

POSSIBLE SCENARIOS FOR CHINA - U.S. RELATIONS BY 2030

by

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A Thesis

Submitted to the Victoria University of Wellington in Partial Fulfillment of the
Requirement for the Degree of Master of International Relations (MIR)

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ABSTRACT

The rise of China and relative decline of the United States have caused a heated debate on a possible power shift in the Asia-Pacific. Whether China and the U.S. will become friends or enemies remains an unanswered question. This necessitates a thorough study on the future of China-U.S. relations and how they will affect the strategic chessboard in the region.

This Thesis examines the possible scenarios of China-U.S. relations by 2030. It argues that while the nature of China-U.S. relations is characterized by strategic competition, increasing interdependence between the two countries requires them to cooperate and co-exist with each other. If current trends continue, by 2030, the most likely scenarios for China-U.S. relations will, in descending order, be a continued China-U.S. strategic competition in peaceful co-existence, a new Cold War, a G-2 style condominium, and a predominance by China over the U.S. in the Asia-Pacific. The Thesis also finds that unlike the past, China-U.S. relations will be increasingly influenced by external factors and unpredictable events or crises. Each of the scenarios in China-U.S. relations will have a different but equally profound impact on the security architecture in the region, especially the ASEAN-led mechanisms for regional security cooperation. These results suggest that at times of power shifts between the U.S. and China, scenario-based planning can be a viable policy option for countries in the Asia-Pacific.

TABLE OF CONTENTS

INTRODUCTION	6
1. Importance	6
2. Theoretical Framework	10
3. Literature Review	14
4. Hypothesis.....	17
CHAPTER I: THE NATURE OF CHINA-U.S. RELATIONS	19
1. Turbulent past, uncertain future.....	19
2. Converging and diverging interests	22
3. The clash of values.....	27
4. The problem of perception and misperception, and mutual strategic distrust.....	28
CHAPTER II: POSSIBLE SCENARIOS FOR CHINA-U.S. RELATIONS BY 2030.....	32
1. Scenario No. 1: Continued China-U.S. strategic competition in peaceful co-existence.....	34
2. Scenario No. 2: A New U.S.-China Cold War or Cool War	38
3. Scenario No. 3: A U.S.-China Condominium or G-2.....	44
4. Scenario No. 4: Pax Sinica in place of Pax Americana in the Asia-Pacific....	50
5. The “Black Swan” Scenarios	55
CHAPTER III: IMPLICATIONS OF THE FUTURE OF CHINA-U.S. RELATIONS ON THE SECURITY ARCHITECTURE IN THE ASIA-PACIFIC: THE WAY AHEAD	60
1. The Asia-Pacific - the principal playground of China and the U.S. by 2030...60	
2. What is the best scenario in China-U.S. relations for the Asia-Pacific?	63
3. The way forward: How will ASEAN fit in the new power equation in the Asia-Pacific by 2030?	65
CONCLUSION	69

BIBLIOGRAPHY73

ACKNOWLEDGEMENTS

I would like to express my sincerest thanks to my Professors and lecturers of the Victoria University of Wellington (VUW) and the Diplomatic Academy of Vietnam (DAV). My special thanks go to Professor Robert Ayson whose critical thinking and great mentorship have made me realize that not everything I think or write is reasonable or necessary, which helps me improve myself not just in my academic endeavor but also in the long way ahead. Without his valuable assistance and mentorship, the completion of this Thesis would not have been possible. I also want to thank all my New Zealand friends during my one-month stay at VUW in Wellington - their hospitality and warm friendship made me realize that there are things even more significant than wisdom and knowledge.

I also thank the men and women working hard in the Vietnamese Government's 165 Project and New Zealand's Ministry of Foreign Affairs and Trade to expand and deepen the educational cooperation between the two countries, thereby making this unique scholarship possible. I have met some of them, and haven't met many others among them, to whom I am equally grateful.

Finally, I would like to thank my wife, Nguyệt Minh, and my son, Thành Trung, for their untold sacrifice and unconditional love and support, and my parents for their ardent care and expectations that I would make them proud. It is the love of my dearest and nearest that has helped me go this far. And for them, I will try to go farther.

INTRODUCTION

1. Importance

The rise of China and resultant changes in China-U.S. relations will be the most striking feature defining international relations in the Asia-Pacific and the world in the 21st century. Lowell Dittmer has noted that China's rise has been much faster than anyone expected: in 30 years of nearly double-digit growth, China's share of world GDP rose from 2 percent in 1980 to 13 percent in 2010 - the year it surged past Japan.¹ It is widely predicted that by 2030, the U.S. and China will remain the world's two largest economies, with the latter approaching the former in terms of overall strength. After nearly a century as the world's preeminent economic power, the United States is projected to relinquish this title to China in 2032.² As a result, a power shift between an established power and its most capable and ambitious challenger will take place. Renowned scholars and former government officials alike have referred to this as "the Thucydides trap" between the U.S. and China.³ The character of the China-U.S. relationship may be the factor which will determine whether Asia will experience peace or war, cooperation or competition, continued growth or stagnation.⁴ As the history of international relations since the Westphalia system has revealed, many power shifts were accompanied by violence and wars, but there were also peaceful power shifts such as the one between the Great Britain and the U.S. in the late 19th and early 20th centuries. For countries which are ideologically different like China and the U.S. which have fought each other directly and indirectly via proxy conflicts during the Cold War, it is hard to imagine that the power transition will be peaceful or smooth. But in the 21st century, with the interaction of many other important players in the region such as India,

¹ Lowell Dittmer, "China's Global Rise," *Americas Quarterly* (Winter 2012), p. 61.

² Uri Dadush & Bennet Stancil, *The World Order in 2050, Policy Outlook*, Carnegie Endowment for International Peace, April 2010, p. 10. (Uri Dadush & Bennet Stancil, April 2010).

³ Robert B. Zoellick, "U.S., China and Thucydides," *National Interest*, June 25, 2013, assessed online on June 30, 2013, available at <http://nationalinterest.org/article/us-china-thucydides-8642>.

⁴ Michael J. Mazarr, "The Problem of a Rising Power: Sino-American Relations in the 21st Century," *The Korean Journal of Defense Analysis*, Vol. 7, Issue 2, 1995, p. 8.

Russia, Japan, and ASEAN, to name but a few, there is ground for hopes that by 2030, China-U.S. relations will be guided more by reason than by raw politics and classical great power competition as in the past.

If the 21st century becomes an Asian Century, it is so because of the rise of China. And if it becomes a Pacific Century, it is so because of the defining influence of China-U.S. relations on the future of the Asia-Pacific. Whatever it becomes, China will loom large in any power equation in the region. Napoleon Bonaparte was probably the first Western statesman to understand and characterize the geostrategic significance of China when he said “Let China sleep, for when she wakes up, she will shake the world.”⁵ Joseph Nye, one of the contemporary world’s best known scholars, holds that one of the major power shifts of the 21st century is the recovery of China. In 1800, Asia represented half the world’s population and half the world’s economy. By 1900, because of the industrial revolution in Europe and North America, Asia’s share of the world product declined to 20 percent. By the middle of this century, Asia should again represent half the world’s population and product. At the same time, however, this has given rise to the fears that China will become a threat to the United States.⁶

Robert Art pointed out that even if its economy never catches up to America’s, China’s remarkable economic growth has already given it significant political influence in East Asia, and that influence will grow as China’s economy continues to grow.⁷ Today, the U.S. cannot dictate to China what to do and force China to accept what it must. In two decades’ time, this trend will be even more consolidated, as China’s overall strength and soft power continue to increase. The 21st century has ushered in an arguably post-hegemonic era, whereby America cannot do what it wants vis-à-vis much weaker states such as Afghanistan and Iraq, let alone much stronger power like China.

⁵ “China’s fitful sleep,” *The Economist*, July 17, 1997, assessed on June 30, 2013, available at <http://www.economist.com/node/151617>.

⁶ Joseph Nye, Our Pacific Predicament, *The American Interest*, March/April 2013, p. 39.

⁷ Robert J. Art, The United States and the Rise of China: Implications for the Long Haul, *Political Science Quarterly*, Fall 2010, Vol. 125, No. 3, p. 359.

The future of China-U.S. relations will be, inter alia, the determinant for security in the Asia-Pacific. If current trends continue, no other major powers will likely have more influence on the strategic chessboard in the Asia-Pacific than China and the U.S. by 2030. It is therefore imperative to predict in both academic and practical manners whether China-U.S. relations will be characterized by more cooperation or competition, and even conflict by 2030.

It is now hardly disputable that the rise of China is the most striking feature of the 21st century's international relations. At the recently held 18th Congress of the China Communist Party (CCP), Chinese leaders' stated goals to realize the "great renaissance of the Chinese nation," turn China into a "maritime power" and "win local wars" mean that the Middle Kingdom is so serious about its comeback. China's increasing assertiveness in the South and East China Seas is just one among many examples of the fact that it is no longer satisfied with the regional order characterized by the US's preponderance since the end of the Second World War. The relative decline suffered by the U.S., especially after the global financial crisis has also given rise to much uncertainty in the Asia-Pacific region, if not the world. Stephen Walt has argued that for a superpower staying so long at the peak of the power echelon, there is no place to go but down.⁸ The power transition theory holds that the danger of great powers' wars is greatest when a rising power dissatisfied with the status quo overtakes the established power. Therefore, in two decades' time, the rise of China and the relative decline of the U.S. will lead the world to a dangerous moment which is a power shift.

Since most power shifts since Westphalia were accompanied by wars or conflicts, with the exception of the Britain-U.S. power transition in the late 19th and early 20th century,⁹ it is tempting to assume that the power transition between the U.S. and China (if any) will be violent. However, international relations of the 21st century are much different from what they were just half a century ago. With the advent of nuclear weapons, globalization, and what many scholars

⁸ Stephen Walt, "The End of the American Era," *National Interest*, November/December 2011 Issue, assessed online at June 20, 2013, available at <http://nationalinterest.org/article/the-end-the-american-era-6037>.

⁹ Feng Yongping, "The Peaceful Transition of Power from the UK to the U.S.," *Chinese Journal of International Politics*, Vol. 1, 2006, p. 83.

term as “the rise of the rest”, it is hardly advisable for leaders of the U.S. and/or China to think of war as a classical means to sort out their differences and conflicting interests.

Nations in the Asia-Pacific, especially China’s neighbors such as Vietnam, Japan, and the Philippines are among the first to bear the brunt of the adverse implications of China’s rise should things go wrong. Understandably, as the United States pivots itself towards Asia, it has found this strategy openly or tacitly embraced by many countries in the Asia-Pacific. However, compounded by its economic difficulties and political gridlock, the relative decline of the U.S. and the arguably stellar rise of China have added a new sense of uncertainty in the region.

Not only countries in China’s proximity have real concerns about the adverse implications of the rise of China but also countries beyond China’s immediate periphery such as Australia and New Zealand have begun to plan strategically how to best defend their national interests in expectation of an uncertain future of the China-U.S. relations. The fact that most countries in the Asia-Pacific region are leaving their options open when it comes to their policy towards China and the U.S. demonstrates how uncertain and unpredictable China-U.S. relations will be in the decades ahead.

The research question this Thesis is resolving is whether China-U.S. relations will be characterized by more cooperation or more competition by 2030. The reason that 2030 is chosen as the milestone for research on the future of China-U.S. relations is because it is the time most prestigious think-tanks, organizations and scholars believe China will come close to the U.S. in terms of overall power. As predicted by the U.S. National Intelligence Council, China’s GDP is expected to surpass that of the U.S. a few years before 2030.¹⁰ With its newfound economic strength, China’s military spending is estimated to be on par with the U.S. defense budget by 2030, making China more or less a peer competitor of the U.S. in terms of hard power.¹¹ The

¹⁰ “Global Trends 2030: Alternative Worlds,” *National Intelligence Council*, December 2012, p. 16.

¹¹ “China’s Military and the U.S.-Japan Alliance in 2030: A Strategic Net Assessment,” *Carnegie Endowment for International Peace*, 2013, pp. 71-77.

Economist also foresees that with its double-digit growth in defense budget, China will overtake the U.S. in military spending in 2032.¹²

2. Theoretical Framework

Among the principal theories of international relations employed by scholars to explain and analyze China-U.S. relations, realism and liberalism as well as their immediate derivatives such as neo-realism and neo-liberalism are most oft-used since they are very relevant to power transition and interdependence respectively, which demonstrate the most striking characteristics of China-U.S. relations in the 21st century.

Realism and Neo-realism

Human nature is a starting point for realism in international relations. Realists view human beings as inherently egoistic and self-interested to the extent that self-interest overcomes moral principles. Realism argues that countries follow their narrow national interest at the expense of the national interests of others, the world system is anarchic, and self-help is the rule of the game.

Thucydides argued that the growth of Athenian power made the Spartans afraid for their security, and thus propelled them into war.¹³ Today, the nature of the China-US relations somewhat reflects the same security dilemma between the Athenians and the Spartans in the past. Of course the Athenians and the Spartans were not as economically interdependent as China and the U.S. today, but in terms of security and strategic calculations, realist thinking does matter in the mind of decision-makers of all country, especially at times of power shifts.

In *Theory of International Politics*, which presents neo-realist argument, Kenneth Waltz argues that it is the system which determines the behavior of the actors, not the motivations of the actors themselves. The distribution of capabilities among states can vary; however, anarchy, the ordering principle of international relations, remains unchanged. This has a lasting effect on the behavior of states that become socialized into the logic of self-help. Trying to refute

¹² See: "The Military Balance: When will China Overtake the U.S. in Defense Spending?" *The Economist*, assessed online on June 20, 2013, available at <http://www.economist.com/blogs/graphicdetail/2013/03/daily-chart-11>.

¹³ Thucydides, "*History of the Peloponnesian War*," trans. Rex Warner, Harmondsworth: Penguin Books, 1972.

neoliberal ideas concerning the effects of interdependence, Waltz identifies two reasons why the anarchic international system limits cooperation: insecurity and unequal gains. In the context of anarchy, each state is uncertain about the intentions of others and is afraid that the possible gains resulting from cooperation may favor other states more than itself, and thus lead it to dependence on others. “States do not willingly place themselves in situations of increased dependence. In a self-help system, considerations of security subordinate economic gain to political interest.”¹⁴

While classical realists like John Mearsheimer argue that the international system is anarchic – meaning that there is no “government of governments”¹⁵ and no authority in the world greater than the sovereign state – neo-realists emphasize it. For neo-realists, anarchy is the systemic condition that forces states to act the way they do. The system, in other words, is the most important constraint on state behavior, because states must act to ensure their own survival given such conditions. States have to be concerned first and foremost with relative gains; if they fail to act within the dictates of the system, they will eventually suffer for it.

Thus, according to neo-realists, the international system is inherently conflictual. As one state works to achieve relative gains, for example, by building up its military strength, other states are forced to keep pace. This situation, where one state cannot afford to trust another's peaceful intentions, is known as the security dilemma. Neo-realists believe that stability is best achieved when a balance of power is reached by the most powerful states in the system. In *War and Change in World Politics*, Robert Gilpin mentioned “hegemonic war”, holding that war will break out between the dominant power and the challenger(s) if they cannot settle their differences in peaceful ways.¹⁶ Therefore, as China continues to rise and approach the U.S. in terms of overall strength in 2030, several big questions loom large: Will China accept the liberal order established by the U.S. for nearly a century ago or will it try to dislodge the U.S. from the Asia-Pacific region by force? Will the U.S. peacefully accept China's bigger share of power or will it launch some kind of preemptive wars to remove its biggest threat? Or will the two

¹⁴ Kenneth Waltz, *Theory of International Politics*, New York: McGraw-Hill, 1979, p. 107.

¹⁵ Peter Toft, “John J. Mearsheimer: an Offensive Realist between Geopolitics and Power,” *Journal of International Relations and Development*, Vol. 8, No. 4, December 2005, pp. 381-408.

¹⁶ Robert Gilpin, *War and Change in World Politics*, London, UK: Cambridge University Press, 1981.

countries, together with other important players in the region, be able to find a way to incorporate China into a leading position on par with that of the U.S. by 2030? From the perspective of both realism and neo-realism, it is hard to imagine that the power transition between the U.S. and China will ever be non-chaotic. This leads us to another school of thought which may find part of the answer to the aforementioned questions. And that is neo-liberalism.

Neo-liberalism

Neo-liberalism argues that even in an anarchic system of autonomous rational states, cooperation can emerge through the building of norms, regimes and institutions. Renowned neo-liberals of the 20th century such as Robert Keohane and Joseph Nye, who are founders of the neo-liberal school of thought, have proposed the concept of *complex interdependence* to describe this more sophisticated picture of global politics. They explain that complex interdependence sometimes comes closer to reality than realism. In explaining this, Keohane and Nye cover the three assumptions in realist thought: First, states are coherent units and are the dominant actors in international relations; second, force is a usable and effective instrument of policy; and finally, the assumption that there is a hierarchy in international politics.¹⁷

Keohane and Nye argue that there can be progress in international relations and that the future does not need to look like the past, including power transition (if ever) between the U.S. and China. Many other China and China-U.S. relations observers such as David C. Kang, William H. Overholt, Kenneth D. Johnson and Edward Burman have argued for China's "peaceful rise", dismissing determinism and pessimism characterized by the realist school and the power transition theory traditionally shaped by Western realist concepts of international politics.¹⁸ For example, Kang rejects the assumption raised by Aaron Friedberg in his "*Will*

¹⁷ Robert Keohane and Joseph Nye, *Power and Interdependence: World Politics in Transition*, Boston: Little, Brown and Company, 1977, pp. 23-24.

