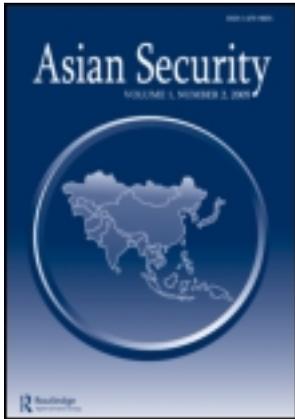


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The US–China Relationship and Asia-Pacific Security: Negotiating Change

EVELYN GOH

Abstract: *The crucial determinant of Asia-Pacific security is whether the U.S. and China can negotiate their relationship and their relative positions and roles in such a way as to produce sustainable regional stability. This paper examines three alternative scenarios of negotiating Sino-American coexistence: (I) The maintenance of the status quo of U.S. strategic dominance over the region, which China does not challenge; (II) negotiated change, by which the two powers coordinate to manage a more fundamental structural transformation; and (III) power transition, in which there is a significant structural shift in the regional system as a rising China challenges U.S. dominance, with a range of possible outcomes.*

Introduction

In spite of the world's attention having been focused on Central Asia and the Middle East in the aftermath of September 2001, a significant number of potential key points of international conflict remain congregated in the Asia-Pacific region. These include the nuclear standoff with North Korea; uncertainties associated with China's rising economic, political and military power; the potential flashpoint of Taiwan; and incidences of Islamic extremism and terrorist activity in Southeast Asia. Overarching these issues is the question of a gradual systemic change, as the rise of China impinges upon the influence of the United States, the incumbent dominant power in the region. Both in the sense of their involvement in specific areas of potential conflict, especially the Korean Peninsula and Taiwan, and also in terms of ongoing structural changes in the balance of power, the security of the Asia-Pacific region thus rests in large part upon the US and China.

The existing discourse appears to work from the position that it is incumbent upon the US, as the predominant power, to orchestrate regional order, and to decide how much room it should make for a rising China. Beijing is seen as somewhat unpredictable, yet mainly reactive, and is expected by Washington expected to adjust itself to fit into the US-dominated status quo if peace is to be preserved in the region.¹ In contrast, this paper begins with the premise that effective management of the changing structural conditions in the Asia-Pacific must be based upon a reassessment of the relative interests, positions and roles of the US and China in the region. Rather than the alternative scenarios of conflictual power transition or the stark choice between containment and accommodation, it argues that a sustainable regional stability may be determined by whether, in the process of building a new basis for US power in the post-Cold War era, a stake can also be crafted for China as an emerging regional great power. In other

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words, whether the two countries can successfully negotiate their relationship towards what the Chinese label “peaceful coexistence” in a new regional order.

There have been conflicting interpretations of the implications of China’s growing power. Realists warn that the resurgence of China, while still in its early stages, portends a structural transformation in the Asia-Pacific system in that the relative power matrix in the region is being altered in a way which deepens the security dilemma.² Liberal institutionalists and constructivists argue against the assertion that power competition inevitably leads to war, suggesting that the processes of interdependence, institutional norms and socialization can play a critical role in shaping how Chinese power is exercised.³ This controversy is not likely to be resolved in the near future because of divergent interpretations of Beijing’s intentions. However, on balance, while it may take China many decades to catch up with the US in terms of economic, technological and military capabilities, in the interim, China’s rise might be perceived as a systemic disruption under one or more of the following circumstances:

1. If growing Chinese capabilities are accompanied by evidence of ambitions for domination – that is, a powerful China that poses a demonstrable intentional *threat* beyond the inevitable displacement of some American (or Japanese, or Russian) influence in the region as its economy grows.⁴
2. If it becomes clear that Beijing possesses the will to challenge the status quo in order to aggrandize itself. In other words, if China shows evidence of being a *revisionist* power. This is a particularly controversial measure of Chinese intentions, as Alastair Iain Johnston has argued, if one acknowledges that the existence of a widely accepted international status quo for major international rules is debatable, and given the analytical difficulties in matching Chinese rhetoric with action in terms of power distribution preferences.⁵
3. The existence of persistent *flashpoints*, which pose the problem of potential conflict by miscalculation or proxy and which require constant monitoring. In the region, the Taiwan issue and the competing claims over islands in the South China Sea are hotspots which directly involve China and which continue to worry policy makers and observers.⁶
4. If China is willing to risk and is planning for *asymmetrical conflict* with the US. This is the intervening variable which will overcome the arguments that China will be deterred by the huge current gap in capabilities between the US and itself. As will be discussed later, Beijing could exploit selected numerical and situational advantages in specific areas such as Taiwan, and it is also developing technological warfare capabilities to target the current American edge in war fighting.⁷
5. China’s ability to *destabilize* the general strategic climate of the region even without intending to do so, because of the unsettling effects of its growing power on its neighbors. This may take the form of fears of the rising economic competition posed by China across the whole range of industrial and service sectors, as well as the fueling of regional weapons acquisitions as part of hedging strategies.⁸

Understandably, the debate over Chinese power continues to turn mainly on the central issue of Beijing's intentions, and secondarily on the displacement effect of China's growing ambient power. However, one means of advancing the current debate is to examine key possibilities for relative power transformation in the Asia-Pacific region. Deriving "concept-driven" generalizations can help us to assess the various likely states, parameters and scenarios of change as China rises. Working from the assumption that China's economic growth and national integrity will continue for the foreseeable future,⁹ the following analysis examines three alternative "models," which help to assess some of the possible processes and outcomes in negotiating Sino-American coexistence in the Asia-Pacific. The three models may be described in shorthand as: status quo, negotiated change and power transition. For each model, the following discussion examines the impact of relative power distribution, each side's perceived regional image and role, and their priority national interests and objectives in the region. It suggests different aspects of power and influence that may be negotiable for each side. The likelihood of each model prevailing and alternative evolution scenarios are then assessed.

Many scholars and analysts have focused their anxieties on the potential power transition if and when China grows to the extent that it can challenge US hegemony. I suggest, however, that the power transition model belongs within the mid- to long-term range of possibilities; and that in the intervening time period a variety of different scenarios and developmental paths may be postulated under certain circumstances. In the immediate term, we are witnessing Chinese domestic preoccupation and adjustment to the status quo of US regional hegemony and to regional modes of international interaction. Within the medium term, there is the possibility of a negotiated change in regional order towards what I term a "hierarchical duet" of power. The paper concludes that we are likely to see tacit coexistence and even some negotiated power sharing in the short to medium term. In the long term, however, if the two powers are not able to sustain a negotiated regional order either in the form of a hierarchical duet or by moving towards a security community, the region will be left facing the destabilizing scenario of power transition.

Model I: Status Quo

In the first model, both China and the US maintain the status quo in the Asia-Pacific security system. This primarily involves China conceding and not challenging the fact of existing US strategic dominance over the region. Instead, Beijing concentrates on internal consolidation and on developing its economy. It also adjusts to global and regional US dominance in a number of ways: it intensifies trade and other relations with the US; pursues membership in key US-led international institutions such as the World Trade Organization (WTO); does not challenge US alliances in East Asia; and publicly proclaims no challenge to the US-led status quo except for Taiwan, which is deemed a domestic issue. At the same time, China adopts prevailing modes of international interaction at the regional level, including a similar volume and style of diplomacy, membership in regional institutions, and a tight focus on economic cooperation.

In this model, there is an underlying structural change in terms of the narrowing gap in relative power between the two largest players in the region, but as yet no

power competition. Instead, the key change will occur in Chinese national characteristics, in terms of China's growing economic strength and national consolidation. But US strategic dominance over the Asia-Pacific will persist, and will not be contested by China.

Many important aspects of this model are reflected in the current state of affairs in the region. A significant degree of Chinese adjustment and accommodation exists relative to US predominance. In terms of policy, Chinese leaders have evinced their desire to make room for and to avoid open contestation of (if not entirely conform to) US dominance in recent years. There has been, for instance, a marked moderation in rhetoric against "American hegemony" and US alliances and bases in East Asia.¹⁰ Chinese actions also do not suggest that it is seeking a strategy of counter-dominance against the US. On the Korean peninsula, Beijing has refrained from exploiting its close relationship with Pyongyang to intensify the antagonism against the US and South Korea, but has rather shifted towards being a mediating partner of the US in the Six Party Talks.¹¹ And while some see renewed Sino-Russian relations as a spot of soft balancing behavior by Beijing, the limits on their strategic cooperation partnership are considerable, including their divergent primary aims, which are arms acquisition on China's part and economic gain on Russia's part, rather than anti-American in focus.¹² Also of note was Beijing's support for the Bush administration's campaign against terrorism and war in Afghanistan after September 11, 2001, in spite of the new or renewed American presence in Central and South Asia, which works to Chinese strategic disadvantage.¹³ Moreover, the Chinese government's relatively quiet opposition to the war against Iraq in 2003 indicated that China is willing to allow room for the US to flex its muscles, even when critical principles such as sovereignty are at stake.¹⁴ On the one hand, Beijing has gained breathing space within the Sino-American relationship as a result of Washington's new preoccupation with anti-terrorism and the Middle East, and has also managed to hitch its controversial domestic anti-insurgency cause to the terrorism bandwagon.¹⁵ On the other hand, China's accommodation of US strategic priorities at this time derives also from the renewed realization of its own relatively inferior technology and war-fighting capability after the demonstrations of American prowess in the recent battlefields.¹⁶

As a result of the perceived large power differential, and because of their urgent economic imperative, Chinese policy elites are now doubly anxious to maximize what they perceive as the breathing space afforded by the US war on terror to concentrate on economic development and growth. This accords well with the strategic thinking which has prevailed since the economic reforms of the 1980s. Premier Deng Xiaoping's guiding principles for foreign policy were to seek peace and development (*heping yu fazhan*) while keeping a low international profile and building up China's abilities (*taoguang yanghui*).¹⁷ In meetings and interviews, the Chinese policy community tends to emphasize the large gap between the US and China in terms of wealth, technology, and military capability. They acknowledge US superiority and China's inability to be a real competitor for the next few decades at least. This pragmatism is accompanied by Beijing's strong strategic focus on domestic economic development and national stability. Chinese leaders publicly acknowledge that the country faces a plethora of developmental problems that "are enough to keep us busy" – Beijing will not have time to spare to "seek hegemony" when it is going to take the "arduous

endeavours of generations for China to catch up with developed countries.”¹⁸ Thus China cannot afford either to try to forge a counterbalancing coalition against the US, or to dabble in foreign policy adventurism. By this logic, China is a “satisfied” power.¹⁹

As one Chinese academic put it, the central problem in Sino-American relations may be conceptual: Washington harbors a “China threat” mentality and perceives bilateral relations to be those between a superpower and a rising challenger.²⁰ The Chinese, on the other hand, characterize the relationship as one between “the largest developing country” and “the largest developed country.”²¹ There is a strong recognition that the American unipolar moment will last for some time, that China does benefit from deeper integration into the world economic system maintained by the US, and that Beijing has no alternative developmental path. Thus Beijing’s current aim is to “de-securitize” China’s rise in order to allay regional concerns. The Chinese foreign policy community has made a concerted effort to represent China’s re-emergence as essentially an economic and developmental one, rather than a strategic development. It is not revisionist vis-à-vis the international system but in fact in line with the aims and values well understood by others because this development is modeled along the well-traveled global capitalist path. Thus, instead of shunning or promoting alternatives to the established institutions, China recognizes that “the world will not let China have a free-ride, and because it wants to take the ride, China has no choice but to pay the price for the ticket” for entry into institutions such as the WTO.²²

