

Why Does China Matter?

U.S. misperceptions, exaggerations, and sharp swings in thinking about China's significance in world affairs¹ date as far back as U.S. expectations in the nineteenth and early twentieth centuries about profits to be made in the Chinese market. In the half century since the end of World War II, such misperceptions have abounded, beginning with President Franklin D. Roosevelt's postwar push for an international order in Asia based on the power of a resurgent China, when in reality the nation was divided by a corrupt and crumbling regime under nationalist leader Chiang Kai-Shek. Although British prime minister Winston Churchill was more hardheaded about China's weaknesses, he failed to dissuade the United States from granting Chiang's government elite status as one of the Big Five war victors with a permanent seat on the United Nations Security Council.² U.S. leaders made a similar mistake following President Richard Nixon's historic trip to China in 1972 when they widely believed that, as a great power, China could force the Soviet Union to abandon its expansionist policies and accommodate the West. At the time, China was actually a weak state with a stagnating economy and an obsolete military enmeshed in a wrenching leadership struggle. On the other hand, the United States grossly underestimated Chinese resolve when thousands of China's Soviet-backed "volunteers" first entered the Korean War in 1950 and then misjudged the fighting endurance of those volunteers, who would engage U.S. soldiers for three years of hard combat.

The 1989 crackdown in Tiananmen Square quickly replaced the 1980s U.S. perception of an economically alluring and reforming China with one of an oppressive Communist dictatorship likely to collapse just as East Ger-

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many had, only for China's rapid economic expansion in the 1990s to belie such expectations as well as modernize China's military. Aggressive Chinese military behavior toward Taiwan and the dispute over Taiwan's independence along with other Chinese territorial disputes prompted U.S. concern about China as a long-term strategic threat capable of contesting U.S. power in the not-so-distant future. More recently, the Chinese government's coop-

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eration with the Bush administration, following the 2001 terrorist attacks against the United States, markedly reduced the U.S. focus on the Chinese threat, as Beijing worked closely with U.S. leaders as a partner in the war on terrorism and in addressing North Korea's nuclear weapons program.

History suggests, therefore, that, in times of significant U.S. attention toward China, U.S. assessments of China's global role have tended toward exaggerations and extremes, collectively resulting in a steady pendulum swing in perceptions of China as friend or foe that neglects careful analysis of China's various attributes and weaknesses. With U.S. priorities being its strategic commitments in Southwest Asia, wide-ranging contingencies in the war on terrorism, and international hot spots such as North Korea, an opportune moment has now emerged for a more balanced, dispassionate, and accurate appraisal of China's global power and influence.

Current Importance and Outlook

China's present international significance rests heavily on its rapidly growing economy and its increasing integration with the world economy. China's military and coercive power is more limited, though it is growing faster than any other Asian nation and poses major concerns particularly for Taiwan, Japan, and India, among other Chinese neighbors, and for their supporters, notably the United States. China's political role and influence in Asia has grown substantially in recent years, reflecting a more adroit Chinese approach to the region that effectively uses Chinese economic, military, and other strengths to expand Chinese influence, especially in areas where the United States, Japan, and other powers have been less active and attentive. Further, although Chinese ideology, culture, and other aspects of soft power have had limited international appeal, they reinforce Chinese efforts to win friends and influence opinion in nearby Asia.³

Looking forward, specialists often disagree sharply about China's future direction.⁴ A balanced projection falling between those of disagreeing spe-

cialists sees China advancing the following policy priorities: shoring up Communist rule in China; pursuing the integration and integrity of Chinese territories, notably Taiwan; modernizing the Chinese economy and military; achieving greater regional preeminence; and enhancing China's global influence. Chinese leaders currently tend to believe that China is making progress toward these objectives but is far from having achieved them, particularly the regional and global goals.

Chinese leaders hold that their country is in no position to challenge the United States seriously. The more accommodating posture they have taken toward the Bush administration since 2001 is based in part on judgments that confrontation with the dominant and aroused U.S. superpower would be contrary to Chinese policy priorities. It would risk the stability so important to Chinese and Asian economic modernization, force Asian states to choose between the United States and China, and alienate the majority of Asian leaders who seek to avoid instability as well as choosing between Washington and Beijing.