¹⁸ David C. Kang, "Getting Asia Wrong: The Need for New Analytical Frameworks," *International Security*, Spring 2003, 4, pp.57-85; and idem, *China Rising: Peace, Power and Order in East Asia* (New York: Columbia University Press, 2007); William H. Overholt, *Asia, America and the Transformation of Geopolitics* (New York: Cambridge University Press, 2008); Kenneth D. Johnson, *China's Strategic Culture: A Perspective for the United States* (Carlisle, PA: Strategic Studies Institute, U.S. Army War College, June 2009); and Edward Burman, *China: The Stealth Empire* (Stroud: The History Press Ltd, 2008).

Europe's Past be Asia's Future?” article, explaining: “I wonder why we would use Europe’s past, rather than Asia’s own past – to explore Asia’s future.”¹⁹ Chinese scholars such as Zhu Feng and Wang Jisi have also echoed similar views, pointing out “the misleading effect of treating Eurocentric theory and the balance of power analysis as a “universal” theory.”²⁰

Power transition theory holds that power shifts are normally accompanied by violence. But even in the late 19th and early 20th century when world politics were, to a certain extent, as raw as it was hundreds of years before, the peaceful change of hegemonic leadership from the Great Britain to the U.S. presented the power transition theory a special case. In *World Politics*, Organski offers the following explanations:

- The U.S. economic growth did not alarm Great Britain;
- The U.S. did not seek world leadership;
- The U.S. shared fundamental values and culture with Great Britain;
- The U.S. succeed rather than overthrowing the British order;
- Great Britain was losing control of the international order, it was grateful that the U.S. picked up where Great Britain let go;
- Great Britain eventually became the “loyal lieutenant” to the U.S.²¹

Can the U.S. and China in the 21st century repeat the peaceful power transition that occurred between the Great Britain and the U.S. a century ago? There are credible reasons that they can, and there are also signs that they cannot. But the world in 2030 will be much different from what it is today, as today’s world is already very different from what it was just a few decades ago. The trend towards more peaceful co-existence between great powers seems to overwhelm classical great power wars and conflicts, and it will possibly be more consolidated in two decades’ time.

¹⁹ Kang, *China Rising*, p. xi.

²⁰ Zhu Feng, “China’s Rise Will Be Peaceful,” p. 35; Wang Jisi, “China’s Search for Stability with America,” *Foreign Affairs*, Vol. 84, No.5, Sep/Oct 2005, pp.39-48.

²¹ A. F. K. Organski, *World Politics*, 2nd Ed., New York: Alfred A. Knopf, 1969, pp. 361-363.

Complex as China-U.S. relations are, it is hard to use any single theory or school of thought to explain how they were or predict what shape by 2030 they will take. Offensive realists like John Mearsheimer, Christopher Layne and neo-liberals like Robert Keohane and Joseph Nye alike have to use different theories from a broader spectrum to explain China-U.S. relations. Therefore, in this Thesis, for the sake of a dialectical method, I am going to utilize all the three aforementioned theories to analyze China-U.S. relations to make some forecasts about the most possible scenarios instead of focusing on any single theory.

3. Literature Review

Previous literature on China-US relations can be categorized into two fundamental schools. One school heavily influenced by realism holds that China cannot rise peacefully, China's strategic interests are increasingly conflicting with those of the U.S., and that China will eventually attempt to dislodge the U.S. from the Asia-Pacific and establish its own hegemony. Many renowned Western scholars such as Aaron Friedberg, Christopher Layne, and John Mearsheimer predicted that China and the U.S. are destined for strategic competition and conflict, and that China's ambitions for regional hegemony will drive most of its neighbors such as India, Japan, South Korea, Russia, Singapore, and Vietnam to join the U.S. to contain China's power.²² In China, while top Chinese leaders often play down China's regional and global ambitions, there is a significant segment of the mass as well as academic and policy-making circles that advocate an offensive-realist approach to dealing with the U.S. In *The China Dream*, a best-seller published in 2010 in China, Liu Mingfu, a PLA senior colonel, held that the U.S. is in decline and counseled that China should become the dominant power in Asia by the mid 21st century at the 100th anniversary of the PRC's establishment. In 2009, Martin Jacques also caused

²² Aaron Friedberg, "Ripe for Rivalry: Prospects for Peace in a Multi-polar Asia," *International Security* (Winter 1993-1994), pp. 5-33; Christopher Layne, "China's Challenge to U.S. Hegemony," *Current History* (January 2008), pp. 13-18; John Mearsheimer, "China's Unpeaceful Rise," *Current History* (April 2006), pp. 160-162; and idem, "The Gathering Storm: China's Challenge to U.S. Power in Asia," *The Chinese Journal of International Politics* (2010), pp. 381-396.

a profound academic debate as to whether China and the U.S. are well destined for an unavoidable conflict when their fortune in Asia shifts.²³

On the other hand, liberals and neo-liberals such as John Ikenberry and Joseph Nye argue that China's rise can be managed and that as it rises, China will be incorporated into the Western-led international system.²⁴ Great thinkers and former U.S. government officials such as Zbigniew Brezinski and Henry Kissinger also believe that the U.S.'s containment policy is useless in the U.S.'s grand strategy in the Asia-Pacific, China's rise should be accepted, and that conflict is a choice, not a necessity for the U.S. as a strategy for dealing with the rise of China²⁵. As Hugh White argues in *The China Choice*, a formula should be found for the U.S. to share power with China in the years to come²⁶. These scholars have all pointed out the fact that China-U.S. relations are increasingly at odds with the current order, and that the liberal order imposed by the U.S. in the Asia-Pacific no longer reflects the new correlation of power between the U.S. and China. Hugh White notes that today China is strong, and it is no longer willing to accept America's regional leadership as it did, while America still insists that the old status quo must be maintained.²⁷

Insightful as these scholars' analysis of China-U.S. relations is, their prescription and recommendations are, at best, flawed and naïve because international (power) politics is not that simple, and once the U.S. is on the apex of the power hierarchy, it is very difficult to share or transfer power peacefully and willingly to a challenger like China which is fundamentally different from itself in terms of ideology, socio-political system, values and culture. The history of international relations since Westphalia to date suggest that more than often, power shifts

²³ Martin Jacques, *When China Rules the World: the End of the Western World and the Birth of a New Global Order*, New York: Penguin Books, 2009.

²⁴ John Ikenberry, "The Rise of China and the Future of the West: Can the Liberal System Survive?" *Foreign Affairs* (Jan/Feb 2008); Joseph Nye, "A New Great Power Relationship?" accessed online on July 20, 2013 at http://belfercenter.ksg.harvard.edu/publication/22809/new_great_power_relationship.html.

²⁵ Henry A. Kissinger, "The Future of U.S.-China Relations: Conflict Is a Choice, Not a Necessity," *Foreign Affairs*, March/April 2012.

²⁶ Hugh White, *The China Choice: Why America Should Share Power*, Black Inc., August 2012.

²⁷ Hugh White, "Time for a Small Meeting of Big Powers," *Straits Times*, 19 September 2012.

were always accompanied by upheavals, conflicts or wars due to the nature of major power strategic competition and the easily committed mistakes and/or misperception by either side. The Spain-U.S. war of 1898, the 1904-1905 Russo-Japanese war, and the First World War all testify to this stark reality.

In addition, the role of domestic politics may also prevent both China and the U.S. from reaching any formula of power sharing. In 1972, it took a strong and visionary leader like U.S. President Richard Nixon to make such a strategic coup in the U.S.-China relations, which led to “the week that changed the world.”²⁸ Today and in two decades’ time, barring a great crisis at home or abroad, it is unlikely that any leaders in either the U.S. or China will be able to do the same, since the age of strong leaders are almost over. At that time, for China, only a ruler as powerful as Mao could make a deal with the U.S., and for the U.S., only a strongly anti-communist President like Nixon could strike such a diplomatic overture with China without being perceived “weak” in domestic politics. And finally, how U.S.-China relations unfold will probably not be entirely decided by the two countries themselves, but largely affected by the action and reaction of other countries in the region, especially the allies and security partners of the United States. If the U.S. is forced by China or willing to step down from the peak of the hierarchy of power in the Asia-Pacific and hand over the baton to China, the expected response of its regional allies and partners as well as other strategic rivals of China in Asia would mean that the future ahead is very volatile.

Therefore, China, the U.S., and virtually all other Asia-Pacific countries are facing a dilemma as to how to manage the China-U.S. relations and its implications for regional security. Kevin Rudd pointed out that Beijing’s opposition to the U.S.’s Asia Pivot does not mean that the U.S. policy is misguided, and that the reason why the Asia Pivot has been welcomed across other capitals in Asia is not necessarily that China is perceived as a threat, but because governments in Asia are uncertain what a China-dominated region would look like.²⁹ Amitav Acharya proposed the concept of an Asian Concert of Power to engage both China and the U.S. and other major

²⁸ Margaret MacMilan, *Nixon and Mao: the Week that Changed the World*, Random House Trade Paperbacks, 2008.

²⁹ Kevin Rudd, “Beyond the Pivot: A New Roadmap for U.S.-China Relations,” *Foreign Affairs*, March/April 2013.

powers.³⁰ However, a multi-polar Asia may be more volatile than an order with the U.S.'s preponderance, and a concert of Asia ignores the role of small and medium powers such as Vietnam, Indonesia, New Zealand, thus fuelling resistance. Therefore, a sustainable architecture in the Asia-Pacific will be one that gives a due role to China, keeps the U.S. in, and leaves ASEAN at the driving seat in a way that it can incorporate other important players such as India, Russia, and Japan.

4. Hypothesis

China-U.S. relations are subject to so many factors internally in each country and externally in the strategic environment in the Asia-Pacific region and the world. Complex as they are, China-U.S. relations in two decades' time will likely unfold in a way characterized by most power transitions between the No. 1 power and its closest challenger, with some important novelty made possible by the global trends of the 21st century. Under a close examination of the most reliable strategic predictions made by prestigious think-tanks and scholars in the world, this Thesis is built upon the following hypothesis:

- The rise of China and the relative decline of the U.S. will unfold in parallel, making them more or less peer competitors by 2030.
- China-U.S. relations are the defining relationship in the Asia-Pacific.
- There will be some form of power transition between the U.S. and China in the Asia-Pacific in the next two decades or so.

Centered on the hypothesis that some kind of power transition will take place between the U.S. and China around 2030, with the Asia-Pacific being the theater of such power shift, this Thesis will explore and make some strategic forecasts the most likely scenarios of China-U.S. relations in two decades' time, ranging from classical strategic competition to unprecedented structural changes made possible by the dynamics of international politics of the 21st century.

In this connection, Chapter I will analyze the nature of China-U.S. relations since the establishment of the People's Republic of China (PRC) in 1949 until today, thereby identifying

³⁰ Amitav Acharya, "A Concert of Asia," *Survival: Global Politics and Strategy*, Vol. 41, Issue 3, 1999, pp. 84-101.

the undercurrents that shape and influence China-U.S. relations. Chapter II, which is the mainstay of this Thesis, will outline some most likely scenarios of China-U.S. relations by 2030 in the descending order of likelihood. Chapter III, in its turn, will figure out some implications that each scenario of China-U.S. relations will have on the security architecture in the Asia-Pacific, with an intentional focus on ASEAN. Finally, in the Conclusion, the author will come up with some concluding observations about China-U.S. relations by 2030, touching briefly on some general recommendations as a way forward for the region to manage China-U.S. relations in a way most beneficial or least detrimental to the overall interests of countries in the region.

CHAPTER I: THE NATURE OF CHINA-U.S. RELATIONS

1. Turbulent past, uncertain future

It is imperative to look into the history of the China-US relations to identify the undercurrents that influence their course. From the establishment of the PRC in 1949 until today, China-US relations have been characterized by cycles of confrontation and collusion, and competition and cooperation. As Yan Xuetong observes, “instability is an important characteristic of the China-U.S. relationship and embodies the superficial nature of the friendship between China and the United States.”³¹ From 1949 to 1972, China and the U.S. were engaged in bitter confrontation and fought each other directly in the Korean War of 1950-1953. With the diplomatic coup made by Nixon and Kissinger in 1972, China became a quasi-ally of the U.S. in its containment strategy against the Soviet Union for more than a decade, which was critical for China’s opening up and economic reforms initiated by Deng Xiaoping since 1978. However, the Tiananmen incident of 1989 once again proved how fragile the foundation of U.S.-China relations was. Mobo Gao has noted that Tiananmen is a watershed that fundamentally changed U.S. perceptions of China in general and the Chinese regime in particular.³²

After the Cold War, while maintaining their dual approach to China, which is characterized by both engagement and containment, consecutive U.S. administrations seems to veer from calling China a “strategic partner” (during the Bill Clinton years) to a “strategic competitor” (since the G.W. Bush years onwards). The instability of China-US relations is attributed to many factors, namely geo-strategic competition, ideological difference, strategic misperceptions, and the upheavals in China’s domestic politics. As China rises, there is a risk that the strategic distrust between the two powers will be deepened. Each country perceives the other as the biggest threat to its vital and strategic interests, especially in the Asia-Pacific.

³¹ Yan Xuetong, “The Instability of China-U.S. Relations,” *The Chinese Journal of International Politics*, Vol. 3, 2010, p. 266.

³² Mobo C.F. Gao, “Sino-U.S. Love and Hate Relations,” *Journal of Contemporary Asia*, Vol. 30, No. 4, 2000, p. 547.

According to Aaron Friedberg, China's ambition for regional hegemony runs counter to an axiomatic goal of U.S. grand strategy, which has remained constant for decades: to prevent the domination of either end of the Eurasian landmass by one or more potentially hostile powers.³³

Back in 2000, Condoleezza Rice wrote, "China resents the role of the U.S. in the Asia-Pacific region. This means that China is not a "status quo" power but one that would like to alter the balance of power in its own favor. That alone makes it a strategic competitor, not the "strategic partner" the Clinton administration once called it."³⁴ As Aaron Friedberg concisely puts it, "From the Nixon administration's first feelers to Beijing until the Tiananmen Square incident and the end of the Cold War, the U.S. and China were drawn together mainly by their shared opposition to the Soviet Union. For the last 20 years, by contrast, the two powers have been united primarily by trade." He also pointed out that the 2008-2009 global financial crisis "may mark the end of a period in which trade served to stabilize Sino-American relations and the beginning of one in which it will become a source of increasing friction and conflict."³⁵ In other words, after the Cold War and the global financial crisis, China has replaced the Soviet Union as the most formidable strategic rival of the United States.

Turbulent as the past was, future China-U.S. relations will be also subject to so many uncertainties and unknowns, of which not everything can be in the control of China and the U.S. themselves. It is almost impossible to envision exactly how the region and China-U.S. relations will unfold in the next two decades. Peter Hays Gries notes that "regional stability, the future directions of Chinese nationalism, and U.S. power are the three major critical uncertainties influencing future U.S.-China relations."³⁶ Firstly, regional stability (or instability) can directly influence the course of U.S.-China relations because most of the potential flash points in the

³³ Aaron L. Friedberg, "Bucking Beijing: An Alternative U.S. China Policy," *Foreign Affairs*, September/October 2012, (Friedberg, September/October 2012) pp. 48-59.

³⁴ Condoleezza Rice, "Promoting the National Interest," *Foreign Affairs*, Vol. 79, No. 1, January/February 2000, pp. 45-62.

³⁵ Aaron L. Friedberg, "Implications of the Financial Crisis for the U.S.-China Rivalry," *Survival*, Vol. 52, No. 4, August/September 2010, p.37.

³⁶ Peter Hays Gries, "Forecasting U.S.-China Relations, 2015," *Asian Security*, Vol. 2, No. 2, 2006, p. 74.

Asia-Pacific such as Taiwan, the Korean Peninsula, the Senkaku/Diaoyu disputes, and the Spratlys disputes, involve China and the U.S. or its allies. Should tensions get out of control, the possibility of U.S. intervention in defense of its allies, and hence, risk of direct U.S.-China military confrontation will be very real and high. Secondly, across East Asia and especially in China, nationalism is on the rise, fuelled by increasingly heated territorial and maritime disputes. As China's economic growth slows down, nationalism will be increasingly used and abused by Chinese leaders as a tool for political purposes and national unity. This will be very dangerous for regional stability and future China-U.S. relations. Finally, the U.S.'s relative decline has cast doubts about its ability to sustain its commitments in the Asia-Pacific region. Undermined by economic problems such as a huge public debt and slow economic growth as well as political gridlock, the U.S. will face yet greater challenges in putting its house in order, making it more reluctant to fully honor its foreign commitment or get involved in overseas adventures. As the hegemonic stabilizer of the Asia-Pacific since the end of the Second World War, the future course of the U.S.'s role and staying power will greatly influence the shape of China-U.S. relations in the coming decades.

However, there are also possibilities that China-U.S. relations will be characterized by enhanced cooperation, including in strategically important areas. Richard Weitz contends that there is a possibility that the more developed the Chinese economy, and the more enmeshed China becomes in the international economy, the less likely Chinese officials would take actions, such as threatening force, that could undermine their access to foreign trade, technology, and investment – the sources of their country's prosperity.³⁷ Despite their tremendous differences, China and the U.S. seem to come to understand that they cannot advance their interests without significant cooperation from each other. Since 2009, the establishment of the Strategic and Economic Dialogue (S&ED) between China and the U.S. has provided an important channel for high-level exchange between the leadership of the two countries. Global challenges such as climate change, anti-terrorism, nuclear non-proliferation, and a host of other non-traditional security challenges such as food security, water security and energy security will require more

³⁷ Richard Weitz, "Meeting the China Challenge: Some Insights from Scenario-based Planning," *Journal of Strategic Studies*, 2001, Vol. 24, No. 3. P. 25.