As a result, Beijing publicly identifies cooperation rather than conflict as the main characteristic of current and future Sino-American relations. China’s economic development will act as “the foundation for US–China cooperation.” Analysts foresee new avenues for coordination especially in energy issues. For instance, as Chinese demand for oil grows, Beijing will develop more common interests with Washington in Middle East stability.²³ The Chinese also hope for more Sino-American cooperation on technological advancements, and to ensure bilateral and regional stability to allow concentration on domestic development. In other words, as the emphasis of Beijing’s foreign policy is retained upon issues of trade and international economic system membership, key foreign affairs interlocutors in Beijing foresee a broadening and deepening of the overlap in Sino-American interests in maintaining regional stability.²⁴

In policy terms, this orientation is evident both at the conceptual and diplomatic levels. Under the presidency of Jiang Zemin, China adopted a more consciously constructive tone in the key foreign policy aims of “increasing trust, reducing problems, developing cooperation, and refraining from confrontation” (Jiang’s 16-character principles of *zhengjia xinren, jianshao mafan, fazhan hezuo, bugao duikang*). At the international level, Chinese diplomacy has consciously concentrated on demonstrating China’s long-term goodwill, at times more so than on the pursuit of common interests.²⁵ However, Beijing has also taken some important and consistent steps towards conforming to the status quo in terms of participating in international institutions and adopting norms of conduct.²⁶ This is most notable at the regional level, especially in Chinese participation in the ASEAN Regional Forum, an Asia-Pacific gathering devoted to the discussion of security issues and under whose aegis China issued its first defense white paper in 2002.²⁷ China’s disputes with five neighboring countries over islands in the South China Sea has engendered significant international concern

since the Chinese occupation of Mischief Reef, claimed by the Philippines, in 1995. However, Beijing softened its initial refusal to discuss the issue multilaterally and the parties involved managed to negotiate a Declaration of Conduct in November 2002.²⁸ On the economic front, China has undertaken to set up a free trade area with Southeast Asia by 2010, and is actively promoting ASEAN+3, which brings together Southeast Asian countries along with China, Japan and the ROK.²⁹ It would seem that President Jiang's attempt to develop a more activist approach towards "accomplishing some deeds in the diplomatic arena" (*yousuozuowei*) has borne fruit.³⁰ At the same time, China has managed its "deeds" in a manner consistent with the prevailing diplomatic style of the region, called the "ASEAN way," which emphasizes informality, consensus, non-intervention in internal affairs, and moving at a pace that is comfortable for all members.³¹ Further, in a gesture towards its acceptance of the sub-region's norms of peaceful settlement of conflicts and nuclear non-proliferation, Beijing signed on to ASEAN's Treaty of Amity and Cooperation at the end of 2003.³²

According to this "status quo" model of US–China relations, therefore, the impact of systemic power distribution is muted for the time being. China is a rising power, but not one sufficiently strong to threaten US preponderance for the next 20 years at least. By this measure, we are not yet living in a time of transition from unipolarity. Thus, in considering the impact of Sino-American relations on regional security, the interesting questions shift from the structural to the ideational and behavioral realm. It would seem that it is in each country's perceived regional image and role for itself and for the other that some interim answers may be found. Here, there is evidence that China has been cautiously trying to re-represent its resurgence in developmentalist terms and to pursue regional cooperation – and to some extent, leadership – using diplomatic and institutional means acceptable to other states. In this sense, China's determined portrayal of itself as the rising but considerate and responsible power helps to sustain the status quo in the form of the preferred processes of international relations. It is competing with the US, but not over power or primacy as yet. Rather, the subtle contest is for diplomatic and economic influence, mainly in East Asia, primarily in order to stabilize its periphery and to forge economic ties, so as to advance its national drive for economic development.

Prospects

This "status quo" model can persist for the short term, within a time frame of the next 20 years or so. Beijing's attempts to limit its goals and to reassure the US and others in the region about the consequences of its growing power may succeed for the next decade. However, there are three key determinants of its success. First, there will need to be greater transparency in Chinese defense strategy and policies in order to persuade others of its intentions. More sophisticated articulation of China's security concepts and strategy would also help to clarify its objectives in the region. For instance, while it still remains opaque compared to US strategic documents, the latest Chinese Defense White Paper issued in December 2004 provides more information than before on the People's Liberation Army's (PLA) doctrine, policies and international cooperation; some details on developments in the Chinese defense industry; and sheds better light on China's concerns about Taiwan.³³

Second, the degree of American acceptance of China's foreign policy approach may be limited by domestic pressures, especially the Taiwan lobby, which can be expected to continue pressing for closer defense ties with the island as Chinese military power grows. Also, as China develops economically, disputes over trade deficits, dumping, tariffs, and copyright protection will probably increase. The twin rows over the high valuation of the Chinese currency and the attempt by a Chinese company to buy out the US oil and gas company Unocal in 2005 demonstrate that important constituencies in the US readily view China's growing economic power as threatening to their economic competitiveness and national security.³⁴ Furthermore, the institutionalization of human rights concerns into China policy making structures within the US will ensure the continued salience of this set of issues.³⁵

Finally, to what extent is the developmentalist strategy a means of buying time for Beijing to build up its national base, from which to project its power once it is strong enough? Some American analysts see China's building of comprehensive national power as a short-term strategy, to be replaced by a second phase (to be implemented in 20 to 50 years' time) during which Beijing will enhance its major power status by applying its new power base more aggressively with less regard for a stable regional environment.³⁶ While this is a reasonable assumption, based on the expectation that a more powerful state is better able to pursue and advance its own interests, some regional observers have pointed out that this window allows us time to try to "socialize" the Chinese policy elite into a longer-term acceptance of international norms and order.³⁷ Also, there remain the possibilities of cognitive change in the strategic outlook of this generation of Chinese leaders as they engage in greater interaction with the international community.³⁸

Moreover, the degree to which China may be restrained by rules and institutions, or Chinese ambitions moderated by relative gains, may be crucially affected by the US's conceptions of its position and role in the region. Currently, the apparent American pursuit of perpetual predominance as articulated in the 2002 National Security Strategy exacerbates the security dilemma for China. The Bush administration not only pledges to build up armed forces "strong enough to dissuade potential adversaries from pursuing a military build-up in hopes of surpassing, or equaling, the power of the United States," but has also introduced the principle of pre-emptive strikes against potential adversaries that threaten American national security.³⁹ Such rhetoric, together with the "China threat" discourse, suggests that the Asia-Pacific is a zero-sum chessboard on which there is no room for China to develop without threatening the US position.⁴⁰ Worryingly, from this reading of the US point of view, there are potentially no aspects of strategic power that may be considered negotiable. For instance, Assistant Secretary of State for East Asian and Pacific Affairs James Kelly told a House Committee hearing in June 2004 that China "is challenging the status quo aggressively" in some areas, citing as the only example Beijing "expanding its influence in Southeast Asia by enhancing its diplomatic representation, increasing foreign assistance, and signing new bilateral and regional agreements."⁴¹ Southeast Asians are not likely to agree with Kelly's portrayal of recent Chinese initiatives towards the region, and it would needlessly exacerbate the security dilemma if the US begins systematically to categorize growing Chinese economic and political influence in its surrounding region as an aggressive challenge to the status quo.

On the other hand, since August 2004, the second Bush administration has revealed elements of its global posture review, which indicate a shift towards a more global (as opposed to region-specific) focus in what is to be a more flexible military strategy.⁴² Given the current emphasis against terrorism and weapons of mass destruction, it is expected that Washington's focus will shift towards the Middle East, Central Asia, and South Asia. Coupled with the planned draw-down of troops from Korea, the Bush administration may be seen as easing its attention in East Asia and tacitly conceding the region to Chinese influence. While the Bush administration insists that the impacts of the review will not affect the US commitment to allies or its military capabilities in each theater,⁴³ the perception that Washington is more preoccupied with its overall global strategy and conflicts in other regions could be dangerous. It might lead to greater complacency and assertiveness on the part of the Chinese in East Asia. In sum, it is advisable neither for the US to construct a zero-sum power contest against China, nor to be thought to be paying less attention to the region.

A crucial first step to adjusting to a rising or developing China is to acknowledge the inevitable concomitant growth in its regional influence. While this entails the parallel realization that the status quo of American and Japanese *dominance* in the region in strategic and economic terms may be altered as a result,⁴⁴ a more constructive reaction would be to seek ways to deepen US engagement in the region in order better to secure its interests.

It is important to understand that growing Chinese influence in the region need not necessarily occur at the expense of American influence. First, power and influence in the Asia-Pacific does not present a zero-sum game. As the Southeast Asian states are fond of reiterating, for example, not only may the size of the economic pie itself be enlarged without their most important traditional trading partners losing out to China, but many states in the region still prefer continued US strategic dominance and urge the closer involvement of both the US and China in regional security issues and dialogue to enhance stability.⁴⁵ Second, the apparent decline in US influence in the region in recent years may be more the result of the unpopularity of the Bush administration's conduct of the war against terrorism and in Iraq than it is related to growing Chinese power.⁴⁶

Thus, it would seem that a key feature of the short-term "status quo" model is the hope that time might also be bought for the US to "acclimatize" itself to a changing regional strategic environment that is moving towards containing two major powers, albeit of somewhat different leagues. In other words, the "status quo" scenario discussed here does not assume a continuation of the current relative power distribution, since the gap between Chinese and American power in the region will close to some extent. However, the status quo is retained insofar as the US maintains its dominance *per se* and rising China occupies a second-tier position in the regional hierarchy.

Model II: Negotiated Change

If China and the US are able, over the next decade or so, to maintain their relationship along the lines of the status quo model outlined above, it would have been in large part the result of a gradual adjustment on both sides to the changing power dynamics in the region engendered by China's rise and the US's continued predominance. Over time,

this process can be expected to take on a life of its own, if the two sides continue to perceive the importance of coexistence. Over the medium term, it is possible that we may see the relationship move towards a second model of negotiated change, by which the two powers coordinate to manage a structural transformation. Model II differs from Model I in that it involves a more conscious and coherent process of *negotiating* power sharing, rather than the more ad hoc adjustments described in the first model. It also differs in that the aim would be to negotiate a structural *transition* from US hegemony to a concert (or duet) of power between the US and China in the Asia-Pacific.

This model is informed by the observation and argument – advanced by institutionalists and constructivists against stark realist logic – that peaceful power transitions are possible.⁴⁷ However, here we are concerned not with how to manage China's displacing and taking over American hegemony in the international system, but rather with exploring the potential of finding some form of power sharing between them as the vast power gap between the US and China is gradually reduced.⁴⁸

Within the historical record, the main example of power sharing among major states is the nineteenth century European concert system. The great power concert consisting of Great Britain, Russia, Austria, Prussia and France was most effective in the period between the Napoleonic and the Crimean wars, from 1815 to 1854. It was distinguished by “an unusually high and self-conscious level of cooperation” among these powers, whereby each exercised self-restraint and sought multilateral means of dealing with problems. Concert conduct is distinct from balance of power behavior in the fundamental acceptance that sustained cooperation between great powers is possible, and that war is undesirable as a policy tool.⁴⁹ In the European case, after the upheaval of the Napoleonic wars, the great powers concerned developed certain common values – the avoidance of major war, and a shared stake in economic prosperity – which constituted a change in their conception of self-interest. Thus, as “statesmen thought more in terms of the international system and what was necessary to keep it functioning,” the process was accompanied by a “change in [their] values and beliefs about how politics can and should be conducted.”⁵⁰ This led in turn to the negotiation of a system whereby the great powers would maintain postwar international order using the key norms of crisis management through conference diplomacy, sanctioning territorial change only by consensus, protecting essential members of the system, and granting each other due respect.⁵¹ A concert system essentially involves conscious coordination between great powers in managing international relations, mediating conflicts, and legitimizing acceptable revisions to the status quo.