Economic Assets

The Chinese economy remains the main bright spot in Asia and a major source of international economic dynamism. Difficulties caused by Severe Acute Respiratory Syndrome (SARS) in the first half of 2003 have passed, at least for now. China's economy expanded by more than 9 percent in the first quarter, and although the SARS episode reduced growth in the second quarter, the economy is on track to grow more than 7 percent, and possibly more than 8 percent, for the year. Some specialists may question the accuracy of such high growth figures, but the overall direction of the Chinese economy seems indisputable. Foreign direct investment (FDI) (China was the largest recipient in 2002), membership in the World Trade Organization (WTO), and hundreds of millions of Chinese consumers drive the economy's growth.

The Chinese economy now exerts important and growing influence on world trade.⁵ China's WTO accession caused a slight increase in overall world trade that benefits many, but China's share of foreign trade last year accounted for almost 5 percent of world trade, or about \$620 billion. The share of world trade in 2002 was almost double the 2.7 percent of world trade China carried just seven years earlier.⁶ This trend is neither new, with annual foreign trade growth having roughly doubled the annual growth of the Chinese economy for many years, nor is it likely to decline, with total trade in the fiscal year ending in May 2003 up 40 percent more than the previous year.⁷

At the same time, the impact of the rising Chinese economy and its growing international integration on countries with resource, labor, and export structures similar to China has been negative. Southeast Asian exporters and labor-intensive export platforms in Mexico and elsewhere appear to be losing out to Chinese competitors. At the beginning of the 1990s, Southeast Asia took 61 percent of the FDI flows to developing Asian countries, while China received 18 percent. By the end of the decade, the situation had reversed.⁸

As its fourth-largest trading partner and the source of the largest U.S. trade deficit (more than \$100 billion in 2002), China's economy is important even for the United States. U.S. importers are increasingly reliant on China, with almost 11 percent of U.S. imports coming from China. In 2002, Chinese imports grew faster than overall U.S. imports, at a growth rate of 22 percent.⁹ Data for the first few months of 2003 show a large increase in U.S.-China trade, with the trade deficit forecast at \$130 billion for the year. China's trade position—the relative importance of Chinese imports and exports for a given country or group of countries—is even higher with the European Union, while in Asia it is the number one trading partner for Hong Kong, Taiwan, South Korea, and Japan. Advanced economies increasingly seek advantageous investments and enterprises on the Chinese mainland. According to data provided by the Chinese government, foreign-funded enterprises conducted about half of China's trade in 2002; a large share of these enterprises is owned by entrepreneurs from Hong Kong and other parts of Asia who have shifted manufacturing to China to take advantage of lower costs for their exports and to gain greater access to the burgeoning mainland Chinese market.¹⁰

FDI in China in 2002 grew by nearly 13 percent, an impressive figure considering that worldwide FDI in developing countries at the same time fell more than 25 percent. Pledged FDI to China was up 42 percent in the first five months of 2003. The Chinese government predicts that FDI will reach an annual utilized rate of \$100 billion in 2005. Along with other foreign investors, large U.S. corporations, including Motorola, Atlantic Richfield, Coca Cola, BP Amoco, United Technologies, Pepsi Cola, Lucent Technologies, General Electric, General Motors, and Ford Motor, have all increased their foreign investment in China.¹¹

China's economy affects key world production and commodities, which in turn affect world supplies and prices. In steel, Chinese producers are developing so quickly that China is likely to surpass Japan as the world's largest importer of iron ore in this decade and is forecast to be among the most competitive exporters of steel in the next decade because of strong investment in state-of-the-art production facilities. Automobile sales in China jumped 56 percent in 2002 to more than 1.13 million vehicles sold. China's

ports are now some of the world's most active, with Shanghai the world's fourth-largest port and Shenzhen outside Hong Kong the world's fifth-largest container port.¹²

China is a fast-growing U.S. export market (\$22 billion in U.S. exports in 2002). U.S. exporters foresee important gains in China based on the spending power of more than 200 million middle-income consumers (those earning \$1,000 or more annually), a broader population with a savings rate of more than 40 percent, and massive infrastructure needs. For example, China has the world's largest market for mobile phone networks, with 145 million current cellular phone users, and the potential for significant growth as only 13 percent of the population now uses mobile phones. Boeing predicts that China will be the largest market for commercial air travel outside the United States for the next 20 years, forecasting Chinese purchases of 1,912 aircraft valued at \$165 billion. In 2002, China replaced Japan as the world's second-largest market for personal computers and will soon be the third-largest market for autos, with China's demand predicted to grow 20–30 percent annually over the next decade. China also continues to be the top destination for U.S. soybean exports, at a value amounting to more than \$1 billion annually.