China-U.S. cooperation. The fact that there are now over 90 inter-governmental mechanisms for cooperation between China and the U.S. means that in the next two decades, barring unexpected crises or self-inflicted miscalculation or mismanagement of the bilateral relations by either side, there will be even more fertile ground for China-U.S. relations cooperation as well as hopes for positive-sum game between the No. 1 superpower and its No. 2 challenger. The recent informal summit between Obama and Xi Jinping at Sunnylands, California from 7-8 June 2013 has revealed that China and the U.S. need each other much more than they did just several years ago, and there is a good chance of both countries being able to build a “new type of great power relationship”³⁸ that is unprecedented in the history of international relations since Westphalia.

2. Converging and diverging interests

In a highly globalized world, nothing binds China and the U.S. better than their shared economic interests. Since Deng Xiaoping opened up China to the outside world in the late 1970s, the economies of China and the U.S. have been increasingly intertwined and interdependent. According to official statistics, total U.S.-China trade rose from \$5 billion in 1981 to \$536 billion in 2012. China is currently the U.S.’s second largest trading partner, serving as a \$250 billion market for U.S. firms, among which many view their participation in China’s market as critical to staying globally competitive. China is now the largest foreign holder of U.S. Treasury securities (\$1.3 trillion as of May 2013). China’s purchases of the U.S.’s government debts also keep the interest rate in the latter low, facilitating economic growth and recovery in the world’s largest economy.³⁹ With its huge market, blossoming middle class, and an expanding economy which is expected to become the world’s largest before 2030, China will provide great opportunities for the U.S. should cooperation between the two countries continue to override strategic competition.

Economic interests aside, cooperation and shared interests between China and the U.S. are also increasing in other areas such as education, culture and even strategic issues. At present,

³⁸ Chen Jimin, “Xi-Obama Summit Ushers in New Era of Bilateral Relations,” *The Diplomat*, June 18, 2013, assessed online on June 30, 2013, available at <http://thediplomat.com/china-power/xi-obama-summit-ushers-in-new-era-of-bilateral-relations/>.

³⁹ Wayne M. Morrison, “U.S.-China Trade Issues,” *Congressional Research Service*, July 17, 2013.

there are 194,000 Chinese students studying in the U.S. and 26,000 American students studying in China. More than 1,500 McDonald's outlets operating in China have reported higher profits than other McDonald's outlets in the world. China-U.S. cooperation in addressing regional flash points such as the Korean nuclear issue and the Iranian nuclear program has been enhanced.⁴⁰

However, even in economic and commercial ties where the common denominators in their interests are highest, frictions between China and the U.S. tend to become increasingly prominent. In terms of trade volume with the U.S., China still ranks behind Canada and is roughly on par with Mexico which are just middle powers.⁴¹ The huge trade deficit in commercial relations with China also fuels anti-China sentiments in the U.S., especially during election years or economic hard times. For their part, China also harbors some resentment towards the U.S. in economic ties. Andrew Nathan and Andrew Scobell explain: "although China has embraced state capitalism with vigor, the Chinese view of the U.S. is still informed by Marxist political thought, which posits that capitalist powers seek to exploit the rest of the world... And although China runs trade surpluses with the U.S. and holds a large amount of U.S. debt, China's leading analysts believe the Americans get the better end of the deal by using cheap Chinese labor and credit to live beyond their means."⁴²

Joseph Nye admits that "if we [America] treated China as an enemy, we were guaranteeing an enemy in the future. If we treated China as a friend, we could not guarantee friendship, but we kept open the possibility of more benign future".⁴³ Few would contend Nye's wisdom. Economically interdependent as they are, China and America's domestic politics and their strategic distrust will probably prevent them from making significant concessions to each

⁴⁰ Yang Jiechi, "U.S., China can forge a more cooperative relationship," *Washington Post*, July 8, 2013, assessed online on July 10, 2013, available at http://articles.washingtonpost.com/2013-07-08/opinions/40444162_1_world-peace-china-s-cooperation.

⁴¹ In 2011, the U.S.'s two-way trade turnovers with China, Canada, and Mexico stood at \$539 billion, \$680 billion, and \$500 billion respectively. *Source*: The Office of the United States Trade Representative, 2011.

⁴² Andrew J. Nathan and Andrew Scobell, "How China Sees America: The Sum of Beijing's Fears," *Foreign Affairs*, Vol. 91, No. 5, Sep/Oct 2012, pp. 35-36.

⁴³ Joseph Nye, "Our Pacific Predicament," *The American Interest Magazine*, at <http://www.the-american-interest.com/article.cfm?piece=1388>.

other. As China rises and the power gap between it and the U.S. narrows, this will make the U.S. more insecure and China more impatient about a perceived power shift. It is no surprise that Chinese leaders and policy-makers are now viewing the Asia Pivot or rebalancing strategy of the U.S. in the Asia-Pacific as America's design to contain or constrain the rise of China. For their part, U.S. leaders and numerous scholars view China as an increasingly revisionist power with an unhidden ambition to dislodge the U.S. from the Asia-Pacific and dethrone it as the world's No. 1 superpower. The strategic goals of China and those of the US in the Asia-Pacific seem to be increasingly contradictory. The more China rises, the more insecure America would feel about its eroding role in the region; and the more engaged America becomes in the region, the more alarmed China would feel about its perceived "core interests" being encroached. As Denny Roy argued, both China and the U.S. want peace, but on their own terms. Some of what China calls "defensive" looks to others like aggression. What America terms "stability" is "containment" to China.⁴⁴ Furthermore, the values that America represents are so different from the principles championed by the Chinese leadership. China is too big and too proud to be satisfied with any valued or ideas it considers imported from the West. That is why even when China has effectively adopted state capitalism, it still claims to be practicing "socialism with Chinese characteristics".

At present, the U.S. seems to be at a loss in determining what is the best China policy. Within the U.S., economic difficulties and political gridlock hamper America's foreign relations and its China policy in particular. Back in 2001, David Shambaugh observed that "a divided Congress and a President with a weak mandate will have to work together and sell a new China policy to the public."⁴⁵ The U.S.'s dual strategy of "conengagement" (which is a combination of containment and engagement) followed consistently by eight U.S. Presidents from Richard Nixon to Barack Obama is not going to work in the long term. Justin Logan held that conengagement, for all intents and purposes, has been America's China policy since at least the end of the Cold War, and that the conengagement approach was built on contradictory policies, because

⁴⁴ Denny Roy, "U.S.-China Relations: Stop Striving for "Trust," *The Diplomat*, June 7, 2013, assessed online on June 20, 2013, available at <http://thediplomat.com/2013/06/07/u-s-china-relations-stop-striving-for-trust/>.

⁴⁵ David Shambaugh, "Facing Reality in China Policy," *Foreign Affairs*, Jan/Feb 2001, p.60.

the two aspects of engagement do not complement each other – they work at cross purposes.⁴⁶ The US cannot engage China without accepting to give it a bigger role in the foreseeable future; and the US cannot contain China without losing the economic benefits from the China-US relations. Simply put, in the long run, the US can have either objective, but not both.

At the beginning of his first term, with America devastated by the global financial crisis and the wars in Iraq and Afghanistan, Obama tried to accommodate China by emphasizing the engagement aspect of the engagement strategy. The 2009 China-U.S. Joint Statement mentioned the “core interests” with a clear sign of accommodating China.⁴⁷ However, China’s increasing assertiveness in the East and South China Seas and its perceived lack of cooperation on critical issues such as North Korea have made diverging interests between the two countries more tangible. The U.S. views China’s “nine-dash lines” claim in the South China Sea as a Chinese version of the Monroe Doctrine in East Asia. For a superpower with global interests like the U.S., accepting China’s overbearing assertiveness towards countries in the region may herald the end of the liberal order imposed by the U.S. since 1945. At the 17th ASEAN Regional Forum (ARF) Meeting in July 2010 in Hanoi, Secretary of State Hillary Clinton declared that the United States had national interests in the freedom of navigation in the South China Sea, prompting many other countries to raise the issue of the South China Sea, which was unprecedented at previous ARF meetings.⁴⁸ This declaration was a watershed in the U.S.-China relations in the Obama administration. The fact that the concept of “core interests” did not appear in the 2011 China-US Joint Statement during Hu Jintao’s visit to America means that the US has come to learn that it is futile to appear too accommodating to China.⁴⁹ It is for this very reason that since

⁴⁶ Justin Logan, “China, America, and the Pivot to Asia,” *Policy Analysis*, No. 717, Cato Institute, January 8, 2013.

⁴⁷ See the U.S.-China Joint Statement of November 17, 2009, available at <http://www.whitehouse.gov/the-press-office/us-china-joint-statement>.

⁴⁸ John Pomfret, “Clinton Wades into South China Sea Territorial Dispute,” *Washington Post*, July 23, 2010, assessed online on June 20, 2013, available at http://voices.washingtonpost.com/checkpoint-washington/2010/07/clinton_wades_into_south_china.html.

⁴⁹ See the U.S.-China Joint Statement of January 19, 2011, available at <http://www.whitehouse.gov/the-press-office/2011/01/19/us-china-joint-statement>.

the last two years of the first Obama administration, the hedging and containment elements in the US's China engagement strategy have been gaining momentum.

Some scholars such as Arvind Subramanian, Robert Ross, Yan Xuetong, and Wang Jisi argue that it is the U.S.'s Asia Pivot or rebalancing strategy that unnecessarily provokes China and destabilizes the region. On the opposite spectrum, scholars such as John Mearcheimer, Aaron Friedberg, Stephen Walt, James Holmes, Michalel Auslin, Christopher Layne, Elizabeth Economy, and Dan Twining believe that it is China's assertiveness and "misbehavior" that caused the US to rebalance towards the Asia-Pacific. All the afore-mentioned conducts of China occurred well before the US announced its Asia Pivot by Secretary of State Hillary Clinton in her article "America's Pacific Century" in *Foreign Policy* in October 2011.⁵⁰ Most U.S. policy-makers and scholars have now come to understand that with regard to the U.S.'s China policy, engagement and balancing are mutually reinforcing, rather than opposing.⁵¹ As such, it seems that cooperation and competition in China-U.S. relations are always two sides of a coin, and whether cooperation overrides competition or vice versa depends much on each country's perception of the other as well as fluctuations in either country's domestic politics.

Christopher Layne argued that if the US tries to maintain its current dominance in East Asia, a Sino-American conflict is virtually certain⁵². John Mearsheimer, another realist, has argued that a wealthy China would not be a status quo power but an aggressive state determined to achieve regional hegemony.⁵³ The US's survival and vital interests are not in the Asia-Pacific, but those of China are. It is likely that in one or two decades' time, the US will have to adopt a more consistent approach to dealing with China. Since the U.S. cannot contain China or stop its rise, it will have to learn to share power with China and even accept China's preeminence in the West Pacific, if not all the Asia-Pacific. When China approaches the US in terms of hard power at some time in the late 2020s or so, it is for sure that it will not accept the rules and norms

⁵⁰ James Holmes, "The Pivot Didn't Cause China's Misbehavior," *The National Interest*, February 4, 2013, at <http://nationalinterest.org/commentary/the-pivot-didnt-cause-chinas-misbehavior-8054>.

⁵¹ Ely Ratner, "Rebalancing to Asia with an Insecure China," *The Washington Quarterly*, Spring 2013, p. 32.

⁵² Christopher Layne, "China's Challenge to U.S. Hegemony," *Current History*, January 2008.

⁵³ John J. Mearsheimer, *The Tragedy of Great Power Politics* (New York: W.W. Norton, 2001), p. 402.

imposed by America in the Asia-Pacific since the end of the Second World War since those rules and norms were made without the participation of China. As a rising power, China will demand more, not less, sphere of influence commensurate with its new-found strength.

3. The clash of values

At the core of their national identity, China and the U.S. are very different from each other. Peter Hays Gries notes that “Chinese identity today involves an ethno-cultural nationalism that highlights a pure Han ethnicity and a pride in China’s “5,000 years of civilization... American identity, by contrast, is largely ideological and not ethno-cultural. It is a civic nationalism centered on a particularly American liberalism that has at its heart a fierce insistence on individual freedom set against an authoritarian state.”⁵⁴ With the end of the Cold War and as China integrates deeper into the global economy and institutions, the role of ideology seems to have been blurred. But now that the U.S. feels more and more threatened by the rise of China, ideology tends to become an increasingly important factor in U.S.-China relations in the coming years. As Aaron Friedberg succinctly puts it, “ideological differences, and ideologically rooted animosities, may reinforce the dynamics of mutual insecurity at work in the U.S.-China relationship.”⁵⁵ As China expert David Shambaugh said in an interview, there is a “systemic struggle” between China and the U.S., and “the stronger and more assertively nationalistic China becomes, the sharper the tensions will become.”⁵⁶

More than 20 years after the collapse of the Soviet Union, China remains one of few communist and authoritarian countries in the world. From the perspective of the U.S. and the West, China seems to be “the odd man out,” going against the wind of liberalization and democratization in the world. For its part, as argued by Arleen Freeman and Nathan Li, the CCP has long rejected and detested what the U.S. and the West consider universal values. It demonizes universal values and consistently uses state media to heighten and even misrepresent

⁵⁴ Peter Hays Gries, “Forecasting U.S.-China Relations, 2015,” *Asian Security*, Vol. 2, No. 2, 2006, pp. 73-74.

⁵⁵ Aaron L. Friedberg, “The Future of U.S.-China Relations: Is Conflict Inevitable?” *International Security*, Vol. 30, No. 2, Fall 2005, p. 33.

⁵⁶ Cited in Steven Mufson, “Sino-U.S. Relations Pushed into a Danger Zone,” *Washington Post*, June 21, 1995, p. A.17.

the drawbacks of democracy and freedom. It stresses “Chinese characteristics” and that Western values do not harmonize with “Chinese characteristics.” They hold that what the CCP is counting on is not just that the U.S. will lose jobs (or economic benefit) to China, but also lose its spiritual base: the American ideals, its founding principles, and its universal values, because they are the CCP’s greatest threat.⁵⁷

Moreover, the model championed by China (or the “Beijing Consensus”) which means an autocratic system with tight political control, an emphasis of the role of the state over individual and civil rights, is at odds with the liberal democracy model fiercely defended by the U.S. and the West. China’s economic success has also advanced the “Beijing Consensus” at the expense of the “Washington Consensus”. As Edward Friedman argued, authoritarian China’s success is attracting imitators around the world, showing that China’s Communist Party seems to know how to achieve economic growth, maintain stability, become a global power, and hold on to a monopoly of power at home.⁵⁸ This effectively hurts the very core ideals of American exceptionalism and the conviction that America’s set of values are unique and best for the world. Due to the conflicting values and ideals, the U.S. has always criticized China’s human rights record, placing it in the Country of Particular Concern (CPC) list for a long time together with the so-called “rogue states” such as North Korea, Iran, and Sudan. For a country that prides itself on its 5,000-years-odd civilization, it is natural that China finds it hard, if not impossible, to accept the set of values imposed by the U.S., which is perceived as detrimental to both its cultural identity and regime security.

4. The problem of perception and misperception, and mutual strategic distrust

Mainstream international relations theory tends to dismiss the possibility of understanding the importance of perceptions and intentions in world politics. John Mearsheimer contends that there is no way to know the intentions that drive other states, so the only thing a rational state can do is to build up its military capabilities and prepare for the worst.⁵⁹ However,

⁵⁷ Arleen Freeman and Nathan Li, A Clash of Values, *Chinascopes*, Jan/Feb 2013, p. 12.

⁵⁸ Edward Friedman, “China’s Return to Global Glory,” *Global Dialogue*, Winter/Spring 2007, p. 9.

⁵⁹ John Mearsheimer, *The Tragedy of Great Power Politics*, New York: W.W. Norton & Company, 2001.

Robert Jervis argued that “perceptions of the world and other actors diverge from reality in patterns that we can detect and for reasons that we can understand.”⁶⁰

In a relationship as complex as that between the U.S. and China, perception does matter. Due to its past humiliation at the hands of the West, China tends to view the U.S. as an imperial hegemon seeking to carve up or dismember China. Kurt Campbell and Richard Weitz have pointed out that the U.S. and the PRC each remains suspicious of the other’s true objectives and behaviors. For example, in terms of military cooperation, whereas Washington fears that the Chinese were exploiting contacts to acquire military secrets, Beijing worries that the U.S., for all its talks of engagement, ultimately hopes to subvert Chinese communism.⁶¹ Beijing always interprets Washington’s decisions to maintain its Cold War troop levels in East Asia, strengthen security ties with Japan, and back Taiwan in its confrontations with China as means of limiting the PRC’s regional influence.⁶² As long as Taiwan remains de facto independent of China, which seems highly certain at least over the next ten years, it is hard, if not impossible, for China to build strategic trust with the United States or view the latter in a positive manner. Taiwan remains the biggest reminder of the wounded national pride and unfulfilled reunification dream, which makes the U.S. the main culprit. Chinese military leaders view the U.S. as the main impediment to China either reacquiring Taiwan or assuming its rightful place as East Asia’s leading power.⁶³ The U.S. bombing of the Chinese Embassy in Belgrade in 1999, the U.S. spy plane collision off Hainan island in 2001, and the ongoing Asia Pivot followed by the U.S. have reinforced China’s perception that the U.S.’s strategy is aimed at containing China strategically and stopping its rise. Heavily influenced by offensive realism, many Chinese analysts and

⁶⁰ Robert Jervis, *Perception and Misperception in International Politics*. (Princeton, N.J.: Princeton University Press, 1976), p. 3.

⁶¹ Kurt M. Campbell and Richard Weitz, “The Limits of U.S.-China Military Cooperation: Lessons from 1995-1999,” *The Washington Quarterly*, Vol. 29, No. 1, Winter 2005-2006, p. 178.

⁶² Xinba, “China: Security Practice of a Modernizing and Ascending Power,” p. 135.