Does the European concert of power provide a model of negotiated change for US–China relations in the Asia-Pacific today? Other authors have applied the concert concept to the region wholesale to varying degrees of satisfaction.⁵² Given our focus on the Sino-American bilateral relationship, however, this analysis concentrates on drawing from some of the *key* notions of concert systems in developing its own model of negotiated change. We might begin by noting a divergence: concerts are usually deemed to exist in multipolar systems, whereas we are considering a case of two powers that may still exhibit a significant power disparity. While the European concert system was in fact a two-tiered one, consisting of only two great powers (Great Britain and Russia), it is difficult to draw generalizations from the European case for

an Asia-Pacific bipolar system.⁵³ However, it is possible to consider how the general principles of a concert system might be applied to achieve a “duet” of power between the US and China in this region. Bearing in mind that a concert is a system that requires “explicit and self-conscious management” on the part of the great powers,⁵⁴ developing a potential “duet” between Washington and Beijing would involve negotiation on at least the following four aspects of their power and influence:

1. Potential spheres of influence;
2. Desired status quo power distribution;
3. How power is to be exercised; and
4. Modes of conflict management.

The first two categories deal with preferences in terms of structure and the last two with agreement on processes.

Spheres of influence

A major characteristic of a great power concert is the explicit acceptance of each power’s respective sphere of influence within the system, within which other powers are not expected to encroach. Thus one crucial means by which the US and China can negotiate peaceful change in the Asia-Pacific region may be through agreeing upon mutual spheres of influence. In this regard, Robert Ross’ suggestion that the extant geographical and geopolitical conditions in East Asia make China the incumbent continental power and the US the dominant maritime power is useful. He argues that this division of influence can persist because the US and China each has a defensive advantage in its own theater sufficient to match each other’s military developments. Also, the de facto bipolarity is stable because of weak potential regional powers: Russia is limited in its ability to deploy eastward, while Japan is too small.⁵⁵ Ross’ implicit presentation of a Chinese continental versus American maritime sphere of influence is attractive in light of Washington’s maritime arc of alliances (the “San Francisco system”) stretching from Japan and the Republic of Korea (ROK) to the Philippines to Australia, and given China’s current lack of maritime power projection capability.

However, for the current de facto division of influence to be better consolidated into a tacit or explicit understanding about spheres of influence over the medium term, some important developments must be taken into account. For instance, to what extent will China exercise what Ross terms “hegemony” over the Korean Peninsula and continental Southeast Asia? It is not clear that Beijing desires a strong reunified Korea at its doorstep because it could pose a challenge to potential Chinese regional dominance; neither can it be taken for granted that countries like Vietnam, with its history of fighting Chinese occupation and of fierce independence, would succumb to the Chinese orbit. At the same time, the processes of globalization and China’s integration into the global economy and international community mean that the traditional Monroe doctrine style of exclusionary spheres of influence may not in fact be possible in today’s context.⁵⁶

Furthermore, Ross’ sanguine view of the existing balance of power between the US and China in East Asia is contestable. First, in spite of its recent moderate stance on its

territorial claims in the South China Sea, the Chinese government did issue a Territorial Waters Law in February 1992, laying claim to the whole of the South China Sea, and it is engaged in upgrading its blue water naval capabilities, potentially blurring the lines between maritime and continental influence.⁵⁷ Second, the balance may be disturbed through the implementation of the proposed American Theatre Missile Defense system. While the project has not made substantial progress thus far, Japan and Australia have indicated their willingness to join the system, and if it comes into effect the US will critically pierce Beijing's offensive deterrence capacity.⁵⁸ Finally, Ross' argument underrates the preferences and policies of countries in East Asia, which have adopted relatively successful hedging strategies aimed at cultivating close relations with both the US and China and not falling into one exclusive sphere of influence.⁵⁹

For these reasons, it would seem that negotiating spheres of influence as such might not be a viable central element of the negotiated change model. Rather than relying on a geographical division of powers, we may have to look instead towards negotiating other means of regulating the relationship between these two major powers with their increasingly overlapping spheres of influence. At the structural level, an alternative to spheres of influence would be to negotiate a mutual understanding about the preferred status quo distribution of power within the Asia-Pacific region.

Power Distribution

There are two sets of debates to consider when thinking about the medium- to long-term power distribution in the Asia-Pacific. First is the set of speculation about when China will "catch up" with the US in terms of economic productivity and military capability.⁶⁰ Estimates vary from 15 to 50 to 100 years, but it is safe to say that over the medium term (20–30 years), assuming that China continues to develop and the US does not decline, we will still be experiencing the process of China narrowing, but not closing, the gap. Second is the controversy about what type of power distribution gives rise to the most stable kind of international system. Neorealists favor bipolarity because of the reading of the Cold War as a period of "long peace," but classical realists and contemporary Chinese politicians and analysts prefer multipolarity, while some American scholars have argued that the current US unipolarity will endure for both structural and normative reasons.⁶¹ Again, regardless of the eventual outcome, over the medium term we are likely to continue to see the *run-up* to a period of potential transition away from unipolarity.

Therefore, over the short to medium term, it is important for the US and China to negotiate a shared understanding of and interest in the existing status quo, which we may expect to be hierarchical in the sense that the US would remain the dominant world superpower, while China increasingly becomes the regional great power within East Asia. I would argue that within the medium term, prospects for a negotiated peace would be best secured by the acceptance of this status quo two-tiered power distribution by both sides. This argument is premised upon the assumption that chances for negotiated change are higher if it is clear that the hegemonic position per se is not under contention.⁶² Having a hierarchy of powers within a concert is not unusual – as noted above, the nineteenth century European concert consisted of only two great powers, while the others were a defeated great power (France) and two middle powers

(Austria and Prussia). China and the US could form a hierarchical duet. For this to come to pass, though, a fundamental alteration of mutual perceptions is necessary. Washington must come to recognize China's significant regional impact and accord it a legitimate leading role in regional affairs, while Beijing must accede to not only the superiority but also the relative benignity of American power. Both these processes require sea changes in mutual perceptions.

Here, the key concert principle of according each great power respect and the cardinal rule that none should be humiliated are particularly important, since a key facilitating factor for such a two-tier duet system would be the norms of equality and mutual respect that Beijing emphasizes but often does not feel that it gains from the US. As David Kang argues, East Asia has traditionally been more comfortable with hierarchy in its international affairs than is the West.⁶³ This means that China expects – and will receive from the region, if not the US – the regard due the largest country in the region. Without going so far as to argue, as Kang does, that countries in the region would necessarily bandwagon with China, it is important to note that they are very likely to accommodate China's rising regional great power status whatever happens. Yet Washington need not worry excessively about losing East Asia to China as an exclusive sphere of influence, as these countries also worry about Chinese hegemony, and so are equally likely to continue facilitating an active US presence and engagement in the region.⁶⁴

Over the medium term, establishing mutual Sino-American understanding of their relative hierarchy would be merely a holding operation in the run-up to China becoming strong enough to challenge US hegemony, if not for the development of the following two elements of concert behavior, which represent crucial socializing processes involving the negotiation of measures of self-restraint and forms of great power systemic management.

Exercise of Power

The most critical element of how power is to be exercised is clearly the use of force. Any viable negotiated change scenario would therefore require a commitment on the part of the two major powers to seek and exhaust diplomatic solutions to problems and to reserve the use of force as a very last resort. Worries about Chinese “revisionism” are centered on the concern that Beijing stubbornly maintains its right to use force to settle the Taiwan issue in particular. However, apart from Taiwan, which it considers a domestic issue, Beijing has proclaimed adherence to the principle of peaceful resolution of conflicts through diplomacy in a variety of norms, including the Five Principles of Coexistence, which have guided Chinese foreign policy since the mid-1950s, and ASEAN's Treaty of Amity and Cooperation. It has also begun to negotiate settlements on some of its territorial disputes with India and with Vietnam in recent years, and has committed to dealing with the South China Sea dispute through multilateral diplomacy.⁶⁵ Indeed, Premier Deng Xiaoping suggested in 1988 that the Five Principles, initially developed for the Bandung Meeting of non-aligned states, could form the basis of norms for international relations.⁶⁶ On the other hand, China and much of the rest of the world is currently worried that the US may regard the use of force abroad as a sovereign right, particularly after Washington eschewed UN

sanctions for the war in Iraq in 2003. In addition, the Bush administration's adoption of the doctrine of pre-emption and its labeling of North Korea as part of the "axis of evil" spurred fears that the US would use force in settling the stalemate on the Korean peninsula.

The two sides will also have to pay attention to other ways, short of war, in which their strategic policies could deepen the security dilemma. In China, the improvement of its power projection capabilities by means of arms acquisition and modernization and augmentation of its offensive capabilities using the selective development of specific technology fuel American suspicions.⁶⁷ The US, for its part, has been strengthening its key alliances in the region, particularly those with Japan and Australia, and is looking to expand military cooperation with other friendly states such as Singapore. The Bush administration's 2001 Quadrennial Defense Review identified East Asia as an area of "enduring" national interest to the US that no other state can be allowed to dominate. China was indirectly but clearly identified as a potential threat to US interests in the region, and the report emphasized "East Asian littoral" (or maritime East Asia) as a region in which the US would want to develop additional access and infrastructure agreements to overcome the long distances and its relatively low basing density.⁶⁸ These trends, if not accompanied by regular bilateral high-level assurances and military exchanges, will contribute to a spiraling security dilemma. At the same time, other critical arms control issues have to be discussed on a high-level basis as Chinese capabilities improve, as disagreement about nuclear proliferation continues, and as the US has withdrawn from the Anti-Ballistic Missile (ABM) treaty and is developing the anti-ballistic missile defense system. The most important achievement of détente diplomacy during the Cold War was arguably the elaborate and extended series of arms control negotiations between Moscow and Washington. The key lesson here is that the US and China should not need to wait for a Cuban Missile Crisis to provide belated impetus for such negotiations.

Beyond the "hard" strategic calculations, one problem is that, unlike the US and the Soviet Union during the Cold War, the US and China do not currently exercise power in the Asia-Pacific region using a similar mix of instruments. The US is the more established hegemon with formal alliances and an undeniable political and economic clout that is largely taken for granted, while China is the rising power with growing economic leverage and a marked sensitivity to cultivating diplomatic influence. There is a need for some mutual understanding of the extent to which these types of power are fungible across sectors. For instance, does Chinese domination of a growing slice of the Asian economic pie necessarily translate into a reduction in American strategic hold over its allies? The degree to which economic and strategic aspects of power are negotiable or zero-sum is not well understood. The 2002 US-China Security Review Commission's report to congress recommended the active use of trade penalties to ensure China's full compliance with WTO regulations.⁶⁹ However, as some analysts have pointed out, China's growing regional and international economic role means that such simple "us" and "them" divides do not apply in reality. Because China has become so "deeply embedded with key global supply chains and increasingly has become the final assembly point for products that incorporate the value-added components made by many of America's friends throughout the region," any

economic retaliation against China will also hurt Washington’s allies and friends. Moreover, the US will find it difficult to sanction economically one of the biggest engines recycling global trade dollars back into the US – China is the second largest US treasury notes holder after Japan.⁷⁰ Thus, in addition to negotiating rules of economic conduct, the US has also to work out how best to compete peacefully with China in terms of economic and political influence in the region.

