as an economic, military, and diplomatic power. If the current strategic priority of the United States is to defeat jihadist extremists, the long-term challenge is to cope with a powerful China exhibiting rapidly expanding capabilities but uncertain intentions.

During the election, both Democrats and Republicans articulated optimistic expectations for U.S.-China relations. “We will encourage China to play a responsible role as a growing power—to help lead in addressing the common problems of the 21st century,” vowed the Democrats. “We will welcome the emergence of a peaceful and prosperous China, and we will welcome even more the development of a democratic China,” proclaimed the GOP. But what if actual trajectories differ from these scenarios?

During the campaigning, both Barack Obama and John McCain apparently accepted certain truisms of the mainstream view on China policy since 1972: (1) comprehensive engagement with China is better...
than confrontational alternatives (although China’s human rights record remains poor), (2) facilitating China’s integration into the global community gives China incentives to act as a “responsible stakeholder” (a term coined by Robert Zoellick, former deputy secretary of state), and (3) a “one China” policy under which the United States maintains official ties with the mainland and unofficial relations with Taiwan serves U.S. national interests (notwithstanding the reality that this outdated policy is unfair and demeaning to democratic Taiwan).

Yet the end of the Cold War eliminated the strategic rationale for a U.S.-China entente, and China’s 1989 Tiananmen crackdown and continued political repression undermined the popular support for a relationship cultivated by Kissingerian elites in backroom deals.

In previous elections, China policy often became a campaign issue, with challengers often attacking the China policy of the incumbent. In 1980 Ronald Reagan criticized President Carter’s derecognition of Taiwan and vowed to reestablish official ties with Taiwan. In 1992 Bill Clinton chastised “tyrants from Baghdad to Beijing” and vowed to link China’s then annual renewal of MFN (most favored nation) status with improvement in human rights. In 2000 George W. Bush criticized Clinton’s pursuit of a “strategic partnership” with China and called China a “strategic competitor.” Pundits point out, however, that once these candidates were in power, they all reverted to mainstream policy. This must mean that mainstream policy has stood the test of time. Some might even argue that the absence of debates over China in this election suggests that all is well.

Yet complacency is perilous. First, owing to annual growth rates of 10% over the past three decades, China now has the resources to compete with the United States. If current trends in growth differentials continue (China’s economic growth rate in 2007 was 11.9%, and the U.S. rate was 2%), China’s economy is projected to overtake the U.S. economy by 2023 (in official exchange rates terms) or 2015 (in purchasing power parity terms). China has now amassed the world’s largest foreign exchange reserves ($1.809 trillion in June 2008), enabling the PRC to modernize its military, bankroll U.S. debt, compete for oil and resources, and buy diplomatic recognition (e.g., from Costa Rica). With the world’s second largest military expenditure (growing by double-digits for each of the past eighteen years by official figures, though the real figures may be two or three times higher), China is improving its military capabilities for offshore naval and ballistic missile operations aimed at preparing a military solution to the Taiwan “problem” and denying possible U.S. intervention. Since 1898, U.S. strategy in Asia has
been to keep the Asian region from being dominated by a hostile power. That China is entering the maritime sphere traditionally overseen by both the United States and its allies is beginning to upset the balance of power between continental and maritime powers that has so far kept the peace.

Second, while most Asian countries still want the United States to remain in Asia, China has so charmed its neighbors that the United States’ Asian allies now tell Washington that they prefer not to choose between China and the United States. As of 2006 China has overtaken the United States as top trading partner of Japan, South Korea, Taiwan, and several Southeast Asian nations. China avidly promotes Asian regionalism (e.g., the East Asia Summit, the Shanghai Cooperation Organisation, and both ASEAN +1 and ASEAN +3) that excludes the United States. In the developing world, the “Beijing Consensus” (or developmental authoritarianism) is emerging as an attractive alternative to the Washington Consensus (neo-liberal reform).

While China has professed a policy of “peaceful rise,” its ultimate intention after the country ascends remains unclear. Consequently, the U.S. administration should focus on the strategic implications of a rising China, adopt a hedging strategy, rejuvenate the U.S. economy, and revitalize the Asian alliance. Although some fear that the new president might challenge China on its currency and thereby trigger a trade war, the strategic challenge of China’s economic rise is what the administration should focus on.

The new president should also engage Taiwan. Cross-Strait relations have improved appreciably since President Ma Ying-jeou’s inauguration. Oddly, U.S. engagement with Taiwan has not kept pace. President Bush’s eleventh-hour notification of Congress regarding sales of arms to Taiwan (a package that he had originally approved in 2001) has helped Taiwan’s self-defense, but China continues to build more missiles and put pressure on Taiwan. The new president should faithfully implement the Taiwan Relations Act by deciding on arms sales based on Taiwan’s defense needs, not China’s reactions. The new administration can also go beyond the past administration’s rhetorical praise of Taiwan’s democracy by taking more concrete steps. Actions such as signing a free-trade agreement with Taipei or providing stronger support of Taiwan’s international space would speak louder than words and strengthen U.S. credibility among Asian nations.