⁶³ Kurt. M. Campbell and Richard Weitz, op. cit. p. 182.

policy-makers believe that the U.S. cannot be satisfied with the existence of a powerful China and therefore seeks to make the ruling regime there weaker and more pro-American.⁶⁴

It seems that both scholars and government officials from both countries fail systematically to seek to understand how others view the world, thus allowing misperceptions and consequently conflicts to grow. If the current trends continues, this problem will get worse by 2030, when China becomes more assertive and the U.S. more insecure. As the two countries seem to get more and more trapped in the security dilemma, especially since the Obama administration officially declared its Asia Pivot (or rebalancing strategy) in late 2011, uncertainty and misperceptions between China and the U.S. has become the order of the day. Andrew Nathan and Andrew Scobell have rightly pointed out that “just as Americans wonder whether China’s rise is good for U.S. interests or represents a looming threat, Chinese policy makers puzzle over whether the U.S. intends to use its power to help or hurt China.”⁶⁵ This uncertainty and the lack of transparency, especially on the part of China as perceived by the U.S., have driven the two countries increasingly suspicious of each other’s future intentions and capabilities.

Kenneth Lieberthal explains what he terms “mutually assured distrust” between China and the U.S. by noting that “the single biggest failure of 30 years of diplomatic ties between Washington and Beijing is that neither side, even today, trusts the long-term intentions of the other towards itself,” and that “because the distrust concerns long-term (that is, 10-to-20-year) intentions rather than immediate goals and policies, it is very difficult to change.”⁶⁶ Peter Hays Gries has argued that the U.S.’s national identity lies at the heart of many American misunderstandings and misperceptions of China.⁶⁷ The history of America’s independence and

⁶⁴ Andrew J. Nathan and Andrew Scobell, op. cit. p. 36.

⁶⁵ Andrew J. Nathan and Andrew Scobell, How China Sees America, *Foreign Affairs*, Vol. 91, No. 5, September/October 2012, p. 33

⁶⁶ Kenneth Lieberthal, “The China-U.S. Relationship Goes Global,” *Current History*, Vol. 108, Issue 719, September 2009, pp. 243-244.

⁶⁷ Peter Hays Gries, “Problems of Misperception in U.S.-China Relations,” *Orbis*, Vol. 53, Issue 2, March 2009, p. 223.

nation-building inspires fear and loathing about the subordination of individuals to a strong state such as China, which is always perceived by the U.S. as an authoritarian communist state. On their part, Chinese leaders and policy-makers believe that the root cause of the U.S.-PRC tensions is American ignorance of, and insensitivity toward China. For a country that views the world through the prism of the “century of humiliation” and is always allergic to foreign imposition, this perception fuels more and more distrust of the U.S., sending the two countries into action-reaction cycles that will further undermine the foundations of their relationship. Because of its tumultuous historical legacy over the past 100 years, China craves for a rightful place on the world stage and wants the established power to recognize its new-found strength, and hence, status. Robert Pastor has argued that “China combines a new confidence and strength with an older insecurity and inferiority complex. This is a potentially combustible combination.”⁶⁸ The more China perceives that it is contained and encircled by the U.S., the more extreme its reactions will be whatever the cost it may take and however weak or strong China may be.

⁶⁸ Robert A. Pastor, “China and the United States: Who Threatens Whom?” *Journal of International Affairs*, Spring 2001, Vol. 54, No. 2, p. 432.

CHAPTER II: POSSIBLE SCENARIOS FOR CHINA-U.S. RELATIONS BY 2030

The end of the Cold War removed the most important common denominator in the strategic interests of China and the U.S., namely the containment of the Soviet Union. As Arthur Waldron has put it, “the Cold War has ended, and with it the external imperative for Sino-American rapprochement.”⁶⁹ The 1989 Tiananmen incident also added another complex irritant to the relations between China and the U.S. and the West. As a result, the strategic interests of China and the U.S. became more and more divergent instead of being virtually convergent as in the 1970s and 1980s. The U.S. increasingly views China as its strategic competitor, not a strategic partner. While the Clinton administration sought to engage China in the hope that this process would lead to gradual transformation of the country, the George W. Bush administration became cold to the idea of forging a strategic partnership with China. Since the global financial crisis of 2008-2009 onwards, the U.S. has decidedly identified China as the most formidable challenge to the U.S.’s No. 1 position in the world. In light of the ongoing trend as well as the traditional characteristics of power shifts taking place since the establishment of the Westphalian system, strategic frictions in the China-U.S. relations are likely to rise as China eventually catch up with the U.S. in terms of overall strength. These fluctuations demonstrate how complex China-U.S. relations are, and that China-U.S. cooperation and competition seem to be two sides of a coin, with either cooperation or competition as the overriding trend quite depending on the situation as well as the foreign policy priorities of the U.S. and those of China.

As China rises and the U.S. suffers a relative decline, the balance of power between the No. 1 power and its closest challenger will be dramatically changed in the next two decades or so. Back in 2005, Zbigniew Brezinski explained, “there will be inevitable frictions as China’s regional role increases and as a Chinese “sphere of influence” develops. U.S. power may recede gradually in the coming years, and the unavoidable decline in Japan’s influence will heighten the sense of China’s regional preeminence.”⁷⁰ One school of thought holds that by 2030, China will

⁶⁹ Arthur Waldron, “Deterring China,” *Commentary*, Vol. 100, No. 4 (October 1995), p. 18.

⁷⁰ Zbigniew Brezinski, “Make Money, Not War,” “Clash of the Titans” debate, *Foreign Policy*, Jan/Feb 2005, p. 47.

be able to establish primacy in the Asia-Pacific⁷¹ while the other places its bet on the resilient preponderance of the U.S. as the most important player in the regional strategic chessboard.⁷² However, few scholars can be totally sure of the exact future of the China-U.S. relations by 2030. Robert Art has pointed out three key benchmarks which are critical for the analysis of future China-U.S. relations: “First, we cannot predict with any certainty the content of China’s intentions, but we can with confidence state that they will be more expansive than they are now. Second, the United States, short of preventive war, which is not a viable policy, cannot stop China’s rise, although perhaps it could slow that rise for a time through hostile economic policies. Third, we should not assume that the Sino-American relationship is doomed to repeat the dismal record of the three previous dominant power-rising power dyads of the last 100 years, because there are marked differences between the former and the latter three”.⁷³ The future of China-U.S. relations are subject to so many variables, among which even those within each country and its leadership are already too difficult to predict, let alone external or unexpected variables. Globalization, the diffusion of power, nuclear weapons, the rise of the rest, and a host of other factors will probably dictate that whether they like it or not, the U.S. and China will not be able to allow their relations to follow the historical precedents of power shifts before the First and Second World Wars.

As the course of development of a country is hardly a linear path, but may be subject to internal and external variables, the strategic futures of China, the U.S. and the China-U.S. relations can unfold in different ways. While uncertainty seems to be the order of the day, most countries in the Asia-Pacific will have been keeping their options open until the future of the

⁷¹ See Arvind Subramanian, “The Inevitable Superpower,” *Foreign Affairs*, Vol. 90, Issue 5 (September/October 2011), pp. 66-78; World Bank’s *China 2030 Report*, 2012; Fareed Zakaria, *The Post-American World*, W.W. Norton & Company (2009); “China’s Military and the U.S.-Japan Alliance in 2030,” Carnegie Endowment for International Peace (2013).

⁷² See Michael Beckley, “China’s Century? Why America’s Edge will Endure,” *International Security*, Vol. 36, No. 3 (Winter 2011/2012), pp. 41-78; Robert Kagan, “Not Fade Away: Against the Myth of American Decline,” *The New Republic*, January 11, 2012, at <http://www.newrepublic.com/article/politics/magazine/99521/america-world-power-declinism#> (assessed online on July 4, 2013); Josef Joffe, “The Default Power: The False Prophecy of America’s Decline,” *Foreign Affairs* (September/October 2009).

⁷³ Robert J. Art, *The United States and the Rise of China: Implications for the Long Haul*, *Political Science Quarterly*, Vol. 125, No. 3, p. 361.

China-U.S. relations is decidedly shaped some time by 2030. Therefore, the possible scenarios of the China-U.S. relations will serve as the defining factor for the future of the Asia-Pacific as well as the basis for policy formulation and execution by most countries in the region. According to the strategic forecast of most scholars and think-tank, the followings are the most likely scenarios of the China-U.S. relations by 2030:

1. Scenario No. 1: Continued China-U.S. strategic competition in peaceful co-existence

The conventional knowledge is that China's rise will lead to a power shift between the U.S. and China at some time before 2030. However, as James Morrow has argued, the international status quo does not change as rapidly as capabilities.⁷⁴ It took the U.S. 75 years to become the No. 1 superpower in the world. For a country with so many complex internal and external challenges like China, that process may be even longer. Even if China's GDP surpasses that of the U.S. sometime in the 2020s, it is likely that by 2030, China will have not been able to match the U.S. in terms of overall strength, so it will not challenge the U.S. directly but choose to continue to compete with the U.S. while accumulating its power until the day it can overthrow the U.S. from the No. 1 position. Many of the fifth-generation Chinese leaders admit that China will need a peaceful environment for development for 30 to 50 years, and that the U.S. will remain the most powerful country for at least that long.⁷⁵ In his 2010 article in People's Daily, Dai Bingguo, China's top diplomat, claims that China does not seek hegemony and will never compete with other countries for leadership in the region, seek so-called joint hegemony or followed so-called Monroe Doctrine.⁷⁶

According to David Shambaugh, "China is, in essence, a very narrow-minded, self-interested, realist state, seeking only to maximize its own national interests and power. It cares little for global governance and enforcing global standards of behavior (except its much-vaunted doctrine of noninterference in the internal affairs of countries). Its economic policies are

⁷⁴ Woosang Kim & James D. Morrow, "When Do Power Shift Lead to War?" *American Journal of Political Science*, Vol. 36, No. 4 (Nov. 1992), p. 898.

⁷⁵ Joseph S. Nye, "Our Pacific Predicament," *The American Interest*, March/April 2013, p. 37.

⁷⁶ People's Daily, Stick to the Path of Peaceful Development, December 13, 2010, http://www.chinadaily.com.cn/opinion/2010-12/13/content_11690133.htm.

mercantilist and its diplomacy is passive. China is also a lonely strategic power, with no allies and experiencing distrust and strained relationships with much of the world.”⁷⁷ While the U.S. has more than 50 formal military allies, China has none, with North Korea and Pakistan being just “quasi-allies” that often become more of a liability than a strategic asset for China. Aware of its limits, China will not take radical steps but rather incremental ones to change the status quo in its favor, avoiding an abrupt change in its relations with the U.S.

By comparison, Stephen Walt argued in *The End of the American Era* that the primacy that the U.S. enjoyed since the end of the Second World War is now over, and in the next two or three decades, the U.S. will have to accept the fact that it is just one of the great power, or *primus inter pares*. If the current economic growth rate of 7-8 percent annually continues, China’s GDP will double by 2020, surpassing that of the U.S. sometime before 2030. This will allow China to further modernize and strengthen the PLA to make the US think twice about intervening in any regional crisis to come to the rescue of its allies should conflicts break out. China’s geo-strategic location in the Asia-Pacific is also a huge advantage over the US, which is an ocean away from the theater. The anti-access and area-denial strategy employed by China also neutralizes the U.S.’s technological superiority, making it more costly for the U.S. to intervene militarily in East Asia in defense of an ally in conflict with China. China’s ambitions are not to challenge the U.S. on a global scale, but within the Asia-Pacific where it enjoys the advantage of geographical proximity. Unlike the Soviet Union in the Cold War, China will not seek to dethrone the system and values championed by the U.S., but choose instead to increase the cost of a possible U.S. intervention in East Asia, at least before 2030. To that end, China is now relatively well-prepared, and it will be more and more confident by 2030.

The 2008 U.S. National Intelligence Council’s *Global Trends 2025* report predicts that, over the next two decades, the U.S. will become just *primus inter pares* (or the first among equals) in a multi-polar international system that will effectively end what was always an artificial “unipolar moment.”⁷⁸ The U.S.’s economic power has been dented by the global

⁷⁷ David Shambaugh, “China Goes Global: the Partial Power,” Oxford University Press, January 2013.

⁷⁸ National Intelligence Council, *Global Trends 2025: A Transformed World*, Washington D.C., November 2008, pp. 93-95.

economic recession, forcing it to realize and gradually accept the rise and new-found strength of China.

However, in absolute terms, the U.S. will be able to maintain its edge over China for at least another two decades. Even when China's GDP surpasses that of the U.S. at some time in the 2020s, it will still lag behind the US in terms of military power projection capability, a network of strong and reliable allies and security partners, virtual dominance of international economic institutions, and soft power. Chinese leaders understand very well their limits, and may not decide to challenge the US directly unless an unexpected crisis at home or in the region happens, making China's decision-makers hostage to internal political calculations or nationalist sentiments. In the foreseeable future, at least until the 2020s, barring an unexpected crisis, China-U.S. relations will be characterized by both cooperation and strategic competition. At the heart of the question, while many of their strategic interests are divergent, China does not threaten the survival of the U.S., which leads many in the U.S. to question the wisdom of directly confronting China.⁷⁹ Furthermore, the growing economic interdependence between China and the U.S. means that America cannot punish China without seriously hurting itself. In the Cold War, the Soviet Union's GDP never exceeded half that of the U.S., and the two countries had virtually no economic or commercial ties. On the contrary, well before 2030, China's GDP will likely surpass that of the U.S., and the economic future of China and the U.S. will be bound even more closely. More and more voices in the U.S.'s business and political circles, even renowned and influential figures such as Henry Kissinger and Zbigniew Brezinski are questioning the rationale and sensibility of countering China.⁸⁰ As the U.S. becomes more and more intertwined economically with China in the coming decades, voices like this will increase and have a major impact on the political discourse in the U.S., making its leaders even more reluctant to confront China.

Right after the CCP's 18th Congress, Chinese leaders repeatedly emphasized the need to build a "new type of great power relations" with the U.S., showing that China does want to

⁷⁹ Walter C. Clemens, "Why Pick a Fight With China?" *The Diplomat*, May 5, 2012, at <http://thediplomat.com/2012/05/05/why-pick-a-fight-with-china/>.

⁸⁰ Walter C. Clemen, *Ibid.*

stabilize the relationship. In terms of foreign policy, the CCP's 18th Congress still gave the No. 1 priority to China's relations with the U.S., appointing top diplomats having deep background and much experience in China's relations with the U.S. such as Yang Jiechi and Cui Tiankai. As China still attaches much importance to its "period of strategic opportunity", it is likely that the strategic competition aspect in China-U.S. relations will be relatively controlled within an acceptable framework. For its part, in the next decade, it is likely that the U.S. will seek closer economic integration with China and utilize over 90 inter-governmental cooperation mechanisms currently existing between the two countries while consolidating its alliances and seeking new strategic partnerships in the Asia-Pacific to hedge against a possibly more aggressive China in the future.

The complex interdependence between China and the U.S. will require both countries to continue to engage each other in a relatively peaceful competitive co-existence. China-U.S. relations will be characterized by a mutual accommodation of power and interest by either party since neither China nor the U.S. can impose hegemony in the Asia-Pacific or pursue their strategic interests without significant cooperation of the other. As described by David M. Lampton, China and the U.S. will be locked into a "double game" that will be conducive for continued peace and stability in the region: "For China, the gamble is that the Americans will countenance, indeed cooperate with, their rise, even as they have misgivings and as some in the U.S. Government and elsewhere in society periodically contemplate taking a more confrontational path. And for America, the bet is that a powerful China two or more decades hence, woven into the fabric of international society and a beneficiary of the globalization that energized its growth in the first place, will become in the words of one Chinese scholar in Shanghai, "a responsible, decent role model for others."⁸¹ Echoing this view, Robert Sutter has also argued that "even hard-line Chinese critics of U.S. "hegemony" in Asian and world affairs

⁸¹ David M. Lampton, *The Three Faces of Chinese Power: Might, Money, and Minds* (Berkeley, CA: University of California Press, 2008), p.2.

have been compelled in recent years to adopt a low posture in dealing with the U.S., choosing to wait as China builds comprehensive national power over the coming decades.”⁸²

Therefore, barring any unexpected big crisis, U.S.-China relations in 2030 will look relatively similar to what they are today, with the power equation increasingly favorable for China as it continues to rise. This trend will further deepen the strategic competition and rivalry between the two countries but will not lead to a situation whereby both countries allow their relations to spiral out of control. As a result, the future of the Asia-Pacific will continue to be shaped by China-U.S. relationship, with other major powers such as India, Japan and Russia all playing more or less important role. Within this regional architecture, ASEAN’s centrality will likely be maintained because no single great power, be it China or the U.S., will be strong enough to impose an order to its liking.

2. Scenario No. 2: A New U.S.-China Cold War or Cool War

John Mearsheimer argues that “a wealthy China would not be a status quo power but an aggressive state determined to achieve regional hegemony,” and that “China is still very far away from the point where it has enough latent power to make a run at regional hegemony. So it is not too late for the U.S. to reverse course and do what it can to slow the rise of China. In fact, the structural imperatives of the international system, which are powerful, will probably force the U.S. to abandon its policy of constructive engagement in the near future.”⁸³ The rise of China and its increasingly assertive behavior have reinforced realist and zero-sum thinking in the U.S. to a great extent. China, concludes Denny Roy, “is a dissatisfied power,” still trying to “recover territory and prestige lost to the West. The Chinese leadership “perceives the international environment as primarily hostile, and their own place within it insecure.”⁸⁴ In other words, China bears all the trademarks of a revisionist power. If China continues to rise more or less as it has in the past three decades, well before 2030 China will be the largest economy in the world and

⁸² Robert S. Sutter, “China’s Rise: Implications for U.S. Leadership in Asia,” *Policy Studies 21*, East-West Center, Washington, 2006, p. ix.

⁸³ John J. Mearsheimer, *The Tragedy of Great Power Politics* (New York: W.W. Norton, 2001), p. 402.