Modes of Conflict Management

Conflict management under the concert system exhibited three main characteristics: territorial change by consensus, multilateral conference diplomacy, and restraint of more minor allies by each great power. Applying the first principle to the current US–China relationship, an ideal would be the negotiation of an explicit understanding that potential changes in the political status quo surrounding Taiwan would be acceptable only if both major powers agree. There is a case to be made that, in essence, such a tacit principle already exists, since given the agreement on “one China” and the American commitment to counter any unprovoked use of force by China, the only solution agreeable to both sides, a unilateral declaration of independence from Taipei notwithstanding, is some form of peaceful “one country, two systems” reunification. This is a controversial assertion, but one that holds potential for a clearer negotiated understanding than the deliberate ambiguity that currently exists, from a great-power-centered point of view.

Other possible areas of revisionism, such as China’s claims in the South China Sea, or potential US aims for forcible regime change in other countries, would be more difficult to manage. The rapid development of a number of multilateral security fora in the region since the end of the Cold War may provide some avenue for the US and China, along with other regional powers such as Japan, Korea, and India, to engage in concert-type diplomacy in times of crisis. However, some of these institutions, such as the ASEAN Regional Forum, currently suffer from malaise because of the divergent views of the two major powers on their purpose and scope.⁷¹ Perhaps the better example is the Six-Party talks regarding the Korean peninsula, which evolved from the American insistence on a multilateral process to involve the US, China, Japan, Russia and the two Koreas. This appears in some ways to resemble a concert, with the US exercising its influence over the ROK and China restraining the DPRK, but both brokering negotiations, while the other two regional powers are brought into the process to accord it legitimacy. Whether such nascent concert diplomacy can mediate revisionism and promote self-restraint remains to be seen. Furthermore, over the medium term, whether such efforts can be further institutionalized to form region-wide norms of conflict management and mediation would depend on whether the US and China are willing to incorporate such institutions as part of their new negotiated order. One way would be the fulfillment of the aspiration to expand the talks into a Northeast Asian security dialogue.⁷²

Prospects

Overall, the conditions for some form of negotiated change in the US–China relationship towards a concert-type “hierarchical duet” are daunting but not unimaginable. First, the presence on both sides of strong leadership and the capacity for tight

executive decisions will aid the process of building up a significant level of confidence and trust. Ironically, the Nixon/Kissinger–Mao/Zhou combination of the early 1970s might provide the ideal model for such a process of re-conceptualizing the relationship. While the Chinese leaders relied on their domestic authority, the American leaders relied on secrecy to negotiate a reduction of mutual threat perceptions, and to cultivate cooperation or coordination on major international issues.⁷³

Second, the existence of a significant common interest – a shared external threat is often the best unifying factor – may be crucial to kick-starting the process.⁷⁴ In the post-Cold War era, common Sino-American interests include economic development, peaceful reunification on the Korean peninsula, and counter-terrorism. It is not clear whether these are sufficiently salient common causes though. As a goal that is shared by almost every state in the world, it is doubtful whether economic development can act as a gel specific to US–China relations. Furthermore, there is growing domestic sentiment within the US that Chinese economic growth might engender unhealthy dependence of certain critical US economic sectors on China, and that cheaper Chinese production costs and the overvalued Chinese currency are costing American jobs.⁷⁵ In spite of the Bush administration’s rhetoric, whether the “war on terror” might become the next big crusade remains to be seen, especially as China’s support of the campaign apparently carried the important consideration of winning American backing for its own domestic struggle with separatists in Xinjiang province. Without the initiation of meaningful arms control talks between Washington and Beijing, counter-proliferation is unlikely to provide the focus for cooperation, as Washington’s disagreements with Beijing on the latter’s provision of nuclear technology to countries like Pakistan remain an issue of contention.⁷⁶ As suggested above, the Korean peninsula may provide a promising arena for Sino-American coordination and perhaps the prime avenue for an exercise of concert over the medium term. However, unless it can provide the basis for a more coordinated effort led by the US and China to institutionalize regional security cooperation, it will remain a limited issue area that cannot provide an overarching ideological bond.

Furthermore, the constraints provided by domestic politics on both sides must be weighed. Any negotiated power sharing arrangement would require a reversal of Chinese attitudes towards US “hegemony” and “imperialism,”⁷⁷ and the reconciliation of growing Chinese nationalism with self-restrained exercise of power. The difficulties of this process for Chinese leaders who have to contend with strong nationalist opinion that the time has come to make up for China’s century of humiliation cannot be underestimated.⁷⁸ On the other hand, however, the specific expressed objectives of Chinese nationalist discourse should not be ignored. The top priority is national reunification. One of the most crucial determinants of a sustainable negotiated regional order may therefore be the US ability to cede Taiwan to the Chinese sphere of influence. If this is achieved, a fundamental obstacle to negotiated change may be removed, and the vital determinant of China as a “revisionist” power negated.

On the other hand, it is important to recognize that the negotiation of a power share will work to China’s advantage in the medium term when it is still unable to challenge US supremacy. This is reflected in Beijing’s current posture towards the US in the Asia-Pacific. Chinese leaders have reportedly told Washington that China

(a) will not challenge US military presence in the Asia-Pacific (which is useful to China because it contains Japanese re-militarization); (b) will not put pressure on neighboring countries to drop their relations with the US (with the exception of Taiwan’s military relations); and (c) will actively participate in regional security fora and economic development.⁷⁹ These undertakings, if translated into consistent practice, could form the basic understanding for a negotiated hierarchical regional power structure.

Faced with international debates about how to deal with a rising China in the 1990s, Beijing also issued its own, relatively moderate national security statement in the form of President Jiang Zemin’s “new security concept” (*xin anquanguan*) in 1997. This formulation consciously moved away from the old Cold War security outlook that emphasized great power competition, collective defense, unilateralism and absolute security. Instead, the new security concept is based on the central notions of mutual trust (*huxin*); mutual benefit (*huli*); equality (*pingdeng*); and cooperation (*xie-zuo*). In rhetoric at least, the concept represents new developments in Chinese security thinking in three ways. First, as well as the Five Principles of Peaceful Coexistence (sovereignty and territorial integrity; non-aggression; non-interference in internal affairs; equality and mutual benefit; and peaceful coexistence), it stresses the importance of norms governing international relations, particularly the role played by the United Nations. Second, the new concept is concerned with comprehensive security – in the form of economic, political, technological, environment and cultural security – as well as military security. It also encompasses non-traditional security issues like terrorism and transnational crime. Finally, the new security concept is underscored by an emphasis on the growing interdependence of security issues. The understanding, particularly post-September 11, that a nation’s security is intrinsically bound up with the security of neighbors in an era of multifaceted and global threats, has led to a new emphasis on common security interests and the need for cooperative security approaches.⁸⁰

Furthermore, the Chinese foreign policy community is intensifying its presentation of a peculiarly Chinese style of exercising power. This emphasizes a gradual, incremental, “peaceful rise” (*heping jueqi*) to power. Indeed, in recent years, the term adopted is “peaceful development” (*heping fazhan*), as Beijing pursues the method of deep engagement through economic cooperation for “mutual benefit” with its neighbors, supplemented by the appeal of similar culture and cultural styles in terms of “Asian values” and the “ASEAN way.”⁸¹ Under the new leadership of President Hu Jintao and Prime Minister Wen Jiabao, Beijing has also manifested a successful diplomatic “charm offensive” in East Asia in the last two years.⁸² Part of Beijing’s success stems from a diplomatic style that stresses informal equality with its smaller neighbors in spite of the formal inequalities that exist in terms of power (as opposed to the formal, sovereign equality but informal practical inequality that is perceived in the US style). In general, in its opposition to what is perceived as the “western” style of assertive external colonization and imperialism, China’s pursuit of “peaceful rise” appears to refer back to a more traditional model of Chinese power. This view is sinocentric and is premised upon the consolidation of domestic power and governance until the relative force of this political, economic and strategic power exerts a centripetal “pull” effect for those around it, who will then choose to at least accommodate, if not bandwagon with, China.

On the other side, the radical change required in American attitudes about China, the US role in the Asia-Pacific, and its exercise of power as the unipolar power will arguably be much more difficult to achieve. At the bilateral level, there is first the general suspicion and assessments of China as posing a military threat to the US, which stem from realist convictions, cultural perceptions, and ideological opposition to the largest remaining communist state in the world. While many studies list the outstanding issues of contention between the US and China, it is not clear what China must or can do in order to change American perceptions. Second is the related ideological problem Americans have of dealing with an authoritarian communist government after the Cold War. Finally, it is difficult to gauge under what conditions domestic political pressure with the US might ease on the Taiwan issue, and how subsequent administrations would calibrate the “ambiguous” commitment to Taiwan’s defense.

Fundamentally, the most critical consideration is whether any power sharing arrangement will necessarily be regarded as compromising US influence in the region, a factor that may stymie progress if the Bush administration’s declared objective of preventing any other power from challenging US global hegemony is taken seriously. In order to begin to negotiate a *modus vivendi* with Beijing, Washington will have to make room for China at the international and regional tables on issues of importance to the country; take seriously and participate in regional fora for cooperation on security issues; and be prepared to even think about conceding to some form of a “one China” solution on the Taiwan issue, for instance, by clearly calling upon Taipei not to seek *de jure* independence. China already sits at most of the most important negotiating tables in international diplomatic and economic issues, except perhaps for the G8. On the other hand, at the regional level, China has been taking more of an interest in cooperative institutions (such as the ASEAN Regional Forum (ARF), ASEAN+3, East Asian Summit, and Shanghai Cooperation Organization) than the US, which still uses its alliance structure as the basic foundation of Asia-Pacific strategy.⁸³ While the region believes that China may be socialized into being a responsible great power by its participation in regional institutions, the parallel aim to socialize the US into non-military cooperative security modes of behavior has not received equal attention. At the same time, while there is now greater recognition of China’s new focus on boosting its profile and participation in international diplomatic arenas and institutions, there is not sufficient consideration in Washington about how to react to and interact with China in these settings instead of in a head-to-head contest.⁸⁴

Still, a start may be made in the current climate to redress the negative images in the US of China as a threatening rising power now that Washington has found other enemies in the form of global terrorism and rogue states proliferating in weapons of mass destruction. One key possibility is that the argument in favor of an “offshore balancing” strategy in the Asia-Pacific may gain greater currency as the US remains intensely engaged in the Middle East.⁸⁵ This strategy is fatalistic about China’s ascendance, but rationalizes the withdrawal of the US security commitment in the region by recourse to the expectation that Japan will rise to balance China. Without accepting the whole extent of this argument, we might suggest that power sharing is an intermediate solution to the potential problem of overextension should Washington persist in the strategy of preponderance. The advantages of negotiated power sharing include lower costs,

the constraint of a potential challenger by means of norms and rules, as well as the benefits of cooperation and joint management of regional affairs, which may include *quid pro quo* Chinese support for American policies in other regions of the world.

The main point here is that in the medium term the peaceful integration of China into the regional power fabric will require negotiation rather than simple adjustment. China must be allowed and expected to change a few things too, such as to increase its share of regional trade and influence, and to check the pace of certain institution building for its own comfort. Of course, there are fundamental rules which all parties should be expected to uphold, for instance, the use of force in settling disputes. Yet, from a negotiating point of view, such bottom lines are harder to maintain if one or both parties is inconsistent or bears a controversial record on such issues. More fundamentally, Washington will want to think about the impacts of China's growing leadership role in East Asia. Beijing's unassailable Asian identity, its sustained engagement with the region as a whole, its emphasis on regional economic development, and its astute diplomacy have all boosted its legitimacy as regional leader, even as its material capabilities lag far behind those of the US. In contrast, while American economic and strategic preponderance continues in the region, its emphasis on bilateral relationships rather than region-wide engagement, its core reliance on alliances rather than more comprehensive socioeconomic aspects, and Washington's apparent high-handedness may seriously undermine US leadership in the region.