⁸⁴ Denny Roy, “Hegemon on the Horizon? China’s Threat to East Asian Security,” *International Security*, Vol. 19, No. 1 (Summer 1994), p. 161.

possess a much stronger military force that can challenge the U.S. in many aspects, especially by its anti-access and area-denial strategy. If this is the case, the U.S. will face a hard choice either to accept China's preeminence in the Asia-Pacific or take measures aimed at crippling China economically, diplomatically, and militarily. The history of power shifts in the world, the vested strategic interests of the U.S. in the Asia-Pacific, and the self-perceived American exceptionalism all suggest that the U.S. will likely opt for the latter policy option by launching a new Cold War (or Cool War) against China. There are many reasons for that.

Firstly, China and the U.S. are different by ideology. As Michael Mazarr has put it, "Sino-American relations suffer from a basic fact of life in international politics: democracies and dictatorships generally do not get along well."⁸⁵ Aaron Friedberg also argues that although China is no longer following Marxist ideology, it is still adopting the Leninist orthodoxy of the authoritarian one-party system loathed by the U.S. and the West.⁸⁶ The U.S. expects that in the course of its economic development, China will eventually undergo political liberalization, and that a liberal and democratized China will behave in a more benign manner towards the U.S. and other countries in the region. From the Chinese perspective, the U.S.'s design to democratize or liberalize China means subversive efforts by "hostile forces" led by the U.S. and the West to weaken or even dismember China. As such, a seemingly good-willed intention by one power is perceived as outright hostility by the other, making strategic distrust between China and the U.S. all but imminent.

Secondly, well before 2030, the U.S. will face a dilemma in its policy options towards China and its closest allies in the region, namely Japan, South Korea, and the Philippines. If the U.S. wants to improve and stabilize its relations with China, some strategically important concessions must be made with regards to the U.S.'s policy towards Taiwan, Japan, South Korea, and the Philippines, to name but a few. But this will run counter to the U.S.'s vital interests of preserving its No. 1 position as well as the liberal order it established after the Second World War. In short, the U.S. cannot have everything it wants, since as pointed out by

⁸⁵ Michael J. Mazarr, *op. cit.*, p. 21.

⁸⁶ Aaron Friedberg, "In U.S.-China Relations, Ideology Matters," *Foreign Policy*, July 1, 2011, at http://shadow.foreignpolicy.com/posts/2011/07/01/in_us_china_relations_ideology_matters.

Stephen Walt, the American Era is arguably over now,⁸⁷ and will be a distant memory by 2030. Even if China does not equal the U.S. in terms of overall strength by 2030, the U.S. will still be unable to impose its will on China the way it does now. In its periphery, China's anti-access and area-denial strategy poses a daunting challenge to the U.S. by raising the cost of military intervention to the level that the American society cannot accept.

As Yan Xuetong, a renowned Chinese realist scholar points out, "if history is any guide, China's rise does indeed pose a challenge to America. Rising powers seek to gain more authority in the global system, and declining powers rarely go down without a fight. And given the differences between the Chinese and American political systems, pessimists might believe that there is an even higher likelihood of war".⁸⁸ As the two countries' possession of nuclear weapons makes direct wars a mutually assured destruction, a new Cold War or Cool War may seem to be a favorite choice by both. The 2008 global financial crisis has given rise to a surge of confidence among China's elite and populace who increasingly believe that the U.S.'s days in the Asia-Pacific are numbered. In an opinion poll in early 2010, more than 50 percent of Chinese surveyed were of the view that "China and America are heading for a new Cold War."⁸⁹

David Shambaugh has pointed out that China presents the U.S. with a challenge it has never experienced before, i.e. competing strategically with an opponent which is highly interdependent with it in terms of economic interests. However, as analyzed in the previous chapter, China is very important, but not indispensable to the U.S. economically. If the perceived strategic threats posed by China outweigh the economic benefits in bilateral relations, the U.S. may come to the conclusion that it cannot engage and accommodate China without risking being dislodged from the Western Pacific. No longer under the illusion of the benefit of engaging China, the U.S. will focus on containing China more or less the way it did to the Soviet Union in the Cold War. Of course this time it will be much harder for the U.S. since during the Cold War, the Western Alliance led by the U.S. was stronger than the Soviet Union by nearly 3:1 in GDP,

⁸⁷ Stephen Walt, op. cit.

⁸⁸ Yan Xuetong, "How China Can Defeat America," *New York Times*, November 20, 2011.

⁸⁹ Michael Sheridan, "China's Hawks Demand Cold War on the U.S.," *Sunday Times* (London, February 8, 2010), p.1.

by over 2:1 in population, and roughly 20 percent in annual defense spending.⁹⁰ When surpassed by China in terms of GDP, the U.S. will have fewer choices other than exercising an “offshore balancing” strategy by strengthening and encouraging the opponents of China such as Japan, South Korea, India, the Philippines, Vietnam, and maybe Russia, to contain China. Among these countries, strong U.S. allies with bitter territorial and maritime disputes with China such as Japan and/or weaker security partners that have close strategic ties with the U.S. but don’t enjoy compulsory security commitment such as Vietnam will be most prone to intentional incitement by the U.S. to confront China militarily. The discrepancy in the U.S.’s behavior in the Senkaku/Diaoyu and Scarborough disputes by Japan and the Philippines with China has revealed that the U.S. is realistic enough to place its bet on countries that can stand on its own in confronting China without drawing the U.S. directly into a possible conflict. In two decades’ time, as China’s continued rise becomes harder for the U.S. to manage, the buck-passing penchant will be more prominent in the U.S.’s Asia-Pacific strategy.

Economically, China and the U.S. are highly interdependent. But as analyzed in Chapter I, their economic interdependence seems to be overestimated. Aaron Friedberg writes, “As time passes, China will probably become even less susceptible to American economic pressure than it is today. Chinese exports to the U.S. may be large, but even now they are greatly overshadowed by China’s exports to its Asian neighbors.”⁹¹ The same may hold true for the U.S., with the E.U, Canada, and Mexico largely surpassing China as important export destinations. The U.S. may cut off all commercial ties with China, ban the export of high-tech commodities and services to China, or curb investment made by Chinese companies in America. The Obama administration’s April 2013 decision to ban Huawei, a Chinese telecom giant, from selling its products to the U.S. government is just an example of the increasingly frictional economic relations between the U.S. and China. Mohan Malik argues, “domestic economic woes may leave Washington with no option but to stand up to China on the economic front, and insist that the world’s largest economy “play by the rules of the road,” namely respecting intellectual-property rights, revaluing its currency to balance trade, allowing greater market access, and loosening control of

⁹⁰ Stephen M. Walt, “The Case for Finite Containment: Analyzing U.S. Grand Strategy,” *International Security*, Vol. 14, No. 1 (Summer, 1989), p. 15.

⁹¹ Aaron L. Friedberg, “The Struggle for Mastery in Asia,” *Commentary*, 110:4, 2000, pp. 18-19.

its near-monopoly on rare-earth materials.”⁹² As perceived by China, the U.S. will probably use the Trans-Pacific Partnership (TPP) as an instrument to contain China economically or force China to play by the rules and norms detrimental to its interests. China’s concern is justifiable in view of the fact that most of the core criteria of the TPP such as the protection of intellectual property rights and labor rights, transparency in government procurement, and equal treatment of State-owned enterprises and private sectors are designed to neutralize the very advantages of the Chinese economy. For its part, well before 2020, China may have managed to promote the Regional Comprehensive Economic Partnership (RCEP) as a counterweight to the TPP in order to roll back the economic sphere of influence of the U.S. in the Asia-Pacific.⁹³ This will turn the economic cooperation mechanism with both China and the U.S. being members such as the APEC into something moribund or useless. The U.S. will do as much as it can to convince its allies and partners to minimize their economic ties with China. But the 21st century’s world is too interdependent and complicated, and given the unsuccessful history of the U.S.’s economic sanctions tactics, countries in the region will continue to do business with both China and the U.S. while making use of the strategic competition between the two countries. Even worse, as Thomas Christensen has pointed out, efforts by Washington to slow China’s economic growth or isolate Beijing diplomatically from the region will backfire because they would harm China’s growth only on the margins while undercutting the U.S. diplomatic position with every country in the region, including U.S. allies. As a result, the U.S. would end up much weaker in the region in relation to China.⁹⁴

In terms of security, a U.S.-China Cold War means that the U.S. will make more strategic investment in consolidating its alliance network in the Asia-Pacific and seek to establish new security partnerships with rising and influential countries in the region such as India, Indonesia,

⁹² Mohan Malik, “China in the Asia-Pacific in 2040: Alternative Futures,” p. 172.

⁹³ See Beginda Pakpahan, “Will the RCEP Compete with the TPP?” *East Asia Forum*, November 28, 2012. In this article, the author argues that the TPP is part of the U.S.’s Asia Pivot, and that the TPP and RCEP may come into conflict due to increasing tensions between China and the U.S. because each wants to shape the rules and norms for economic cooperation in East and Southeast Asia to secure their interests.

⁹⁴ Thomas J. Christensen, “Fostering Stability or Creating a Monster? The Rise of China and U.S. Policy toward East Asia,” *International Security*, Vol. 31, No. 1 (Summer 2006), p. 83.

and Vietnam or swing states like Myanmar. The U.S.'s current efforts to revitalize the alliance with Japan and South Korea, increase its military presence in the region by stationing marines on a rotational basis in Darwin (Australia) and deploying Littoral Combat Ships in Singapore, return to Subic Bay in the Philippines, and convince Vietnam to allow U.S. combat ships access to Cam Ranh Bay all point to this direction of future U.S. security strategy to establish a ring to contain China strategically. In accordance with its new defense thinking, the U.S. will seek "places not bases", especially choke points to strangle China economically and strategically in case of a crisis. As its behavior pattern in the past few years has revealed, the U.S. will also exploit territorial and maritime disputes between China and other countries in the East and South China Seas to rally more allies and partners to the U.S. while further alienating China from countries in the region. For instance, as the U.S. calls on China to resolve maritime disputes with other claimants peacefully in accordance with international laws and the 1982 U.N. Convention on the Law of the Sea (UNCLOS), the U.S. Senate has failed times and again to ratify UNCLOS itself. It will, therefore, fuel more Chinese resentment and rejection against what it perceives as America's "double standards." Furthermore, a new U.S.-China Cold War will probably force the U.S. to further polarize the region by inciting and encouraging countries with territorial disputes with China to confront China militarily. In other words, the U.S. may try to cause proxy wars or conflicts to use countries like Japan, the Philippines, or Vietnam to tie down China in self-damaging conflicts, which in the end will disrupt China's rise, and hence, put an end to the strategic challenge to the U.S. in the Asia-Pacific. In this scenario, the U.S. will likely overlook the democracy and human rights concerns in its relations with countries like Vietnam and Myanmar, provide these countries with lethal weapons so that they can challenge China militarily as the U.S.'s proxies.⁹⁵

⁹⁵ The U.S.'s design has been demonstrated by President Obama's decision to visit Myanmar in November 2012 and receive President Thein Sein in Washington D.C. in May 2013, ease sanctions against Myanmar, receive Vietnamese President Truong Tan Sang in Washington D.C. in July 2013 and establish a Comprehensive Partnership between the U.S. and Vietnam. See also: Prashanth Parameswaran, "Obama Visit Reflects Myanmar's Key Role in U.S. Pivot to Asia," *World Politics Review*, November 27, 2012; Ian Storey and Carlyle Thayer, "Cam Ranh Bay: Past Imperfect, Future Conditional," *Contemporary Southeast Asia*, Vol. 23, No. 3 (December 2001), pp. 452-473; Carlyle Thayer, "Vietnam and the United States: Convergence but not Congruence of Strategic Interests in the South China Sea," Conference Paper, *East-West Center*, Honolulu, November 8-9, 2012.

Politically, the U.S. will seek to destabilize the current regime in China as much as it can to transform the regime or bring about a collapse of the rule by the CCP. In this area, the U.S. has much more advantages and tools at its disposal than China. While the U.S. can play the democracy, human rights, and religious freedom cards to destabilize China, China has almost no similar cards to destabilize the U.S. internally. The U.S. will exploit the socio-economic and socio-political contradictions within the Chinese society to fuel the dissent by the public towards the regime led by the CCP (if the CCP remains in power by then). It will possibly incite separatism in Tibet and Xinjiang to the extent that China has to earmark a considerable amount of its resources to quell any unrest.

3. Scenario No. 3: A U.S.-China Condominium or G-2

China is simply too big and economically interdependent with the U.S. and many other countries in the world for the U.S. to successfully contain China the way it did to the Soviet Union in the Cold War. China's continued rise and expanded interests and the U.S.'s reaction will be the most important factors shaping future China-U.S. relations. Michael Green has argued that the U.S. and the international community have a real stake in the success of China, and in developing its society and economy, and that the U.S. will obviously not be better off with a return to a revolutionary Maoist China or a weak and insecure China. Containing China is, therefore, not a realistic option for the U.S.⁹⁶ Therefore, in the next two decades, as China's overall power approaches that of the U.S., there is a big possibility that the two countries will have to find ways to really form a "new type of great power relationship" similar to condominium or a de facto G-2 within a broader Asian "Concert of Powers," regardless of whether the U.S. and/or its allies and strategic partners in the Asia-Pacific like it or not.

Analyzing China-U.S. relations, John Ikenberry argues that not all power transition generate war or overturn the old order, and that China is working within the Western-oriented system instead of seeking to overthrow it. If China continues to follow the existing global order and integrates into the Western-oriented system, the U.S. and other Western societies can get along with China and the U.S. leadership will remain strong, even though the U.S. global

⁹⁶ Michael J. Green & Daniel M. Kliman, "China's Hard Power and the Potential for Conflict in Asia," *SERI Quarterly*, April 2011, p. 40.

economic position may be weakening.⁹⁷ Many Western scholars such as Arvin Subramanian, Hugh White, and Robert Ross tend to argue for the condominium by the U.S. and China. In their interactions with American leaders, Chinese high-ranking officials also offered to build a “new type of great power relations,” which was perceived by some countries as a G-2 model. Even Zbigniew Brezinski, a hard-headed realist, has also advocated the building of a G-2 model that enables China and the U.S. to work with each other to address the global financial crisis, tackle climate change, and address the problem of nuclear non-proliferation. After the 18th Congress of the CCP, Chinese leaders emphasized the importance of building a “new type of great power relations” with the U.S. in order to stabilize the strategic environment critically important for China to make use of what it considers “the strategic opportunity period”. The Sunnylands (California) informal summit between Obama and Xi Jinping from June 7-8, 2013 may be among the first efforts by the U.S. and China to stabilize their relations and envision some form of condominium in the future should the situation require. While doubts are cast about the prospect of China-U.S. strategic cooperation, it is likely that both countries will seek to engage and cooperate with each other as long as they see that the benefits of cooperation still outweigh the costs. As China and the U.S. economies are highly interdependent, any disruption in their relations will be very detrimental to the interests of either party as well as those of peace and stability in the region and the world. The mutually assured destruction in case of a war between two nuclear powers and the increasingly binding role of international institutions also mean that both China and the U.S. regard violent confrontation as the last resort that they may never want to take.

Joseph Nye dispels offensive realist views about China-U.S. relations, noting that “China is a long way from posing the kind of challenge to American preponderance that the Kaiser’s Germany posed when it passed Britain at the beginning of the last century,” and that “there is time to manage a cooperative relationship.”⁹⁸ Michael Evans characterizes the future China-U.S. relations as the most significant component of Asia’s geopolitics which will likely be shaped by

⁹⁷ John Ikenberry, “The Rise of China and the Future of the West: Can the Liberal System Survive?” *Foreign Affairs*, Vol. 87, No. 1, January/February 2008, pp. 23-37.

⁹⁸ Joseph Nye, “A New Great Power Relationship?”, accessed online on July 20, 2013 at <http://www.chinausfocus.com/foreign-policy/a-new-great-power-relationship/>.

the “strategic bipolarity in the midst of economic interdependence” between the two biggest economies of the world.⁹⁹ David Shambaugh has also mentioned the “two I’s” in U.S.-China relations, namely institutionalization and interdependence, with institutionalization being the outgrowth of interdependence and the manifestation of cooperation.¹⁰⁰ He pointed out that no other inter-governmental relationship in the world comes close to the breadth and depth of issues of mutual concern to the U.S. and China and which they are working to address together. By 2030, such breadth and depth of the China-U.S. relations are expected to be even greater, making each country indispensable to the other and their peaceful co-existence indispensable for the region and the world.

Quite a few U.S. government officials themselves have admitted that China’s rise is not a threat because unlike the Soviet Union in the Cold War, China “does not seek to spread radical, anti-American ideologies,” “does not see itself in a death struggle with capitalism,” and “does not believe that its future depends on overturning the fundamental order of the international system.”¹⁰¹ They understand that China will not rule the world unless the U.S. withdraws from it, and that China’s rise will be a threat to the U.S. and the world only if Washington allows it to become one. Therefore, with the right perception and policy on its part and a possibly reciprocal response from China, the U.S. will be probably able to share power with China while retaining America’s position and role in the Asia-Pacific and the world.

On their part, Chinese scholars have also studied peaceful power shifts such as the Britain-U.S. power transition to make the case for a similar one between the U.S. and China in the future. Feng Yongping holds that for a peaceful power transition to happen, security cooperation, cultural homogeneity, and strategic restraint are critical.¹⁰² In terms of security

⁹⁹ Michael Evans, “Power and Paradox: Asian Geopolitics and Sino-American Relations in the 21st Century,” *Orbis*, Winter 2011, p.112.

¹⁰⁰ David Shambaugh, “A Big Step Forward in U.S.-China Relations”, accessed online on July 19, 2013 at <http://www.chinausfocus.com/foreign-policy/a-big-step-forward-in-u-s-china-relations/>.

¹⁰¹ Andrew J. Nathan and Andrew Scobell, op. cit. p. 44.

¹⁰² Feng Yongping, The Peaceful Transition of Power from the UK to the U.S., *Chinese Journal of International Politics*, Vol. 1, 2006, pp. 83-108.

cooperation and strategic restraint, the U.S. and China have established both bilateral and multilateral mechanisms ranging from the Strategic and Economic Dialogue (S&ED), to high-level military contacts to the Six-Party Talks on Korea. Both countries understand more and more that each possesses the ability to inflict great harm on the other should conflict break out between them. It is this understanding and reality that will make the U.S. and China co-exist peacefully and share power in the next two decades. Regarding cultural homogeneity, despite their differences, globalization and China's economic reforms have considerably expanded the middle class in the country, making more and more of its citizens increasingly amenable, favorable, and even addicted to the universal values championed by the U.S. and the West such as liberal democracy, the rule of law, and cosmopolitanism. By 2030, this trend will likely gather more momentum, not less. Yan Xuetong and Qi Haixia characterized the relationship between China and the U.S. as "superficial friends", contending that as long as the U.S. and China bolster strategic trust they can prevent their bilateral relationship from slipping into a Cold War scenario.¹⁰³

There may not be many examples of a condominium between the No. 1 power and No. 2 power in world politics, especially between two great powers ideologically different as China and the U.S., but this possibility cannot be ruled out altogether by 2030. If by this time, China has experienced a profound political transformation that makes it closer to the U.S. in terms of perception and values, a China-U.S. condominium will be a preferred model for both countries when each understands that it cannot totally annihilate or negate the other. Europe has witnessed a similar form of de facto condominium between arch enemies like France and Germany after the Second World War in promoting the common future for the continent. The history of China-U.S. relations suggest that basically, Sino-U.S. strategic cooperation happens on two conditions: first, both countries have convergent interests or a mutual security concern such as the threat of the Soviet Union in the 1970s; second, both countries change their perception towards each other. Although the Asia-Pacific is much different from Europe, it is still possible that by 2030,

¹⁰³ Yan Xuetong and Qi Haixia, "How to Avoid a U.S.-China Cold War," *The Diplomat*, assessed online on July 25, 2013, available at <http://thediplomat.com/china-power/u-s-china-frenemies-strategy-prevents-cold-war/>.

China and the U.S. will understand each other better and learn how to live and cooperate with each other for the sake of their own national interests as well as regional peace and stability.

Although China and the U.S. tend to view their national interests as increasingly divergent instead of being convergent, both countries may share greater mutual concerns in the decades to come. Addressing global traditional and non-traditional security challenges such as climate change, food security, water security, cyber security, world trade, piracy fighting, maritime and security require close Sino-U.S. cooperation. David Lampton notes that “there is no global issue that can be effectively tackled without Sino-American cooperation.”¹⁰⁴ Moreover, as James H. Nolt has pointed out, China’s willingness to participate in the liberal world economic order designed by the U.S. and its allies illustrates a fundamental difference between this era and the 1930s or the Cold War period. Unlike Germany and the Imperial Japan in the 1930s or the Soviet Union in the Cold War, China does not, and will probably not in the next two decades, seek to challenge or overthrow the current world economic order championed by the U.S. because its success as a nation will require it to maintain peaceful and constructive relations with the major economic powers: the U.S., the European Union and Japan.¹⁰⁵ Robert Art echoed the same point when he argued that “China does not present the type of security threat to the United States that Germany did to Britain, or Britain to Germany,” and that “even if it can, “China’s hegemony on land in East Asia and Southeast Asia will not tip the world balance of power”.¹⁰⁶ Without not too much of its strategic interests at stake, it would be unwise for the U.S. to risk losing its lucrative business ties with China and many other things to confront China.

In addition to interests and capabilities, perception does matter in international relations. If both China and the U.S. change their perception about each other, there will be a greater chance for win-win cooperation. By nature, China does not represent a real threat to the survival of the continental America which is an ocean away from China. Nor does China seek to

¹⁰⁴ David M. Lampton, “The U.S. and China: Competitors, Partners, or Both?” available online at <http://www.comw.org/cmp/fulltext/uspolicy.html>.

¹⁰⁵ James H. Nolt, “China and the United States: Conflict or Cooperation?”, *Global Dialogue*, Autumn 2001, pp. 31-32.

¹⁰⁶ Robert J. Art, op. cit. p. 371.

overthrow the liberal democratic system championed by the U.S. as the Soviet Union tried to do during the Cold War. What China really wants is that the U.S. accepts a bigger role for China in the Asia-Pacific and the world. The U.S. can, and will likely come to terms with this reality as China rises, but to the extent that it does not threaten the strategic interests of the U.S. which is a superpower with global interests and commitments. As long as China does not seek to kick the U.S. out from the Western Pacific and the U.S. stops seeing the rise of China as the most formidable challenge to its superpower position and its role in the Asia-Pacific, the room for Sino-U.S. strategic cooperation will be greater. During the Cold War, the U.S. made many costly mistakes due to strategic misperceptions, for instance its intervention in the Vietnam War. On the condition that both China and the U.S. have sensible and far-sighted leaders at the same time, leaders who are not blinded by narrowly interpreted national interests or hostage to ultra-nationalism of domestic politics, China and the U.S. will learn how to coexist and cooperate with each other. In the early 1970s, President Nixon made the radical decision in favor of an rapprochement with China. In the two decades ahead, it requires an equally courageous U.S. President to take the same step, since in a great power relationship engulfed in distrust, the initiative should always be taken by the stronger party. The Sunnylands Summit between Obama and Xi Jinping shows that China and the U.S. both understand the importance of stabilizing their relations and increasing mutual understanding.

In the event China and the U.S. forge some type of a condominium or even G-2, this will require the U.S. to share power with a stronger and more confident China. As Hugh White argues, the U.S. will have no other choice but to accept a power-sharing mechanism, otherwise it would have to adopt more extreme policies that would be counterproductive for the U.S. and/or mutually destructive for both countries and the region at large.¹⁰⁷ A G-2 future for the Asia-Pacific will witness the U.S. accepting China's sphere of influence in its immediate periphery such as Southeast Asia, making important concessions to China on the Taiwan issue to accept the island's final reunification with the mainland, and abandoning its de facto support for Japan over the Senkakus/Diyaou disputes. From an offensive realist perspective, this will effectively spell the end of the American hegemony in the Asia-Pacific. But if the U.S. is pragmatic enough, it

¹⁰⁷ Hugh White, *The China Choice: Why America Should Share Power* (August 2012).

will recognize that this is a must-do, since the American Era is well over.¹⁰⁸ For its part, China will have to come to terms with the reality that the U.S. will retain its military presence in Japan and South Korea, accept the rules and norms of the TPP as the most important FTA in the region.¹⁰⁹ Regarding the sphere of influence, China's self-claimed "nine-dashed lines" in the South China Sea may be more or less accepted by the U.S. as European powers accepted the U.S.'s Monroe Doctrine in the past. In return, China will probably have to ensure maritime security and respect freedom of navigation in the East and South China Seas, which is considered a U.S. national interest.

4. Scenario No. 4: Pax Sinica in place of Pax Americana in the Asia-Pacific

In *When China Rules the World*, Martin Jacques views the 2008 global economic recession as a seminal event in accelerating the demise of the *Pax Americana*, and predicts that the 21st century will mark "the end of the Western world" and its replacement by a dynamic *Pax Sinica*. In East Asia in particular, Chinese regional dominance will occur sooner rather than later and "the present Westphalian system of international relations in East Asia is likely to be superseded by something that resembles a modern incarnation of the [traditional Chinese] tributary system."¹¹⁰ Despite all the alarms raised by the West, David Kang has argued that concerns over a strong China may be misplaced, noting that "historically, it has been China's weakness that has led to chaos in Asia. When China has been strong and stable, order has been preserved. East Asian regional relations have historically been hierarchic, more peaceful, and more stable than those in the West."¹¹¹

¹⁰⁸ Stephen Walt, op.cit. (article from webpage, no page numbers).

¹⁰⁹ In May 2013, China for the first time mentioned the possibility of joining the TPP when Ministry of Commerce spokesman Shen Danyang indicated that China would analyze the advantages and disadvantages of joining the TPP and called for TPP members to exchange information. See: "China to study possibility of joining TPP: MOC," Xinhua News Agency, available at http://news.xinhuanet.com/english/china/2013-05/30/c_132420541.htm.

¹¹⁰ Martin Jacques, *When China Rules the World*, Penguin Books, August 2012, p. 433.

¹¹¹ David C. Kang, "Getting Asia Wrong: The Need for New Analytical Frameworks," *International Security*, Vol. 27, No. 4 (Spring, 2003), p. 66.

China's course of development and political future will be the biggest factors that shape China-U.S. relations by 2030. According to Cheng Li, by 2020, there may be three political scenarios for China, namely the emergence of a democratic China, prolonged chaos, or a resilient and authoritarian China under the rule of the CCP.¹¹² American policy-makers, inspired by the democratic peace theory, tend to hope and strive for what they consider the best scenario for the U.S.-China relations, namely the emergence of a democratic China. However, as Henry Kissinger has argued, ancient Chinese thought was more likely than any foreign ideology to become the dominant intellectual force behind Chinese foreign policy.¹¹³ Zbigniew Brezinski once famously said that Russia can become either a democracy or an empire, but it cannot become both. The same may hold true for China. Chinese rulers, be they feudalist kings, nationalist leaders or communist rulers, all have great ambitions and view the whole region and even the whole world through a Sino-centric perspective. China's very name (the Middle Kingdom) reflects that reality. As Gilbert Rozman notes, "the essence of the current prevailing Chinese approach to regionalism is Sino-centrism."¹¹⁴ Actually, the nine-dashed lines that cover more than 80 percent of the South China Sea were originally proclaimed by the Nationalist government of Chiang Kai-shek, and later on inherited by Chinese communist leaders.¹¹⁵ China was a regional hegemon for a long time in history. Sino-centrism is ingrained in the mentality of any Chinese leader. It was well demonstrated at the 17th ARF in Hanoi in July 2010: when cornered by the U.S. and other countries on the South China Sea issue, Chinese Foreign Minister Yang Jiechi burst out of control, stated in the face of his Singaporean Foreign Minister George Yeo and said: "China is a big country. Other countries are small countries. And that's just a fact."¹¹⁶ A recent article in *People's Daily* claimed that "through China's revitalization, China

¹¹² Cheng Li, "China in the Year 2020: Three Political Scenarios," *Asia Policy*, No.4, July 2007, pp. 17-29.

¹¹³ Yan Xuetong, op cit.

¹¹⁴ Gilbert Rozman, "East Asian Regionalism and Sino-centrism," *Japanese Journal of Political Science*, 13 (1), 2012, p. 151.

¹¹⁵ Zhiguo Gao and Bing Bing Jia, "The Nine-Dash Line in the South China Sea: History, Status, and Implications," *The American Journal of International Laws*, Vol. 107, No. 1 (January 2013), pp. 98-124.

¹¹⁶ John Pomfret, "U.S. takes a tougher tone with China," *Washington Post*, July 30, 2010, accessed online on August 4, 2013, at <http://www.washingtonpost.com/wp-dyn/content/article/2010/07/29/AR2010072906416.html>.

will lead the post-Western era” and that “China will fundamentally be established as the legitimate world leader.”¹¹⁷

In *The China Dream: The Great Power Thinking and Strategic Positioning of China in the Post-American Age* published in 2010, Liu Mingfu, a senior colonel of the PLA, holds that in order to guard its economic rise, China needs to have a “military rise” to contest American hegemony. Following events in China closely, William Callahan believes that the “China Dream” is an important part of the conversations about China’s strategic future taking place in the barracks, on the Web, and among citizen intellectuals. In response to the book, over 80 percent of the netizens polled by the newspaper Huanqui Shibao (Global Times) agreed that China should pursue global military supremacy.¹¹⁸ At present, China remains an authoritarian state, but this does not mean that the views of the majority of the Chinese populace are not reflected in the thinking and policy-making of the upper echelon of power. With Chinese nationalism on the rise and the increasing influence of the PLA on the CCP’s foreign policy, by 2030, this thinking will gather much more momentum, not less.

China views its relations with the U.S. through a historical perspective, in which it sees itself as a natural hegemon for centuries while the U.S. has all but become a hegemon for less than a century. China is too big and too proud to accept being dictated, much less taught, by any other great power how to behave or defend its national interests. That is why when it comes to any economic or political experiment, Chinese leaders always emphasize the phrase “with Chinese characteristics” (for example, “socialism with Chinese characteristics”) to drive through the impression that China is unique. Chinese nationalism has been fueled by three factors, namely China’s glorious past, its “century of humiliation”, and its new-found wealth and power accumulated by three decades of reforms initiated by Deng Xiaoping. Therefore, China’s foreign policy and relations with the U.S. will be likely guided by what Chinese leaders regard as their core interests and increasingly ardent nationalism. There is no doubt that a truly liberal and

¹¹⁷ *People’s Daily*, China Model is Defeating the Universal Values, January 12, 2013, <http://military.people.com.cn/n/2013/0112/c1011-20179476.html>.

¹¹⁸ William A. Callahan, “China’s Strategic Futures: Debating the Post-American World Order,” *Asian Survey*, Vol. 52, No. 4, 2012, pp. 634-635.

democratic China will find it easier to cooperate with the U.S., but democratization is a long and incremental process that may take decades or even centuries. It took the U.S. over 200 years since independence to become what it is today, and yet the U.S. is still far from being considered a perfect example of a liberal democracy. For a country so big and complex like China, that process will not be short. History also shows that during the transition from authoritarian rule to democratic governance, countries tend to be more volatile at home and aggressive towards its neighbors and perceived opponents since politicians have to play the nationalist or populist card to vie for power, which is unnecessary in an authoritarian system.¹¹⁹ It is therefore ironic that if China rises successfully and retain the CCP's authoritarian rule by 2030, that may be better for China-U.S. relations and peace and stability in the Asia-Pacific.

In its glorious past, China was the world's biggest economy and most powerful country for many centuries. If China successfully realizes "the China Dream" trumpeted by Xi Jinping and embraced by a large proportion of the Chinese population since the 18th Congress of the CCP, it will just return to its previous position in the region and the world. China was a regional hegemon for many centuries, so it will not be too unexpected if history repeats itself at some stage in the next two or three decades. As the U.S. continues to suffer a relative decline, China's ambitions to establish Pax Sinica to replace Pax Americana in the Asia-Pacific will just become stronger. As analyzed in Chapter I, the strategic thinking of the majority of Chinese elite, academia and populace is still greatly influenced by offensive realism which views the overthrowing of American hegemony and establishing Chinese hegemony in the region as the best way to defend China's perceived strategic and core interests. The 2008-2009 global financial crisis has led Chinese leaders to believe that it is just a matter of time before China can surpass the U.S. in economic terms and subsequently in overall strength. Mao Zedong once told Nixon that China could wait 100 years to take back Taiwan. Therefore, in its relations with the U.S., China will be patient enough to wait until it wears out the U.S. in the contest for primacy in the Asia-Pacific and finally in the world. In this long battle, China possesses so many advantages over the U.S. and understands that time is always on its side.

¹¹⁹ Edward Mansfield and Jack Snyder, "Democratization and War," *Foreign Affairs*, Vol. 74, No. 3 (May 1995), pp. 79-97.

Economically, China has virtually dethroned the U.S. as the most influential player in Asia, and this trend will be even more firmly demonstrated by 2030. At present, as Lowell Dittmer has pointed out, “Asia is the largest beneficiary of China’s economic upsurge. China has displaced the U.S. as the biggest trade partner of economic powerhouses Japan, Taiwan and South Korea.”¹²⁰ A study of China’s economic growth and its impact on the Sino-U.S. balance of power estimates that by 2040 China’s hard power may reach between 58 percent and 113 percent of that of the United States.¹²¹ Because of its centrality in Asian geopolitics, China will not need to equal the U.S. in terms of hard power to replace the U.S. as the predominance power in Asia. As a superpower with global interests and commitments, the U.S. has to scatter its resources while China can focus only on its home theater of the Asia-Pacific.

In *The Rise and Fall of the Great Powers*, Paul Kennedy argues that empires often fall due to military overstretch. In today’s world, economic decline or collapse are primarily responsible for the fall of the great powers, with the disintegration of the Soviet Union at the end of the Cold War being one of the most striking examples. Well aware of the importance of economic development for its rise and the realization of the “China Dream”, China has always emphasized its “peaceful development” and attached great importance to prolonging the “strategic opportunity period” until it equals the U.S. relatively in terms of overall strength. Arvind Subramanian predicts that by 2030, relative U.S. decline will have yielded not a multipolar world but near-unipolar one dominated by China, with China accounting for about 20 percent of global GDP as compared to just under 15 percent for the United States.¹²² In two decades’ time, with China’s economy eclipsing that of the U.S., political influence will naturally come with China’s new-found economic strength, making China the de facto leader of the order in the Asia-Pacific and even in the world.

¹²⁰ Lowell Dittmer, op.cit. p. 66.

¹²¹ Alexander L. Vuving, “The Future of China’s Rise: How China’s Economic Growth Will Shift the Sino-U.S. Balance of Power, 2010-2040,” *Asian Politics and Policy*, 4:3 (July 2012), pp. 401-423.

¹²² Advind Subramanian, “The Inevitable Superpower,” *Foreign Affairs*, September/October 2011, Vol. 90, Issue 5, pp.66-78.