Trajectories

There are three possible trajectories from this medium-term model of negotiated change. First, some form of a hierarchical duet could be sustainable into the longer term, if no major crises occur to undermine the period of mutual negotiation, if China does not overtake the US in terms of economic power too quickly, and if America's relative power advantage is maintained. Second, it is possible that we could see progress towards a Sino-American concert-type arrangement, as Chinese capabilities increasingly catch up with those of the US. Over the longer term, as the two powers negotiate rules and coordinate their management of regional affairs, it is likely that greater similarity of interests and identity would emerge between them. This, of course, is the constructivist notion of fundamental change in preferences arising from norm and institution building.

The most optimistic long-term negotiated change scenario would have the US and China cultivating multilateral collective security approaches with the other powers in the region, moving towards a regional security community.⁸⁶ This process will be arduous, and the goal may be unattainable because of the degree of dominance of the two major powers and the underdeveloped precedence for collective security in this region. On the other hand, some progress has been made at the initiative of ASEAN to propagate its style of diplomacy throughout the region, and regional security dialogue has begun. China has also demonstrated its willingness to adopt ASEAN-style multilateral approaches and, more importantly, appears to be reformulating its security thinking to take greater account of the notion of cooperative security. Such developments remain mainly rhetorical, regional security dialogues still do not impinge upon some of the most crucial security issues like Taiwan and the Korean peninsula, and the

US appears to share very little interest in cooperative or collective security approaches. But embarking on the process itself is important, because of the belief that the journey cultivates values and ways of behaving that can moderate behavior and shape preferences, even if the states concerned never reach the end of a European Union-like community.⁸⁷ The most important basic change will be the cultivation of the expectation and belief that structural shifts in power do not need to be accompanied by war but can instead be negotiated.⁸⁸

The last possible trajectory is one during which the negotiated change process breaks down. This might occur if a major crisis happens, such as a war over Taiwan, or if over the medium term other powers in the region begin to rise (or, in Japan's case, to rearm significantly), thus disrupting and possibly destabilizing the regional power structure. If this process breaks down, then we are likely to move to the situation of power transition discussed in model III below.

Model III: Power Transition

Scenarios of power transition pit the US as the incumbent hegemon against China as the rising challenger. Such situations with changes in relative power at the structural level are associated with competition over positions within the international hierarchy and concepts of international order. The incumbent power will tend to emphasize system preservation (along with its dominant hierarchical position within it), while the rising challenger will tend to be revisionist, focusing on exerting territorial claims and changing international rules and norms. The ultimate aim of the challenger would be to usurp the dominant position of the incumbent.⁸⁹

Translated into the US–China context, the power transition model portends at least three possible outcomes:

- i China successfully challenges US hegemony in the region and there is a power transition to Chinese dominance;
- ii There is a failed power transition following a crisis and conflict, which sees the reassertion of US hegemony, and/or Chinese implosion; or
- iii A transition to a new bipolar balance of power occurs in which China and the US stake out separate spheres of influence and exercise mutual deterrence and containment, with occasional contained conflicts.

The third possible outcome may appear similar to model II discussed in the previous section, but the substantive outcome and process here would be different – it may involve more conflicts or near-conflicts and lessons learnt, such as during the early Cold War years, as opposed to the sustained negotiation in model II.

Realist and neorealist theorists are pessimistic about prospects for peaceful power transitions. Notably, Robert Gilpin's hegemonic instability theory asserts that the incongruity between a rising power's capabilities and its continued subordinate position in an international system dominated by an erstwhile hegemon triggers a security dilemma that can only be resolved by major war.⁹⁰ His is a stark neorealist view that regards states as driven by zero-sum power concerns that make negotiation on hierarchy,

rules and values impossible. Empirically, it would seem that neorealists are correct: a large majority of power transitions are accompanied by war, with the modifications to the international order made by the victors of military confrontation.

From previous examples of power transition, we may note four important variables. First, war is usually the necessary determining factor of the transition to the reign of a new hegemon.⁹¹ However, the relationship between the incidence of war and power transitions is not clear-cut. Some wars between rising and declining powers – such as the Thirty Years War – do not result in power transition; in other cases – such as the end of the Cold War – peaceful power transitions are achieved when the contending power acknowledges defeat and gives in to a new international order; and in yet other cases – such as the American takeover of British hegemony after the second World War – the major war occurs after the challenger has already overtaken the incumbent power. Thus, it would seem that there are specific conditions under which the incongruity between capabilities and status felt by the rising and declining powers may or may not necessarily lead them to war.⁹²

Second, the specific disparity in power between the incumbent power and the challenger is important. The quantitative aspects of power transition – the perceived type and potential scope of the competing power, as well as the relative rates of ascendance and decline – are critical scales on which the balance of threat is calculated by fading or incumbent powers. However, the relationship between power imbalance and war remains a highly contested issue.⁹³ Intuitively, one would assume that the smaller the disparity of power, the greater the likelihood of conflict as the challenger becomes more confident.⁹⁴ However, it is possible that the incumbent power might decide to launch a preventive war against the competition before the challenger becomes too strong, while there is historical evidence that rising dissatisfied powers have tended to challenge hegemonies before they have attained the latter's level of power.⁹⁵

Third, according to power transition theory, the dominant power is usually simultaneously in decline in parallel to the competing power's rise. In the situation of the US and China currently, this is far from the case: the US enjoys a preponderance of power which is virtually unparalleled in history, and China may need up to 50 years to draw head-to-head with it. In this case, a classic overtake scenario is very unlikely, barring a major domestic crisis or an economic collapse in the US.

Fourth, the dynamics of power transition are by no means simple. First, the process of power transition often involves more than just the rising and fading powers; there are often multiple rising contenders and simultaneous power challenges, and their involvement in the wars that characterize periods of transition is not clear-cut.⁹⁶ Second, it appears that successful new hegemonies have tended to rise from the ranks of supporting rather than challenging states. It was not Spain, the direct challenger to Portugal, which emerged as the new hegemon at the end of the seventeenth century, but Holland. By fighting Spain, the Dutch took up where the Portuguese left off, subsequently acquiring independence and inheriting Portuguese world trade. In the eighteenth century, it was not the French challengers who achieved hegemony, but rather Britain, which had fought alongside Holland in the Napoleonic wars. Again in the twentieth century, Germany failed in both bids for hegemony against Britain, while the United States emerged as the new hegemon after fighting as Britain's ally in both

World Wars. It seems that the very high costs of competition between the direct challenger and the old hegemon prohibit success, while the cooperative/competitive relationship between the old hegemon and its supporting partner paves the way for a successful power transition.⁹⁷ In this regard, it may be crucial to pay attention to other significant third parties in the Asia-Pacific transition, especially Japan, which is a US ally, and which, if given a choice, the US might prefer to cede greater regional power to, or construct a concert of sorts with, to strengthen the face-off with China.⁹⁸ Alternatively, India may be another rising regional power that could benefit from a potentially destructive Sino-American conflict.

Thus, great power transition is a complicated process and power transition or neorealist theories alone are inadequate predictors of outcomes. Fundamentally, whether we will see a challenge for dominance by China in the Asia-Pacific depends on two variables: potential power parity between the US and China, which would provide Beijing with the capability to launch a bid for dominance; and dissatisfaction with the status quo, which will indicate Chinese intention and willingness to challenge the US. It would appear that outright confrontation between the US and China is unlikely in the short to medium term simply because of the existing power differential. More importantly, Chinese policy makers are consciously aware of and very wary about their shortcomings vis-à-vis the US, and especially in light of the demonstrations of American military and technological prowess in the 1990s campaigns, and the recent war against Iraq.⁹⁹ Although some suggest that the region is already bipolar because China is the established dominant continental power in East Asia, the reality remains one in which the sheer power disparity, when weighed up in material rather than simple geographical terms, indicates a highly asymmetrical bipolarity, if it might be called that.¹⁰⁰ Indeed, China's eventual capacity to develop as a more even counterweight to the US can be called into further doubt on the grounds that China's rise may be impeded down the line by the potential power balancing behavior of its immediate neighbors – Russia, Japan, possibly Korea, and Southeast Asian states.¹⁰¹

Scenarios of hegemonic challenge remain a long-term prospect in the Asia-Pacific. While power transition and neorealist theories predict a Sino-American power contest, we are more likely to see limited tensions and managed frictions over specific issues such as the Taiwan question than outright war. There remains, nevertheless, the possibility of China pursuing asymmetrical conflict with the US, an eventuality that, by definition, would precede the condition of power parity that underlies power transition theories. Thomas Christensen has drawn attention to scenarios of such asymmetrical warfare, but suggests a combination of specific circumstances under which these might occur. A weaker China might well challenge the US if the leadership sees itself as incurring greater regime costs from not attacking than from attacking (Taiwan is an issue that could lead to this reasoning); if actual or potential American casualties seem sufficiently high to force an early US withdrawal from any conflict; if the US is tied down militarily in other parts of the world; and if Chinese leaders believe that regional US allies can be encouraged to adopt policies different from America's own.¹⁰² Other indications of China preparing for asymmetrical confrontation include the attention paid to building up missile strike capability against Japan as leverage against the US, and the Chinese strategic focus on developing "assassin's mace" techniques and weapons that can exploit the American

technological advantage by targeting critical hi-tech information, intelligence, command and other logistics systems in a conflict situation.¹⁰³

Nevertheless, such asymmetric warfare plans do not appear to be conceived of within particular contexts of specific conflict scenarios with the US, apart from the special case of Taiwan. In this sense, the development of asymmetric military capabilities by China may be classified under general efforts to improve its military power and its capability to achieve the one revisionist goal of reunification with Taiwan that Beijing has consistently and overtly stated since 1949.

Conclusion

We began with the suggestion that in order to obtain security and stability in the Asia-Pacific, the US and China must negotiate their relationship. This would entail the clarification of each side's regional strategy, and a two-way process aimed at finding areas of common interest and possible cooperation and coordination, and at hammering out conflict management procedures. As a first cut, this paper has examined three possible models of how this process might take place: I, the preservation of the strategic status quo whereby China concentrates on domestic development and accepts US hegemony; II, negotiated change by which is worked a bipolar power sharing arrangement and eventually might be worked a multilateral cooperative security system is worked out; and III, a classic power transition entailing competition between the US as the incumbent hegemon and China as the rising challenger.

There are four main findings in this paper. First, while much of the conventional argument, especially in the US, has been centered upon the expectation that China will challenge US hegemony, leading to a power transition scenarios, what we are seeing now is in fact more akin to the status quo model. The evidence indicates that China is playing according to the international rules and will concentrate on domestic consolidation for the short to medium term if it is allowed to do so. Second, the power transition set of outcomes belongs rather to the medium- to long-term range of possibilities. Third, before we reach that point of power transition, though, there exists a range of possible trajectories that the US–China relationship could traverse. These alternative scenarios are summarized in Table 1.

Scenario A is clearly the most optimistic one, which assumes that the two countries manage to negotiate a regional order based upon understandings on power sharing, the exercise of power and conflict management, and then involve other states in the region in building a security community. Even if China and the US manage to move some way towards power sharing, there is the possibility that this process of negotiation or concert might be perpetuated and regional stability maintained (Scenario B). If such efforts were to fail, or if they are not undertaken at all, the region will move into a power transition phase, but with uncertain outcomes, depending upon the reactions of key countries in the region and upon the particular areas of conflict that ensue (Scenarios C and D). Alternatively, there is the possibility that the status quo of clear US hegemony might persist, if China's growth is undermined by domestic problems or by the outbreak of hostilities in the Taiwan Straits (Scenario E).