5. The “Black Swan” Scenarios

There is a good chance that none of the afore-mentioned scenarios will happen due to unexpected and/or unpredictable developments which Donald Rumsfeld, former U.S. Secretary of Defense, termed “the unknown unknowns” (or things that we do not know we don’t know).¹²³ The factors that could affect whether China’s future leaders will challenge or uphold the regional status quo are diverse and unfortunately indeterminate. They could include balance-of-power considerations, economic resource needs, domestic political considerations, or perceived infringements on China’s sovereignty or status.¹²⁴ James Dobbins has argued that despite cautious and pragmatic Chinese policies, the risk of Sino-U.S. conflicts remains and will grow in consequences and probability as China’s strength increases. Among the sources of the most likely conflicts between China and the U.S. over the next 30 years are changes in the status of North Korea and Taiwan, Sino-U.S. confrontation in cyberspace, and disputes arising from China’s uneasy relationships with Japan and India.¹²⁵

It is hard to imagine that within a short span of time of just 20 years since the end of the Cold War, the U.S. has experienced its fortune shifting so fast, from being firmly in the peak of the post-Cold War world order to finding itself in a relative decline today. In two decades’ time, the U.S. may rebound once again, or fall further into a deep decline. Similarly, China may continue to rise or get stuck in the middle-income trap. While it is hard to forecast the future of the U.S, it is even harder to imagine how China will be by 2030 since China’s system is much more opaque than that of the U.S. and China is a very big and complex country. Therefore, it is impossible for even the most capable scholars to predict the exact shape of the U.S. and China by 2030 and how their relations will be like. Ian Bremer has argued that between now and 2020, Washington and Beijing will have to grapple with the fact that China’s decoupling, the friction generated by the collision of free-market and state capitalism, and competition for scarce

¹²³ Hillary Profita, “Known Knowns, Known Unknowns, and Unknown Unknowns: A Retrospective,” *CBS News*, November 9, 2006, available at http://www.cbsnews.com/8301-500486_162-2165872-500486.html.

¹²⁴ Richard Weitz, op. cit., p.24.

¹²⁵ James Dobbins, “War With China,” *Survival: Global Politics and Strategy*, Vol. 54, No. 4, August/September 2012, p. 8.

resources will push the two sides towards confrontation.¹²⁶ As a result, China's foreign policy and its relations with the U.S. may be susceptible to the temperature of Chinese domestic politics. If China falls into an internal crisis, there is a good chance that its leaders will have to either turn inward to stabilize the country or seek an adventure abroad to divert public attention. Zbigniew Brezinski notes that "if China were to succumb to internal violence, for example, all bets are off. If socio-political tensions or social inequality becomes unmanageable, the leadership might be tempted to exploit nationalist passions."¹²⁷ If the collapse or crisis scenarios for China's political future in the next 10-15 years (as often predicted by scholars like Gordon Chang or Minxin Pei) turn out to be true, Chinese leaders will likely manipulate the territorial and maritime disputes with Japan, the Philippines, India, and Vietnam to shore up support at home for political ends or rally Chinese national unity. In that case, whether it wants or nor, the U.S. will have to intervene directly or indirectly to defend its allies Japan or the Philippines, otherwise its credibility and role as the superpower will evaporate.

All the four scenarios mentioned earlier are based on the assumption that China will get stronger and stronger economically and militarily. None of these anticipates a weak China. However, there is also a possibility that China's rise will be short-lived, and China may fall into the middle-income trap, which deprives it of the ability to challenge the U.S. in the next two decades or so. Joseph Nye cited the case of Japan as an example to illustrate how dangerous it is to adopt a linear projection to predict the future of a great power. In the 1980s, the whole world assumed that Japan would finally surpass the U.S. and become a superpower itself. By that time the "Japan-buys-the-whole-world" notion was very popular. Yet Japan fell into two "lost decades" of economic recession and political deadlock right after it had reached the peak of its development. This shows that the development course of a country can be disrupted by unpredicted detours. The same may happen to China. As compared to Japan, China still has much more space for continued development. But it remains hard to predict how China's political and economic future will be by 2030. Economically, it is now widely recognized that China's growth model that proved to be so successful over the past three decades has exhausted

¹²⁶ Ian Bremmer, "Gathering Storm: America and China in 2020," *World Affairs Journal*, July/August 2010, p. 70.

¹²⁷ Zbigniew Brezinski, op. cit. p. 47.

itself, and that China has to find another development model should it want to keep the internal socio-economic and socio-political contradictions under check. Recent signs of a slowdown in China's economic growth rate as well as the recovery of the U.S. economy mean that the power gap between the U.S. and China may not be fully closed by 2030 as previously predicted. According to a report prepared by the Atlantic Council, there is a possibility that well before 2030, the U.S.'s main concern will be how to deal with a weak and unstable China rather than a rising China.¹²⁸ As history has shown, a weak and insecure China may present serious challenges to the U.S. and regional stability than a strong and stable China. The 1950-1953 Korean War, 1962 China-India border war and the 1979 China-Vietnam border war have all shown that China seems to be most dangerous and unpredictable when it is weak, isolated or strategically contained because it may feel that it has nothing to lose. Alexander Vuving also predicted that if China continues its current investment-driven and export-led path, it can hardly avoid a long period of stagnation in the future, which will likely become acute in the 2030s.¹²⁹ Compounded by external territorial disputes and rising nationalism, China's economic troubles may render its leaders irrational to the extent that they may take actions that risks confrontation with the U.S. and/or the U.S. allies in the region.

Another "black swan" in the power equation in the Indo-Pacific may be the rise of India by 2030. While China is suffering a demographic distortion due to its one-child policy, India will have a much better demographic structure by 2030, which makes it economically competitive. Many scholars predict that by 2030, India will assume the current role played by China as a rising power in the Indo-Pacific. It is predicted that India will become the world's most populous nation in 2031, and that it will have a PPP GDP nearly 90 percent as large as that of the U.S. by that time.¹³⁰ If that is the case, the strategic chessboard in the region will be largely shaped by the U.S.-China-India strategic triangle. As Robert Ayson has pointed out, the short-term strategic

¹²⁸ Robert Manning, Atlantic Council, "Envisioning 2030: U.S. Strategy for a Post-Western World," *Report of the Strategic Foresight Initiative*, Brent Scowcroft Center on International Security, 2012, p. 34.

¹²⁹ Alexander L. Vuving, (Vuving, 2012), "The Future of China's Rise: How China's Economic Growth Will Shift the Sino-U.S. Balance of Power, 2010-2014," *Asian Politics & Policy*, 2012, p. 419.

¹³⁰ Uri Dadush & Bennet Stancil, op. cit., p. 10.

competition in the region will be between China and Japan, the medium-term competition between China and the U.S., and the long-term competition between China and India.¹³¹ Therefore, another possibility is that the strategic frictions and competition between China and the U.S. will be dampened because China can hardly afford to “fight a two-front war” with both India and the U.S. at the same time.

Is there a possibility of war and conflict?

In unexpected circumstances and crises either within China or in its periphery, China’s external behavior could be very extreme. History has more than once shown that even a weak China under the authoritarian rule of the Chinese Communist Party (CCP) still had no hesitation about confronting the U.S. or other strong opponents militarily. In 1950, China had barely emerged from the devastating civil war between communist and nationalist forces, and did not possess nuclear weapons as did the U.S. But that did not prevent China from intervening in the 1950-1953 Korean War when it felt its buffer zone encroached. In 1979, after the devastating Cultural Revolution, China’s GDP accounted for a meager 2 percent of the world’s GDP and the PLA was a very backward fighting force as compared to the combination of the large Soviet Red Army and the battle-hardened Vietnamese military. Yet Deng Xiaoping still decided to launch a limited war against Vietnam despite the risk of having to fight on two fronts should the Soviet Union respect the alliance treaty it signed with Vietnam in 1978. Mao Zedong himself once famously said that China did not fear the frightening prospect of a nuclear war with the U.S., claiming that 500 million Chinese survivors from the nuclear war could rebuild China, while it is impossible for the U.S. to do the same. All of these historical facts show that when it comes to foreign policy, an authoritarian China can be very unpredictable, reckless, reactive, and incomprehensible. China’s behavior seems to defy the most logical and sensible analysis by the best Western scholars and analysts. In Hugh White’s words, “war in Asia remains thinkable because the international order that has kept the peace for more than 30 years is under

¹³¹ Robert Ayson, “The Six-Party Talks Process: Towards an Asian Concert,” *The Architecture of Security in the Asia-Pacific*, ANU E-Press, 2009, pp. 63-64.

pressure.”¹³² As China rises and likely closes the power gap between it and the U.S. sometime by 2030, this pressure will be even greater. Therefore, should another “Tiananmen incident” happen or China-Japan tensions over the Senkakus/Diaoyu escalate into armed conflict, the risk of the U.S. being drawn into a military conflict with China will be very high indeed.

What are the most likely scenarios?

Taking into account major factors influencing the course of China-U.S. relations, it seems that as the power gap between the U.S. and China narrows, the scenarios involving rivalry at various extents such as strategic competition in peaceful coexistence or a new Cold War will become more likely. Back in 2006, Peter Hays Gries made the forecast that by 2015, there would be a 45 percent chance that China-U.S. relations would be characterized by rivalry, and a 35 percent chance that the U.S. and China would be partners.¹³³ Given the correlation of power between China and the U.S. by 2030, scenario No. 1 and scenario No. 2 seem to be most likely while a China-U.S. condominium (G-2) or a Pax Sinica seem less likely to happen. For instance, Elizabeth Economy has argued that the G-2 formula between China and the U.S. is all but a mirage for China and the U.S. are so different by nature, and that if the U.S. wants to move its relationship with China forward for the next 30 years, it needs the rest of the world, not just China, on board.¹³⁴ By the time of writing, this task is already well beyond the capability of the U.S., and will be almost mission impossible for the U.S. by 2030.

¹³² Hugh White, “Why War in Asia Remains Thinkable,” *Survival: Global Politics and Strategy*, Vol. 50, Issue 6, 2008, p. 101.

¹³³ Peter Hays Gries, op. cit. p. 78.

¹³⁴ Elizabeth Economy and Adam Segal, “The G-2 Mirage: Why the U.S. and China are not Ready to Upgrade Ties,” *Foreign Affairs*, Vol. 88, No. 3 (May/June 2009), p. 23.

CHAPTER III: IMPLICATIONS OF THE FUTURE OF CHINA-U.S. RELATIONS ON THE SECURITY ARCHITECTURE IN THE ASIA-PACIFIC: THE WAY AHEAD

1. The Asia-Pacific - the principal playground of China and the U.S. by 2030

The Asia-Pacific is well on its way to become a center of gravity of world politics in the 21st century. Hillary Clinton has famously noted that the future of politics will be decided in Asia, not Afghanistan or Iraq, and that the Asia-Pacific has become a driver of global politics.¹³⁵ The shift of global power from the West to the East and the economic dynamism of the Asia-Pacific with three largest economies in the world mean that the region will be an increasingly important contest ground for major powers, especially China and the U.S. in the upcoming decades. Both China and the U.S. consider the Asia-Pacific the most important platform to maintain and enhance their role and power in the 21st century, with China acting assertively in the East and South China Seas and officially declaring its goal to become a “maritime power” at the 18th Congress of the CCP, and the U.S. officially announcing its rebalancing strategy in the Asia-Pacific. The greater focus of China and the U.S. on the Asia-Pacific will likely lead to more interaction and friction between the two biggest players in world politics. In addition, since most of the potential flashpoints in the region such as Taiwan, the Korean peninsula, Senkaku/Diyaoyu islands and the Spratlys involve China and the U.S. allies, the shape of future China-U.S. relations will have a direct and profound impact on the security architecture in the Asia-Pacific.

While much uncertainty remains about China-U.S. relations by 2030, it is evident that the rise of China will be unstoppable and that China will not be satisfied with the current order in the Asia-Pacific. Kishore Mahbubani argues that whether or not China’s rise is benign depends on whether or not the world [and the U.S.] allows China to rise peacefully. He holds that managing China’s rise is the biggest challenge the world faces today, admitting that there are voices in

¹³⁵ Hillary Clinton, “America’s Pacific Century,” *Foreign Policy*, November 2011, assesses online on July 4, 2013, available at http://www.foreignpolicy.com/articles/2011/10/11/americas_pacific_century.

Washington supporting designs to disrupt China's growth.¹³⁶ Whether they admit it or not, many officials in the Obama administration perceive that the principal goal of the Asia Pivot or rebalancing strategy is to contain China strategically in the Asia-Pacific.

Given China's rapid rise and the U.S.'s relative decline, there has been a sense of uncertainty in the region as to how China-U.S. relations and the power equation in the Asia-Pacific will look like in the coming decades. Aaron Friedberg has written, "if the historical correlation between extraordinary rapid internal growth and external expansion holds, the implications for Asian stability will be troubling indeed."¹³⁷ While the conventional knowledge points to the likelihood of China-U.S. strategic competition and rivalry by 2030, there are also possibilities that the 21st century's international relations will offer new dynamism for more optimistic futures of China-U.S. relations. Amitav Acharya has mentioned "conservative regionalism" in East Asia and Southeast Asia, which emphasizes the process of conflict management and effective security cooperation in which many Asia states enmesh both China and the U.S. into a mosaic of bilateral and regional ties that dissipate the potential for conflict. He argues that despite many unresolved security concerns, most of Asia has become more, not less, stable since the end of the Cold War.¹³⁸ Phillip Saunders has noted, "the U.S. and China are not inevitable enemies, but managing the competitive aspects of the bilateral relationship will require wise leadership on both sides of the Pacific... If the two countries manage their relations carefully, the negative impact of strategic competition on the broader relationship may remain modest."¹³⁹ There is a possibility that China-U.S. relations will likely be shaped by a common commitment to avoid conflict, cooperate in areas of common interest, and prevent disputes from shaking the overall relationship.¹⁴⁰ The aforementioned analysis and expectation seem to center

¹³⁶ Jose Vericat, "The not-so-surprising Rise of China and India: An Interview with Kishore Mahbubani," *Journal of International Affairs*, Spring 2011, Vol. 64, No. 2, pp. 225-226.

¹³⁷ Aaron L. Friedberg, "Ripe for Rivalry: Prospects for Peace in a Multi-polar Asia," *International Security*, Vol. 18, No. 3 (Winter 1993-1994), p.16.

¹³⁸ Amitav Acharya, "Will Asia's Past Be Its Future?" *International Security*, Winter 2003/4, pp. 157-164.

¹³⁹ Phillip C. Saunders, "Managing Strategic Competition with China," *Strategic Forum*, No. 242, July 2009, p. 8.

¹⁴⁰ Robert Sutter, "The United States and China in Southeast Asia: Conflict or Convergence?" *Southeast Asian Affairs*, 2010, p. 56.

on more benign scenarios of China-U.S. relations which will be, by and large, in the interests of both countries and the whole region.

No Asian country would want to have to take sides with either China or the U.S. or face a future without a credible role of either power in the regional security architecture by 2030. As Evelyn Goh notes, “many actors in the region, including Singapore, Thailand, and Vietnam, seem to want to hedge their bets in the face of a potential U.S.-China military showdown, rather than simply lean toward the U.S. They do not want to be forced to choose the U.S. over China.”¹⁴¹ Most East and Southeast Asian states want the U.S. to be firmly anchored and engaged in the region to balance both China’s rise and to assuage Japan’s fears caused by China’s rise and America’s relative decline. Even countries most closely tied to the U.S. strategically will have no stake in antagonizing China or seeing China-U.S. relations deteriorate. As Evan S. Medeiros notes: “None [of America’s allies] want to provoke China or be drawn into a containment effort; none want China to dominate the region; none want the U.S. to leave or even substantially draw down its presence; and all [states] want to play a major role in managing regional challenges. American foreign policy needs to reflect these changing regional realities.”¹⁴² Mohan Malik has also explained that “all [countries] want to benefit from economic ties with China, but none want the region dominated by Beijing or their policy options constrained by China. Put simply, there is no desire to replace the fading American hegemony with Chinese hegemony.”¹⁴³

From the view of the NIC *Global Trends 2030* Report, “a collapse or sudden retreat of U.S. power would most likely result in an extended period of global anarchy,” with “no stable

¹⁴¹ Evelyn Goh, “Meeting the China Challenge: The U.S. in Southeast Asian Regional Security Strategies,” *Policy Studies Monograph*, No. 16 (Honolulu, Hawaii: East-West Center, 2005).

¹⁴² Evan S. Medeiros, “The New Security Drama in East Asia: The Responses of U.S. Allies and Security Partners to China’s Rise,” *Naval War College Review*, Autumn 2009, p. 50.

¹⁴³ Mohan Malik, “China in the Asia-Pacific in 2040: Alternative Futures,” From APEC 2011 to APEC 2012: American and Russian Perspectives on Asia-Pacific Security and Cooperation, Asia-Pacific Center for Security Studies, Honolulu, 2012, p. 165.

international system and no leading power to replace the U.S.”¹⁴⁴ However, this prospect as well as the possibility of a hegemonic transition in the Asia-Pacific will be very unlikely by 2030. As Mark Beeson has explained, “it is clear that China is not yet - and possibly may never be - in a position to replace the U.S. as the dominant power in the region. Not only does China still lack some of the requisite material strengths of the U.S., but - the “Beijing Consensus” notwithstanding - it lacks a distinctive vision or ideology around which supportive states might coalesce.”¹⁴⁵ No matter how powerful China may become by 2030, the U.S. will likely be able to retain its important, if not predominant, position in the Asia-Pacific.

Therefore, in all likelihood, China and the U.S. will by 2030 be the two most important players in the Asia-Pacific. Given the region’s lack of institutionalism as compared to Europe, especially in terms of multilateral mechanism for security cooperation, China-U.S. relations will probably be characterized by some level of uncertainty. According to Namrata Goswami, this possibility means that engagement and balancing will go hand in hand as necessary policy tools for states to deal with the power shift in the region.¹⁴⁶

2. What is the best scenario in China-U.S. relations for the Asia-Pacific?

It is hardly disputable that China-U.S. relations will define the evolving security architecture in the Asia-Pacific. Given China’s geo-political centrality in the region and its continued rise, it will be impossible for the U.S. to deny China a bigger role in any future regional order. To some extent, all countries in the Asia-Pacific will have a common denominator in a peaceful, stable, transparent and predictable relationship between China and the U.S. by 2030 and beyond. If China-U.S. relations get entangled in violent conflicts, this will cause great harm to the region. It is, therefore, the shared interest of all countries in the region to avoid a classical security dilemma between China and the U.S., which will require the efforts of

¹⁴⁴ National Intelligence Council, *Global Trends 2030: Alternative Worlds*, Washington D.C., December 2012, p. 105.