Future research projects might investigate in more detail the conditions under which each of these scenarios might occur. For now, the discussion in this paper shows the

TABLE 1
POSSIBLE SCENARIOS OF CHANGE IN THE US–CHINA RELATIONSHIP
OVER THE LONG TERM

Scenario A	1 → 2A → 2B	Successful negotiation of power sharing arrangements, moving eventually to constructing a regional security community
Scenario B	1 → 2A	Continual negotiation of power sharing in the form of hierarchical duet, persisting into concert behavior, possibly including other regional powers
Scenario C	1 → 2A → 3	Move towards power sharing arrangements, but these break down due to dissatisfaction on either or both sides, power transition outcome uncertain
Scenario D	1 → 3	No power sharing as Chinese power accumulation proceeds – either China challenges US hegemony and/or US engages in pre-emptive action or active containment against China. Outcome uncertain although Cold War balancing and containment-type scenario more likely if China can find allies to forge countervailing coalition; systemic war more likely if key flashpoint of unnegotiable importance is triggered – e.g. Taiwan crisis in which China manages to fight the US to stalemate.
Scenario E	1	Persistence of clear US hegemony IF Chinese development stymied by economic problems or by conflict over Taiwan in which US and Taiwan win

1 = Model I (status quo); 2A = Model II (negotiated change/hierarchical duet); 2B = Model II (negotiated change/security community); 3 = Model III (power transition).

current state of affairs within the contemporary “status quo” situation, identifies key areas of dialogue and bargaining needed for negotiated power sharing to occur, and highlights the difficulties of drawing preliminary conclusions about the outcomes of a future power transition. My preliminary evaluation is that Scenario B is most likely to obtain over the medium term, as we may expect rising Chinese power to be circumscribed by slowing economic growth rates and increasing domestic developmental problems that will preoccupy Beijing. At the same time, the massive US edge in economic and technological terms is likely to continue. Scenarios C and D are clearly the most worrying, and we will need to pay attention to two key trends within Chinese domestic politics that might push Beijing towards adopting more uncompromising or aggressive stances towards the US. First is domestic unrest arising from uneven development, which will undermine the regime’s legitimacy and stability; and the second is the rising salience of nationalism as China grows, which the regime may feel compelled to pander to given the demise of communist ideology as a mobilizing force in domestic politics.

Finally, it is clear that the onus lies equally with both China and the US to find ways to accommodate the changing power balance between them. This applies not only in traditional military balance-of-power terms, but also entails the consideration of the more complex competition of influence in the arenas of economics and diplomacy, which may have unprecedented strategic significance in the increasingly interdependent and globalized Asia-Pacific today. Fortunately, the latter are not necessarily zero-sum arenas, and could provide critical opportunities for mutual socialization and for the two-way negotiation of new norms of conduct and rules for power sharing.

NOTES

1. See, for instance, Richard K. Betts, “Wealth, Power, and Instability: East Asia and the United States after the Cold War,” *International Security* Vol. 18, No. 3 (Winter 1993/4), pp. 34–77; David Shambaugh, “Sino-American Strategic Relations: From Partners to Competitors,” *Survival* Vol. 42, No. 1 (Spring 2000), pp. 98–104; Richard

- Weitz, "Meeting the China Challenge: Some Insights from Scenario-Based Planning," *Journal of Strategic Studies* Vol. 24, No. 3 (September 2001), pp. 19–48.
2. Neorealist views are represented by Kenneth Waltz, *Theory of International Politics* (Reading, MA: Addison-Wesley, 1979); John Mearsheimer, *The Tragedy of Great Power Politics* (New York: Norton, 2001), pp. 396–402.
 3. For a sample of the debate, see Michael E. Brown et al., eds., *The Rise of China* (Cambridge, MA: MIT Press, 2000); Richard Bernstein and Ross Munro, "The Coming Conflict with America," *Foreign Affairs* Vol. 76, No. 2 (March/April 1997), pp. 18–32; Robert S. Ross, "Beijing as a Conservative Power," *Foreign Affairs* Vol. 76, No. 2 (March/April 1997), pp. 33–44; Alastair Iain Johnston, "Socialization in International Institutions: The ASEAN Way and International Relations Theory," in G. John Ikenberry and Michael Mastaduno, eds., *International Relations Theory and the Asia-Pacific* (New York: Columbia University Press, 2003).
 4. See Denny Roy, "Rising China and U.S. Interests: Inevitable vs. Contingent Hazards," *Orbis* (Winter 2003), pp. 125–137. The classic work distinguishing between threat and power per se is Stephen Walt, *The Origins of Alliances* (Ithaca, NY: Cornell University Press, 1987).
 5. Alastair Iain Johnston, "Is China a Status Quo Power?," *International Security* Vol. 27, No. 4 (Spring 2003), pp. 5–56.
 6. Robert S. Ross, "Navigating the Taiwan Strait: Deterrence, Escalation Dominance, and U.S.-China Relations," *International Security* Vol. 27, No. 2 (Fall 2002), pp. 48–85; Bernice Lee, *The Security Implications of the New Taiwan*, Adelphi Paper 331 (London: IISS, 1999); Shee Poon Kim, "The South China Sea in China's Strategic Thinking," *Contemporary Southeast Asia* Vol. 19, No. 4 (March 1998), pp. 369–387; Bates Gill and Michael O'Hanlon, "China's Hollow Military," *The National Interest* Iss. 56 (Summer 1999), pp. 55–62.
 7. For this argument, see Thomas Christensen, "Posing Problems without Catching Up: China's Rise and Challenges for U.S. Security Policy," *International Security* Vol. 25, No. 4 (Spring 2000), pp. 5–40.
 8. John Wong and Sarah Chan, "The China-ASEAN Free Trade Agreement," *Asian Survey* Vol. 43, No. 3 (May/June 2003), pp. 507–527. Pessimists and neorealists predict that an arms race or Chinese economic domination is inevitable - for instance, Aaron Friedberg, "Ripe for Rivalry: Prospects for Peace in a Multipolar Asia," *International Security* Vol. 18, No. 3 (Winter 1993), pp. 5–33; Gerald Segal, "The Coming Confrontation between China and Japan," *World Policy Journal* Vol. 10, No. 2 (Summer 1993), pp. 27–32; Denny Roy, "Hegemon on the Horizon? China's Threat to East Asian Security," *International Security* Vol. 19, No. 1 (Summer 1994), pp. 149–168. In comparison, the argument here is more moderate, referring only to the destabilizing effect of growing ambient Chinese power, which, over time, may or may not in fact exacerbate the regional security dilemma, depending on how its neighbors choose to react.
 9. This assumption can be debated; among those who suggest that it is just as likely that China might experience significant international political fragmentation or prolonged economic upheaval are Gerald Segal, *China Changes Shape*, Adelphi Papers 287 (London: IISS, 1994); and Gordon G. Chang, *The Coming Collapse of China* (London: Random House, 2001).
 10. David Shambaugh, "China Engages Asia," *International Security* Vol. 29, No. 3 (Winter 2004/5), pp. 70–72, 91.
 11. See David Shambaugh, "China and the Korean Peninsula: Playing for the Long Term," *The Washington Quarterly* (Spring 2003), pp. 43–56; Ming Liu, "China and the North Korean Crisis: Facing Test and Transition," *Pacific Affairs* Vol. 76, No. 3 (Fall 2003), pp. 347–374.
 12. Denny Roy, "China's Reaction to American Predominance," *Survival* Vol. 45, No. 3 (Autumn 2003), p. 64; Johnston, "Is China a Status Quo Power?" p. 39. For an interesting analysis of China's promotion of various levels of "partnerships" with major powers, including the US, see Joseph Y. Cheng and Zhang Wankun, "Patterns and Dynamics of China's International Strategic Behaviour," *Journal of Contemporary China* Vol. 11, No. 31 (2002), pp. 235–260.
 13. See J. Mohan Malik, "Dragon on Terrorism: Assessing China's Tactical Gains and Strategic Losses after 11 September," *Contemporary Southeast Asia* Vol. 24, No. 2 (August 2002), pp. 252–293; Brendan Taylor, "US-China Relations after 11 September: A Long Engagement or Marriage of Convenience?" *Australian Journal of International Affairs* Vol. 59, No. 2 (June 2005), pp. 179–199.
 14. Jing-Dong Yuan, "Making Sense of China's Iraq Policy," October 3, 2002, *PacNet Newsletter* #40; Bonnie Glaser, "China and the U.S. Disagree, but with Smiles," *Comparative Connections* (January-March 2003); David M. Lampton and Richard Daniel Ewing, *The U.S.-China Relationship Facing International Security Crises* (Washington, DC: Nixon Center, 2003), Chapter 2.
 15. But some have been quick to point out that the key underlying sources of Sino-American tensions, especially the Taiwan issue, have not disappeared; see Aaron Friedberg, "11 September and the Future of Sino-American Relations," *Survival* Vol. 44, No. 1 (Spring 2002), pp. 33–50.
 16. Li Nan, "Chinese Views of the U.S. War in Iraq: Warfighting Lessons," *IDSS Commentary* (June 2003). A Council on Foreign Relations report reaffirms that China lags at least 20 years behind the US in terms of military technology and capability; see Adam Segal, Joseph Prueher and Harold Brown, *Chinese Military Power* (New York: CFR, Independent Task Force Report, May 2003; available at http://www.cfr.org/pdf/China_TF.pdf).
 17. See Li Nan, "The Evolving Chinese Conception of Security and Security Approaches," in See Seng Tan and Amitav Acharya, eds., *Asia-Pacific Security: National Interests and Regional Order* (Armonk, NY: M. E. Sharpe, 2004).
 18. Prime Minister Wen Jiabao, speech at dinner hosted by nine American organizations, December 9, 2003, Washington, DC; "Wen: China will never seek hegemony," Xinhua News Agency, June 28, 2004. A similar

reassurance that China, even when developed, “will by no means constitute a threat to anybody,” was expressed by President Jiang Zemin in a speech to a similar audience on September 8, 2000 in New York. Texts of these speeches are available at <http://www.china.org.cn>.