¹⁴⁵ Mark Beeson, “Hegemonic Transition in East Asia? The Dynamics of Chinese and American Power,” *Review of International Studies*, 2009, pp. 110-111.

¹⁴⁶ Namrata Goswami, “Power Shifts in East Asia: Balance of Power vs. Liberal Institutionalism,” *Perceptions*, Spring 2013, Vol. 18, No. 1, p. 4.

not only China and the U.S. themselves, but also that of all other stakeholders in the Asia-Pacific.

Many scholars and politicians in the Asia-Pacific have envisioned the establishment of a regional architecture that is open, inclusive and trans-Pacific. Any future regional arrangement or mechanism without the active participation of China is not going to be successful. China must be given more power as well as encouraged to take on more responsibility that reflects its new-found strength and stature. If this is the case, a China-U.S. condominium (G-2) seems to be the ideal scenario that will accommodate China and retain the U.S.'s role as a Pacific power. However, if this scenario materializes, the U.S.'s allies such as Japan and South Korea would feel marginalized and seek more independence from the U.S., even by becoming nuclear powers. Other major powers such as Russia and India will prefer a multi-polar order with themselves playing a decent role instead of accepting a China-U.S. G-2 condominium. Therefore, the hardest question for the U.S. by 2030 will be how to give China more power and incorporate it into the regional security architecture without sending a wrong message to both China and other important players in the region. As David Shambaugh has insightfully analyzed, facing the stellar rise of China, Washington and the West are caught in a real conundrum: to get tough with China is likely to produce more Chinese toughness in response, but to be conciliatory will only strengthen the (Chinese) realist's self-interest "China first" orientation.¹⁴⁷

The idea of a broad, inclusive and open regional architecture has been tried with both success and failure in the past, be it Kevin Rudd's Pacific Community or Yukio Hatoyama's East Asian Community. Some scholars also mentioned the prospect of turning the Six-Party Talks on the Korean Peninsula into some kind of a 21st century Asian Concert of Power.¹⁴⁸ All these initiatives are worth trying and experimenting in the coming decades. The fact that some of these initiatives failed does not mean that countries in the Asia-Pacific should not try more or the future of the region is doomed to a classical balance of power and strategic competition between

¹⁴⁷ David Shambaugh, Coping with a Conflicted China, *The Washington Quarterly*, Winter 2011, p. 24. (Shambaugh, Winter 2011).

¹⁴⁸ Robert Ayson, "The Six-Party Talks Process: Towards an Asian Concert?", *The Architecture of Security in the Asia-Pacific*, ANU E Press, 2009, pp. 59-66.

major powers, especially China and the United States. As Kenneth Lieberthal has pointed out, “it is important for the U.S. and China to welcome each other into any wide-ranging Asian multilateral forum in which either one participates.”¹⁴⁹ This will develop the habit of cooperation between the two countries. It was hard to imagine by 1914 that Europe would one day enjoy the peaceful and relatively prosperous future (notwithstanding the ongoing Eurozone crisis) that it is having today. Asia-Pacific countries can learn to do the same without repeating the bitter lessons that Europe had in the First and Second World Wars. Although it is more and more assertive as its power continues to grow, China has also understood that taking the path that the Imperial Japan and Germany took before the Second World War only ruin China’s ambitions and the so-called “China Dream”. That is why at various regional and multilateral forums, Chinese leaders have painstakingly emphasized China’s “peaceful development”. Increasingly nationalistic and populist as its foreign policy is, China’s Communist Party has so far, and will likely be able to control the PLA in the years to come as it did over the past decades.

3. The way forward: How will ASEAN fit in the new power equation in the Asia-Pacific by 2030?

Southeast Asia has always been the contest ground for great power strategic competition. Carlyle Thayer has pointed out that great power rivalry and competition can affect Southeast Asian security despite the best efforts by ASEAN to insulate itself from these forces, and that Southeast Asia will continue to be affected by Sino-American rivalry and military competition.¹⁵⁰ The relations between ASEAN and China have been characterized by Martin Stuart-Fox (2003):

“The ASEAN ten will do all in their power not to provoke China. What they want is to both slow and ease the changing power balance. They want the U.S. to remain a powerful presence, serving as a balancing force in the regional power equation, and have made this known; but they do not want to be part of any balance-of-power coalition. At the same time, they also want to make room for China.”¹⁵¹

¹⁴⁹ Kenneth Lieberthal, op.cit. p. 245.

¹⁵⁰ Carlyle A. Thayer, “The United States, China and Southeast Asia,” *Southeast Asian Affairs*, 2011, p. 23.

¹⁵¹ Martin Stuart-Fox, “A Short History of China and Southeast Asia: Tribute, Trade and Influence,” Allen & Unwin (2003), p. 240.

Jorn Dosch observes that ASEAN has adopted a policy of keeping its international options open and never leaning too heavily towards one big power. This policy served ASEAN's interests well during the Cold War, and seems to be working under the current and future structural circumstances, too. While most Southeast Asian states hedge against China primarily by accepting the need for a U.S. role in the region, the acceptance of Chinese leadership among the Southeast Asian governments is growing.¹⁵² Every country in the region wants ASEAN to be in the driver's seat of regional cooperation because ASEAN's leadership is more acceptable in the region than China's or Japan's.¹⁵³ Kishore Mahbubani notes that even rising powers such as China and India realize that it is in their interest to continue the current ASEAN-led cooperative order in Asia.¹⁵⁴ Therefore, ASEAN clearly enjoys a comparative advantage in a regional strategic chessboard characterized by great power competition and distrust. As long as China-U.S. relations do not swing to the extremes of the spectrum, namely either a G-2 condominium or direct confrontation, ASEAN will stand to benefit and have a decent role.

To date, ASEAN has been successful both as a regional organization and an honest power broker in the Asia-Pacific. No other regional organization of small and medium countries like ASEAN can engage and provide a platform for interaction among so many great powers in the world, namely the U.S., China, Russia, Japan, India, and the European Union. The success of ASEAN-led mechanisms such as the East Asia Summit (EAS), ASEAN Regional Forum (ARF), ASEAN Defense Ministers Meeting Plus (ADMM Plus) demonstrates that seemingly all the roads towards a workable form of regional architecture lead to ASEAN. In the next decade or so, with China and the U.S. likely to engage in continued cooperation and strategic competition, this role of ASEAN will be even more prominent if it can preserve its centrality and play its cards well. However, there is also an imminent risk of ASEAN being further divided and polarized by China-U.S. strategic competition. The ASEAN Chairmanship role played by Cambodia in 2012, especially the historic failure of the 45th ASEAN Ministerial Meeting (AMM-45) to issue a Joint

¹⁵² Jorn Dosch, "Towards a new Pax Sinica? Relations between China and Southeast Asia in the early 21st Century," *Mexico and the Pacific Basin*, Vol. 12, No. 34, April 2009, p. 14.

¹⁵³ Ibid. p. 29.

¹⁵⁴ Jose Vericat, op. cit. p. 222.

Communiqué has testified to the challenge ASEAN will be facing as the great power competition between China and the U.S. becomes more intense in the coming years. China has been relatively successful in its “divide and rule” tactics with regards to ASEAN, using its enormous economic and diplomatic clout to convince many ASEAN member states that it is useless to resist Chinese power.

It seems that the best scenario of the China-U.S. relations for ASEAN will be the first one, with the two superpowers competing peacefully by 2030, thus leaving ASEAN some room for strategic maneuvering. As the two competing superpowers have no other better channel to demonstrate and reconcile their differences, ASEAN will continue to serve as a venue for great power interaction between China and the U.S. as it did since the end of the Cold War. At the 11th Shangri-La Dialogue in Singapore in May 2012, Indonesian President Susilo B. Yudhoyono stated that small and medium powers can lock the great powers (China and the U.S.) into a durable regional architecture.¹⁵⁵ This is not merely rhetoric, but reflects the trend of power diffusion in the 21st century that gives smaller players in international relations more leverage.

In a new Cold War scenario, ASEAN’s role will probably be marginalized and its centrality lost, with its member states taking sides either with China or the United States. Brantly Womack notes, “Ironically, whichever country (China or the U.S.) requires Southeast Asia to choose is likely to lose the competition for influence, because the act of forcing the choice will be taken as proof of that country’s hegemonic desires.”¹⁵⁶ There is a great possibility that Laos, Cambodia, and Myanmar will openly bandwagon with China altogether by 2030 while the Philippines and Singapore may align themselves closer to the United States. Countries with more independent foreign policy such as Indonesia and Vietnam will likely adopt a proactive non-aligned stature, with the remaining members of ASEAN such as Thailand, Malaysia and Brunei following a really pragmatic policy of accommodating China economically while retaining their

¹⁵⁵ Indonesian President Susilo B. Yudhoyono’s Keynote Address at the 11th Shangri-La Dialogue, assessed online on August 4, 2013 at <http://www.iiss.org/en/events/shangri%20la%20dialogue/archive/sld12-43d9/opening-remarks-and-keynote-address-9e17/keynote-address-7244>.

¹⁵⁶ Brantly Womack, “China and Southeast Asia: Asymmetry, Leadership and Normalcy,” *Pacific Affairs*, Vol. 76, No. 4 (Winter 2003/2004), p. 547.

security ties with the United States. Countries in the region will be strategically aligned along two principal blocs led by the U.S. and China.

Similarly, in the other scenarios of a China-U.S. condominium (G-2) or Pax Sinica, ASEAN's relevance and rationale will be diminished or even lost. In either circumstance, due to its proximity to China, Southeast Asian countries will fall under the sphere of influence of or even domination by China, which the U.S. will have to accept. ASEAN's centrality and ASEAN-led multilateral mechanisms such as the EAS, ARF, ADMM Plus will be replaced by either a bilateral mechanism between China and the U.S. or China-centered forums. It is out of this fear that ASEAN will try it best to keep the U.S. engaged in the region and maintain the liberal order with American predominance as long as it can.

CONCLUSION

As the NIC *Global Trends 2030* Report has rightly concludes, there is no predetermined answer to what the world will look like in 2030. The same holds true for China-U.S. relations. Whether the future of China-U.S. relations turns out to be benign or malign depends on a lot of factors, including policies that China, the U.S. and other countries in the Asia-Pacific region will follow from now to 2030. All of these uncertainties notwithstanding, there are some general observations that can be drawn:

First, it is likely that cooperation and strategic competition will continue to be two intertwined undercurrents of China-U.S. relations by 2030. However novel and revolutionary international relations in the 21st century become, China-U.S. relations will never escape the inevitable rule of power shift and power transition, which is largely influenced by realist and zero-sum mentality of a significant section of the academia, politicians, decision-makers, and population from both sides. Only the extent to which they are influenced can be different from the past. At the same time, there is little doubt that China and the U.S. will have to work out ways to cooperate and stabilize their relations in the years ahead because neither country has enough power to neutralize its strategic competitor completely in the power equation in the Asia-Pacific region and the world. China and the U.S. will be both partners and strategic competitors. As the power gap between the two countries narrows and may be even closed by 2030, strategic frictions arising from the security dilemma will be more prominent. This research has also found that the current literature on China-U.S. relations is greatly influenced by realism and neo-realism while liberalism and neo-liberalism play a relatively limited part. That is why among the possible scenarios for China-U.S. relations by 2030, those involving competition and rivalry are considered more realistic from both the academic and practical perspectives. Therefore, this research gap needs to be addressed in the future by more studies on possible forms and models for China-U.S. cooperation instead of assuming that the two countries seem to be destined for strategic rivalry.

Second, since foreign policy is the extension of domestic policy, it is expected that domestic politics will greatly influence the course of future China-U.S. relations. Like human beings, states act rationally at some time, and irrationally at others. Both China and the U.S. have

internal problems that may become great obstacles to stable relations with each other in the years ahead. China's policy towards the U.S. will be affected by a rising nationalism characterized by both the superiority complex and inferiority complex towards the West and the United States. For its part, the U.S.'s economic woes and partisan politics will deprive it of consistency and stability in its China policy, thereby raising the risk of allowing political calculations to override reason and logic necessary for dealing with a very complicated rising power like China. In other words, China-U.S. relations may become hostage to domestic politics of either country, thus increasing strategic frictions. If China and the U.S. slide into a new Cold War by 2030, domestic politics will be largely responsible. While the correlation of power between China and the U.S. is a major factor that shapes the relationship between the two countries, the leadership in either country will have an important role in deciding which direction China-U.S. relations will take. This reality suggests that in addition to employing the theories of international relations, the study and analysis of domestic politics and even individual leaders can help ameliorate the possible shape of future China-U.S. relations.

Third, whether China-U.S. relations will be characterized by more competition or cooperation also depends on the situation in the region and the world. China-U.S. relations will be more and more susceptible to unpredictable crises in the strategic environment in the world or the Asia-Pacific region that may be beyond the control of either side. In the 21st century, power will diffuse more and more, enabling many other players, be they states or non-state actors, to have some influence on the shape of China-U.S. relations. In an unpredictable world, there are also many unknowns that can affect China-U.S. relations, for instance, the outbreak of a terrorist attack like 9/11, territorial or maritime conflicts or skirmishes between China and some U.S. allies, or even a sudden crisis or collapse of the current regime in China. In retrospect, the Tiananmen incident in 1989 changed the perception of the U.S. towards China which had enjoyed fairly good relations with the U.S. since President Nixon's 1972 visit. Today, according to various statistics, there are hundreds of thousands of mass incidents in China every year, which will only be greater in size and scope should China's internal contradictions continue to deepen in the upcoming years. In the wake of the Arab Spring, it is impossible to know how resilient authoritarian regimes can be. If China experiences internal upheavals or even revolutions, the impact on China-U.S. relations will be unimaginable. Similarly, in just 8 years of

President George W. Bush's two terms of office, it is hard to imagine that the U.S.'s reckless plunge into the global war against terrorism and the wars in Iraq and Afghanistan would cost America so much in terms of resources and standing in the world. From now to 2030, unforeseen events may create profound ramifications on China-US. relations. In many cases, the course of history has been shaped by accidents well beyond prediction. For a relationship as complex as that between China and the U.S., this scenario cannot be ruled out altogether.

Forth, managing China's rise and integrating it into the regional security architecture by 2030 will require strategic vision on the part of the U.S. and constructive interaction by all other major players in the Asia-Pacific chessboard. Given the growing security dilemma, China and the U.S. may easily fall prey to worst case thinking and zero-sum mentality. Strategic rivalry in China-U.S. relations will probably polarize the Asia-Pacific region, adversely affecting its dynamic economic development while forcing regional countries to spend more on arms to hedge against China or prepare for a pessimistic scenario of China-U.S. relations. Therefore, the need to build strategic trust between China and the U.S. will become more and more urgent. Some "code of conduct" between the two countries to avoid miscalculation and manage crisis will have to be worked out if China and the U.S. are to preserve long-term stability in their relations. In this process, ASEAN will be able to play the role of an honest broker because unlike other major powers such as Japan, India and China, it has the luxury of not being a strategic competitor of China or the U.S. while having relatively good relations with both countries. ASEAN will, to a certain extent, be a game-changer in the balance of power in the Asia-Pacific at times of continued China-U.S. strategic competition. It will be in ASEAN's best interest to engage both China and the U.S. in multilateral mechanism led by ASEAN in the region and participated by all the major powers in the region. In the most likely scenarios of China-U.S. relations by 2030, it seems that ASEAN will continue to be courted both by China and the U.S. as well as other major powers. The strategic partnerships that ASEAN has established with many major powers such as China, Japan, and India has testified to ASEAN's increasing strategic importance in the Asia-Pacific region. To date, literature on the role of ASEAN in China-U.S. relations seems to depict ASEAN as a pawn in Sino-American power play, which is far from fully understanding the positive role that ASEAN can play in helping steer the China-U.S. relations in a course which is in the best interest for peace and prosperity the region. This Thesis

has also not fully elaborated on the role that ASEAN can play in certain scenarios for China-U.S. relations by 2030. Therefore, more future research should be conducted on the added values that ASEAN can bring to a more benign future of China-U.S. relations.

Finally, to understand the true nature of China-U.S. relations and make the right forecast about their future course, it is necessary to study a wide range of literature that provides a comprehensive and balanced mosaic instead of relying on academic works by Chinese and American scholars. As direct stakeholders, Chinese and American scholars cannot be totally free from bias in their analysis of China-U.S. relations. Similarly, academic sources from countries with direct stakes in the ups and downs of China-U.S. relations such as Japan, South Korea, India, the Philippines, and Vietnam are also affected to some extent by the national perspective of scholars and even by the burden or legacy of history of their countries in relations with China. On the other hand, academic works from scholars in countries in the region that have a relative equidistance in their relations with China and the U.S. such as Australia and New Zealand can provide an additional and reliable source of research which can be more balanced and objective. The views expressed by scholars from these countries are not always well understood or positively received by the audience in China, the U.S., Japan, the Philippines, and Vietnam, but they do offer a cool-headed and rational approach to dealing with fluctuations and even upheavals in China-U.S. relations at a time of power shift. From both academic and practical perspective, the enhanced engagement of Australia and New Zealand in the ongoing region-wide deliberation on how to manage China-U.S. relations and build a sustainable security architecture in the Asia-Pacific is very important. This reality should not be lost on the thinking of policy-making circles in the region, especially those of ASEAN countries and Vietnam in particular.

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