19. For an example, see the exchange in Lanxin Xiang, “Washington’s Misguided China Policy,” and David Shambaugh, “China or America: Which is the Revisionist Power?” *Survival* Vol. 43, No. 3 (Autumn 2001), pp. 7–30. One concrete demonstration of satisfaction with the status quo has been China’s settlement of some of its border disputes – notably with Russia and Vietnam – in recent years. Samuel Kim has also detected “no evidence of any revisionist or norm-defying behaviour” from China within international institutions (except regarding the Taiwan issue), but rather argues that China has tended to act as a “system maintainer.” See Samuel S. Kim, “China in World Politics,” in Barry Buzan and Rosemary Foot, eds., *Does China Matter? Essays in Memory of Gerald Segal* (London: Routledge, 2004), p. 51.
20. Scholar from Tsinghua University at a closed-door seminar on Asia-Pacific security, Beijing, July 19, 2002.
21. Wen, December 9, 2003 speech.
22. Author interview with Chinese policy analyst, Beijing, July 22, 2002.
23. Author interview with Chinese academic, Shanghai, July 24, 2002.
24. See, for instance, Bonnie Glaser, “A Familiar Pattern: Cooperation with a Dash of Friction,” *Comparative Connections* (January–March 2004). Although note that within the general community of international relations specialists, many continue to see the US as aiming basically to contain China’s rise; see Rosalie Chen, “China Perceives American Perceptions of International Relations Experts,” *Journal of Contemporary China* Vol. 12, No. 35 (2003), pp. 285–297.
25. Bin Li, “Absolute Gains, Relative Gains, and U.S. Security Policy on China,” *Defense and Security Analysis* Vol. 19, No. 4 (December 2003), pp. 309–317; Zhang Juyan and Glen T. Cameron, “China’s Agenda Building and Image Polishing in the U.S.: Assessing an International Public Relations Campaign,” *Public Relations Review* Vol. 29, No. 1 (March 2003), pp. 13–28.
26. Jim Rolfe, “Welcome in Asia: China’s Multilateral Presence,” in *APCSS Special Assessment: Asia’s China Debate*, December 2003, available at <http://www.apcss.org>.
27. Rosemary Foot, “China in the ASEAN Regional Forum: Organizational Processes and Domestic Modes of Thought,” *Asian Survey* Vol. 38, No. 5 (1998), pp. 425–440; Evelyn Goh and Amitav Acharya, “The ASEAN Regional Forum: Comparing Chinese and American Positions,” in Melissa Curley, ed., *Advancing East Asian Regionalism* (London: Routledge, forthcoming, 2005). The defense white paper, entitled *China’s National Defense in 2002*, is available at: <http://www.china.org.cn/e-white/20021209/index.htm>. The Chinese government has since issued a white paper on Xinjiang in May 2003, one on nuclear non-proliferation in December 2003, and a new defense white paper for 2004, available at <http://www.china.org.cn/e-White/20041227/index.htm>.
28. The implications of this non-binding declaration are debated. See Ralf Emmers, “ASEAN, China, and the South China Sea: An Opportunity Missed,” *IDSS Commentary* (November 2002); Leszek Buszynski, “ASEAN, the Declaration on Conduct, and the South China Sea,” *Contemporary Southeast Asia* Vol. 25, No. 3 (December 2003), pp. 434–463; Wu Shicun and Ren Huaifeng, “More than a Declaration: A Commentary on the Background and Significance of the Declaration on the Conduct of Parties in the South China Sea,” *Chinese Journal of International Law* Vol. 2, No. 1 (2003), pp. 311–320. See also Liselotte Odgaard, *Maritime Security between China and Southeast Asia: Conflict and Cooperation in the Making of Regional Order* (Aldershot: Ashgate, 2002).
29. John Wong and Sarah Chan, “China-ASEAN Free Trade Agreement,” *Asian Survey* Vol. 43, No. 3 (May/June 2003), pp. 507–526; Markus Hund, “ASEAN Plus Three: Towards a New Age of Pan-Asian Regionalism? A Skeptic’s Appraisal,” *Pacific Review* Vol. 16, No. 3 (August 2003), pp. 383–417.
30. For a more detailed discussion, see Li, “The Evolving Chinese Conception of Security and Security Approaches.”
31. For a discussion of the “ASEAN way,” see Hiro Katsumata, “Reconstruction of Diplomatic Norms in Southeast Asia: The Case for Strict Adherence to the ‘ASEAN Way,’” *Contemporary Southeast Asia* Vol. 25, No. 1 (April 2003), pp. 104–121.
32. “China Snuggles up to Southeast Asia,” *Asia Times*, October 7, 2003. ASEAN has invited all its dialogue partners – including the US and the ROK – to sign the treaty. China was the first to accede to the treaty, along with India, and they were followed in 2004 by Japan and in 2005 by Australia.
33. Note that, over the short term, more information about Chinese defense thinking may adversely affect US-China relations. For example, recent worries in Washington about China are related to the new awareness of the PLA’s progress in its military modernization – and particularly in building up its capacity against Taiwan. See, for example, “Chinese Buildup Seen as Threat to Region,” *Washington Post*, July 20, 2005; and Department of Defense, *The Military Power of the People’s Republic of China 2005: Annual Report to Congress* (Washington, DC: DoD, 2005).
34. For arguments that these sentiments were misplaced and reflected an ignorance of the degree of economic interdependence that now exists between the US and Chinese economies, see Thomas Friedman, “Joined at the Hip,” *New York Times*, July 20, 2005; Paul Krugman, “China Unpegs Itself,” *New York Times*, July 22, 2005.
35. See Rosemary Foot, “Bush, China and Human Rights,” *Survival* Vol. 45, No. 2 (Summer 2003), pp. 167–186.
36. Michael Swaine, “China,” in Zalmay Khalilzad, ed., *Strategic Appraisal 1996* (Santa Monica, CA: RAND, 1996).

37. See, for instance, Yuen Foong Khong, "Making Bricks without Straw in the Asia Pacific?" *Pacific Review* Vol. 10, No. 2 (1997), pp. 289–300. On socialization, see Alastair Iain Johnston, "Treating International Institutions as Social Environments," *International Studies Quarterly* Vol. 45 (2001), pp. 487–515; Jeffrey T. Checkel, "International Institutions and Socialization in the New Europe," *ARENA Working Paper* 01/11 (May 2001).
38. For a brief discussion of key psychological theories which help to explain cognitive change, see Deborah Welch Larson, *Origins of Containment: A Psychological Explanation* (Princeton, NJ: Princeton University Press, 1985), Chapter 1.
39. *The National Security Strategy of the United States of America* (September 2002), available at: <http://www.whitehouse.gov/nsc/nss.html>.
40. This worry has been expressed repeatedly by Chinese analysts; see, for instance, "Global Times - Big Power Relations Enter Period of Cooperation," *People's Daily*, August 2, 2002, pp. 4–5. English translation available at <http://www.china.org.cn>.
41. James A. Kelly, "An Overview of U.S.-East Asia Policy," Testimony before the House International Relations Committee, Washington DC, June 2, 2004, available at <http://www.state.gov/p/eap/rls/rm/2004/33064pf.htm>.
42. "Bush Tells Veterans of Plan to Redeploy G.I.'s Worldwide," *New York Times*, August 17, 2004.
43. "Department of Defense Background Briefing on Global Posture Review," August 16, 2004, available at <http://www.defense.gov/transcripts/2004/tr20040816-1153.html>. See also http://www.defense.gov/home/features/global_posture/gp20040924pm1.html.
44. Although, in Southeast Asia for instance, note that the pre-eminent position of the US as ASEAN's major trading partner is unlikely to be assailed in the near future - the US export market (importing US\$82 million-worth in 2003) for ASEAN is nearly twice as large as that of China (US\$47 million in 2003); and the US is by far the top investor in ASEAN (US\$50.5 billion in 2000), compared to China (US\$660 million in 2001). Sources: US Department of Commerce, PRC Ministry of Commerce.
45. See Friedrich Wu et al., "Foreign Direct Investments to China and ASEAN: Has ASEAN Been Losing Out?" *Economic Survey of Singapore* (Third Quarter 2003), available at http://www.mti.gov.sg/public/PDF/CMT/NWS_2002Q3_FDI1.pdf?sid+92&cid=1418; Michael Richardson, "China Seen by ASEAN as Market," *International Herald Tribune*, April 26, 2002; Lee Kim Chew, "ASEAN Back in Spotlight as Big Players Come A-wooing," *The Straits Times* (Singapore), April 26, 2002; Evelyn Goh, "The Role of Great Powers in Southeast Asian Regional Security Strategies: Omni-enmeshment, Balancing and Hierarchical Order," *IDSS Working Paper* no.84 (July 2005).
46. Shambaugh, "China Engages Asia," pp. 90–91; Evelyn Goh, ed., *Betwixt and Between: Southeast Asian Strategic Relations with the U.S. and China*, IDSS Monograph No. 7 (Singapore: Institute of Defence and Strategic Studies, 2005).
47. See particularly Charles A. Kupchan, Emmanuel Adler, Jean-Marc Coicaud and Yuen Foong Khong, *Power in Transition: The Peaceful Change of International Order* (Tokyo: United Nations University Press, 2001).
48. That is, we are concerned here with a pre-transition scenario – the possibility of some negotiated understanding prior to the point at which the gap is narrowed enough for the rising power to contemplate a challenge for the hegemonic position.
49. Robert Jervis, "From Balance to Concert: A Study of International Security Cooperation," *World Politics* Vol. 38 (1985), pp. 59–61.
50. Robert Jervis, "A Political Science Perspective on the Balance of Power and the Concert," *American Historical Review* Vol. 97, No. 3 (June 1992), p. 723. See also Robert Jervis, "Realism, Game Theory, and Cooperation," *World Politics* Vol. 40 (1988), pp. 317–349.
51. See Richard B. Elrod, "The Concert of Europe: A Fresh Look at an International System," *World Politics* Vol. 28 (January 1976), pp. 159–174.
52. See, for instance, Douglas T. Stuart, "Toward Concert in Asia," *Asian Survey* Vol. 37, No. 3 (March 1997), pp. 229–244; Amitav Acharya, "A Concert of Asia?" *Survival* Vol. 41, No. 3 (Autumn 1999), pp. 84–101.
53. Paul W. Schroeder, "Did the Vienna Settlement Rest on a Balance of Power?" *American Historical Review* Vol. 97, No. 3 (June 1992), pp. 683–706.
54. Jervis, "A Political Science Perspective," p. 724.
55. Robert Ross, "The Geography of the Peace: East Asia in the Twenty-first Century," *International Security* Vol. 23, No. 4 (Spring 1999), pp. 81–118.
56. See Amitav Acharya, "China's Monroe Doctrine? Implications for U.S. Policy," draft mimeo, June 2004. A detailed discussion of the traditional characteristics of a great power's influence over territories in its sphere is found in Geddes W. Rutherford, "Spheres of Influence: An Aspect of Semi-Suzerainty," *American Journal of International Law* Vol. 20, No. 2 (April 1926), pp. 300–325.
57. See Shee, "The South China Sea in China's Strategic Thinking."
58. Thomas Christensen, "Theatre Missile Defence and Taiwan's Security," *Orbis* Vol. 44, No. 1 (Winter 2000), pp. 18–32; Kori Yamata, "China Debates Missile Defence," *Survival* Vol. 46, No. 2 (Summer 2004), pp. 123–142.
59. See Evelyn Goh, *Meeting the China Challenge: The U.S. in Southeast Asian Security Strategies*, Policy Studies Monograph No. 16 (Washington, DC: East-West Center Washington, 2005); Shannon Tow, "Southeast Asia in the Sino-U.S. Strategic Balance," *Contemporary Southeast Asia* Vol. 26, No. 3 (2004), pp. 434–459.
60. See Segal, Prueher, and Brown, *Chinese Military Power*.

61. Waltz, *Theory of International Politics*, Chapter 8; Karl W. Deutsch and J. David Singer, "Multipolar Power Systems and International Stability," *World Politics* Vol. 16, No. 3 (April 1964), pp. 390-406; William Wohlforth, "The Stability of a Unipolar World," *International Security* Vol. 24, No. 1 (Summer 1999), pp. 5-41. On China's preference for a multipolar world order after the Cold War, see Michael Pillsbury, *China Debates the Future Security Environment* (Washington, DC: National Defense University Press, 2000), Chapter 1; "Nation Backs Multipolar World," *China Daily*, December 13, 2000; "Chinese, Russian Presidents Host Joint Press Conference," *Xinhua*, May 28, 2003.
62. Contest over hegemonic power is at the heart of most studies of power transition, e.g. Robert A. Gilpin, *War and Change in World Politics* (Cambridge: Cambridge University Press, 1981). The stakes are much higher if hegemonic power is being contested. In Gilpin's preferred economic parlance, the marginal benefits to be gained from a move to the primary position are significantly larger than any other upward move within the hierarchy for the challenger, and the marginal losses significantly larger for the incumbent.
63. David C. Kang, "Getting Asia Wrong: The Need for New Analytical Frameworks," *International Security* Vol. 27, No. 4 (Spring 2003), pp. 57-85. Kang suggests that East Asian states might be willing to "accept subordinate positions in a Sino-centric [regional] hierarchy" and further implies that this is evidence of bandwagoning behavior, but he does not attempt to substantiate the claim systematically in the contemporary context.
64. Yuen Foong Khong, "Southeast Asia and the United States: Managing Preponderance and Its Decline," mimeo, 1996; Ian James Storey, "Living with the Colossus: How Southeast Asian Countries Cope with China," *Parameters* (Winter 1999/2000), pp. 111-125; Goh, *Meeting the China Challenge*; Goh, *Between and Between*.
65. Pramit Mitra, "A Thaw in India-China Relations," *South Asia Monitor* Vol. 62, No. 1 (September 2003); Ang Cheng Guan, "Vietnam-China Relations since the End of the Cold War," *Asian Survey* Vol. 38, No. 12 (December 1998), pp. 1122-1141; Buszynski, "ASEAN, the Declaration on Conduct, and the South China Sea."
66. Deng Xiaoping conversation with Rajiv Gandhi, December 21, 1988, in *Selected Works of Deng Xiaoping 1982-1992* (Beijing: Foreign Language Press, 1994), pp. 274-276.
67. Adam Ward, "China and America: Trouble Ahead?," *Survival* Vol. 45, No. 3 (Autumn 2003), pp. 43-45; DoD, *The Military Power of the People's Republic of China 2005*.
68. Department of Defense, *Quadrennial Defense Review* (2001), available at <http://www.defenselink.mil/pubs/qdr2001.pdf>; "U.S. May Halve Forces in Germany," *Washington Post*, March 25, 2004.
69. "Report to the Congress of the U.S.-China Security Review Commission: The National Security Implications of the Economic Relationship of the United States and China" (July 2002), available at <http://www.uscc.gov/anrp02.htm>.
70. David M. Lampton, "China's Growing Power and Influence in Asia: Implications for U.S. Policy," testimony before the US-China Economic and Security Review Commission, February 13, 2004, available at <http://www.nixoncenter.org/Program%20Briefs/PB%202004/LamptonUSCCTestimony2-13-04.pdf>.
71. Washington wishes to institutionalize preventive diplomacy while Beijing prefers to maintain confidence building measures only; see Goh and Acharya, "The ASEAN Regional Forum."
72. The idea began at the unofficial Track II level when, in 1993, academics from the US, China, Russia, Japan, and South Korea gathered at the first meeting of the Northeast Asia Cooperation Dialogue (NEACD). In 1996, the governments of these states agreed to create a parallel set of official talks, the Northeast Asia Security Dialogue (NEASD), but the talks were never held, partly because of the deterioration of Sino-American relations after the 1996 Taiwan Straits crisis. For a recent argument for the push towards such a dialogue from the American point of view, see Jason T. Shaplen and James Laney, "The New Asia: China's Ascent Weakens U.S. Influence," *International Herald Tribune*, July 13, 2004.
73. See Patrick Tyler, *A Great Wall: Six Presidents and China: An Investigative History* (New York: Century Foundation, 1999), pp. 105-180; Evelyn Goh, *Constructing the U.S. Rapprochement with China, 1961-1974: From Red Menace to Tacit Ally* (New York: Cambridge University Press, 2005).
74. Although note from the Sino-American experience in the 1970s-80s that a common threat alone is not necessarily sufficient to sustain a partnership in the absence of the cultivation of broader common interests and the resolution of fundamental conflicts. See Harry Harding, *A Fragile Relationship: The United States and China since 1972* (Washington, DC: Brookings Institution, 1992); Robert Ross, *Negotiating Cooperation: The United States and China, 1969-1989* (Stanford: Stanford University Press, 1995).
75. The many recommendations of the "Report to the Congress of the US-China Security Review Commission" (see note 69) included the compilation of reports on areas of the US defense industrial base that may depend or come to depend on Chinese imports or Chinese-owned firms.
76. See Jing-dong Yuan, "Assessing Chinese Nonproliferation Policy: Progress, Problems and Issues for the United States," prepared statement for the US-China Security Review Commission, October 12, 2001, available at <http://cns.miis.edu/pubs/other/jdtest.htm>.
77. Note, though, that Chinese views of US hegemony are by no means uniform - there is disagreement at the official and academic level on whether the US has indeed achieved hegemony, whether it has a grand strategy, and about the weaknesses and vulnerabilities in the American economy and in its relations with allies. See Samantha Blum, "Chinese Views of U.S. Hegemony," *Journal of Contemporary China* Vol. 12, No. 35 (May 2003), pp. 239-264.
78. For an analysis of trends in Chinese nationalism, see Alastair Iain Johnston, "The Correlates of Nationalism in Beijing Public Opinion," *IDSS Working Paper* no.50 (September 2003).

79. Author interviews, Beijing, July 2002. Some Chinese policy experts make the distinction between US “hegemonic power” and “hegemonic behavior,” with the former being more acceptable. See Tang Shiping and Zhang Yunling, “China’s Regional Strategy,” in David Shambaugh, ed., *Power Shift: China and Asia’s New Dynamics* (University of California Press, forthcoming); Evan Medeiros and M. Taylor Fravel, “China’s New Diplomacy,” *Foreign Affairs* Vol. 82, No. 6 (November/December 2003), pp. 22–33.
80. See “China’s Position Paper on the New Security Concept,” July 31, 2002, available at <http://www.fmprc.gov.cn/eng/wjlb/zzjg/gjs/gjzzyhy/2612/2614/t15319.htm>; Li Qinggong and Wei Wei, “Chinese Army Paper on New Security Concept,” *Jiefangjun Bao*, December 24, 1997, translation available at FBIS-CHI-98-015, January 15, 1998. For critical views, see David Finkelstein and Michael McDevitt, “Competition and Consensus: China’s ‘New Concept of Security’ and the United States Security Strategy for the East Asia-Pacific Region,” *Pacnet Newsletter* # 1, January 8, 1999, available at <http://www.csis.org/pacfor/pac0199.html>; Carlyle A. Thayer, “China’s ‘New Security Concept’ and ASEAN,” *Comparative Connections* Vol. 2, No. 3 (Third Quarter 2000), pp. 65–71, available at http://www.csis.org/pacfor/cc/003Qchina_asean.html.
81. For a theoretically informed elaboration of this point, see Alice Ba, “Negotiating the Material and Social: Complex Engagement in Sino-ASEAN Relations,” mimeo, March 2004.
82. Evelyn Goh, “A Chinese Lesson for the US: How to Charm Southeast Asia,” *The Straits Times*, October 31, 2003; Amitav Acharya, “China’s Charm Offensive in Southeast Asia,” *International Herald Tribune*, November 8-9, 2003.
83. See Jing-dong Yuan, “Regional Institutions and Cooperative Security: Chinese Approaches and Policies,” *Korean Journal of Defense Analysis* Vol. XIII, No. 1 (Autumn 2001), pp.263–294; Foot, “China in the ASEAN Regional Forum; Organizational Processes and Domestic Modes of Thought,” Tang Shiping, “The Future of the Shanghai Cooperation Organisation,” *IDSS Commentary* (October 2002); Evelyn Goh, “The ASEAN Regional Forum in United States East Asian Strategy,” *Pacific Review* Vol. 17, No. 1 (2004), pp. 47–69.
84. See Medeiros and Fravel, “China’s New Diplomacy.”
85. See Christopher Layne, “From Preponderance to Offshore Balancing: America’s Future Grand Strategy,” *International Security* Vol. 22, No. 1 (Summer 1997), pp. 86–124.
86. See Amitav Acharya, *Constructing a Security Community in Southeast Asia: ASEAN and the Problem of Regional Order* (London: Routledge, 2001), esp. Chapter 6. This is what Alagappa terms “order through transformation;” see Muthiah Alagappa, ed., *Asian Security Order: Instrumental and Normative Features* (Stanford, CA: Stanford University Press, 2003), pp. 60–64.
87. For an excellent analysis of the ways in which membership of the ARF has shaped the behavior of Chinese officials, see Johnston, “Socialization in International Institutions.”
88. Emmanuel Adler, “The Change of Change: Peaceful Transitions of Power in the Multilateral Age,” in Kupchan et al., *Power in Transitions*.
89. Notable works on power transition are A. F. K. Organski, *World Politics* (New York: Knopf, 1958); A. F. K. Organski and Jacek Kugler, *The War Ledger* (Chicago, IL: University of Chicago Press, 1980); Paul Kennedy, *The Rise and Fall of the Great Powers* (New York: Random House, 1987).
90. Gilpin, *War and Change in World Politics*.
91. Gilpin, *War and Change in World Politics*; Organski and Kugler, *The War Ledger*; Charles F. Doran and Wes Parsons, “War and the Cycle of Relative Power,” *American Political Science Review* Vol. 74, No. 4 (December 1980), pp. 947–965.
92. On the possibilities of peaceful power transition, see Kupchan et al., *Power in Transition*.
93. See, for instance, Indra de Soysa, John O’Neal and Yong-Hee Park, “Testing Power Transition Theory Using Alternative Measures of National Capabilities,” *Journal of Conflict Resolution* Vol. 41, No. 4 (August 1997), pp. 509–528.
94. Woosang Kim and James Morrow, “When Do Power Shifts Lead to War?” *American Journal of Political Science* Vol. 36, No. 4 (November 1992), pp. 896–922; Douglas Lemke and Suzanne Werner, “Power Parity, Commitment to Change and War,” *International Studies Quarterly* Vol. 40, No. 2 (June 1996), pp. 235–260.
95. Jack S. Levy, “Declining Power and the Preventive Motivation for War,” *World Politics* Vol. 40, No. 1 (October 1987), pp. 82–107; Organski and Kugler, *The War Ledger*, pp. 13–63.
96. For instance, the two World Wars did not begin as a result of direct challenges by the rising power, Germany, against the declining power, Britain. Rather, the two wars began as conflicts involving other neighboring states which subsequently spread to pit the rising and declining powers against each other. See John Vasquez, *The War Puzzle* (New York: Cambridge University Press, 1993).
97. See Immanuel Wallerstein, *The Politics of the World Economy* (Cambridge: Cambridge University Press, 1984) and George Modelski, “The Long Cycle of Global Politics and the Nation State,” *Comparative Studies in Society and History* Vol. 20 (1978), pp. 214–235.
98. Ironically, this may partially return us to the early post-Cold War concern with Japan as a potential challenger to US hegemony. See, for instance, Reinhard Drifte, *Japan’s Foreign Policy for the Twenty-first Century: From Economic Superpower to What Power?* (New York: St Martin’s, 1991); Chalmers A. Johnson, “Japan in Search of a ‘Normal’ Role,” *Daedalus* Vol. 121 (Fall 1992), pp. 1–33.
99. On the PLA’s cautious assessments, see David Shambaugh, *Modernizing China’s Military: Progress, Problems and Prospects* (Berkeley, CA: University of California Press, 2003); Li, “Chinese Views of the U.S. War in Iraq.

100. Ross, "The Geography of the Peace."
101. This argument is critical in William Wohlforth's thesis that US unipolarity is sustainable. See Wohlforth, "The Stability of a Unipolar World." This suggests that it is important to consider China's relative capabilities vis-à-vis its neighbors too, not just the US. Over the short and medium term, China's power relative to Taiwan and Japan may be the most critical, but note that the capabilities of these two countries are crucially affected by their defense relations with the US.
102. Christensen, "Posing Problems without Catching Up." But compare his analysis with others who argue that China's limited capabilities and concentration on economic development would deter Beijing from such considerations - Ross, "Navigating the Taiwan Strait;" Robert Ross, "Engagement in U.S. China Policy," in Alastair Iain Johnston and Robert S. Ross, eds., *Engaging China: The Management of an Emerging Power* (London: Routledge, 1999).
103. See Michael Pillsbury, "China's Military Strategy Toward the U.S.: A View from Open Sources," November 2, 2001, at http://www.uscc.gov/researchreports/2000_2003/pdfs/strat.pdf; and Pillsbury, *China Debates the Future Security Environment*, Chapter 6.

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