China now has the ability to affect world currency values and related trade flows. Impressive savings rates and large trade surpluses support China's foreign exchange holdings in excess of \$346 billion, second only to Japan. Moreover, Chinese holdings of U.S. Treasuries impact the U.S. economy. Given large U.S. government spending deficits, Chinese creditors are estimated to possess about 9 percent of U.S. federal government holdings, such as U.S. Treasury bonds, owned by foreign creditors in 2003. Overall Chinese holdings of U.S. government (national, state, local) debt instruments amount to \$150 billion.¹³

China maintains what it refers to as a “managed float” exchange rate system that is more or less pegged to the U.S. dollar. Some U.S. and foreign business representatives have charged for years that China's currency is significantly undervalued vis-à-vis the dollar. Government and business leaders in Japan, the EU, the United States, and elsewhere are pushing for a change in China's currency peg. Since the decline in the value of the dollar relative to other world currencies during the past year, the pressure for China to appreciate its currency has grown. Seeking to preserve the trading advantage and wary of instability that could flow from a currency appreciation, Chi-

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nese leaders resist this pressure. Many fear that the decline in the U.S. (and Chinese) currency value relative to other major currencies will give Chinese exporters an added and unfair trading advantage at a time of burgeoning Chinese exports and large trade surpluses with European, North American, and other markets.

Leading U.S. government commentators on this issue have included the secretaries of treasury and commerce as well as the chairman of the Federal Reserve. Presumably mindful of strong U.S. interest in working with China on issues such as North Korea, President George W. Bush has said little specifically critical of China's unwillingness to strengthen its currency. Vocal advocates of Chinese revaluation have included Japanese, South Korea, Canadian, and European officials and representatives of industries in developing countries hard hit by burgeoning Chinese competition. Groups in the U.S. Congress have sent letters, promoted legislation, and organized themselves to counter China's actions.¹⁴

Not all U.S. commentators think a higher value for the Chinese currency would be good for the United States. China's determination to maintain the peg to the dollar requires it to buy huge amounts of dollars to prevent the Chinese currency from appreciating. This money is used to purchase U.S. government bonds, meaning that China is partly responsible for lowering long-term U.S. interest rates that in turn spur U.S. economic growth. The reduction in the cost of capital may well be more important to U.S. manufacturers than the gains that would flow from a higher value of the Chinese currency.¹⁵

Military Power

Although dwarfed by the U.S. defense budget of more than \$300 billion in recent years as well as by advanced U.S. military technologies and power, Chinese military capabilities are rapidly growing. Official defense spending has increased markedly, often at double-digit annual rates since the early 1990s. Foreign estimates of Chinese defense spending usually are a few times larger than the stated official Chinese defense budget and place China second or third in the world in overall defense spending. A July 2003 report by the U.S. Department of Defense stated that China's defense spending amounted to "as much as \$65 billion" a year.¹⁶

Chinese impatience to modernize prompted Beijing in the early 1990s to depart from its previous emphasis on self-reliance and purchase large numbers of advanced Russian equipment and technology needed to improve China's lagging power-projection abilities, particularly in air and sea power. During each of the last four years, China has purchased \$2 billion worth of

Russian military equipment, roughly double the annual level of such purchases in the 1990s.¹⁷ Even though Western manufacturers have maintained an embargo on military sales to China since the crackdown in Tiananmen Square in 1989, Russian suppliers are ready to meet most Chinese requests. Sales have included naval surface combatants; submarines; fighter aircraft; and surface-to-air, air-to-air, and surface-to-surface missiles. The Russian equipment, along with China's own impressive development of shorter-range ballistic missiles, has been deployed to prevent Taiwanese moves toward greater separateness and to warn the United States not to intervene.

Assessments of the dangers posed by the Chinese buildup vary. The Defense Department warns of the implications for Taiwan of the buildup of China's short-range ballistic missiles (450 in 2003), the modernization of air and naval assets, and the shift in the People's Liberation Army's (PLA) planning to focus on a surprise attack that would bring Taiwan to terms before U.S. forces could intervene.¹⁸

More moderate analyses such as that of a Council on Foreign Relations (CFR) task force in 2003 also make for sober reading.¹⁹ It predicts that China probably will overtake Japan in the next decade or two to become Asia's "major regional military power" and suggests that the Chinese buildup in air and sea power will require "a continued robust U.S. naval and air presence that can likely offset the ability of Beijing to leverage future military capabilities into a real advantage against U.S. and allied interests in the Asia-Pacific region over the next twenty years."²⁰ It warns that "the Taiwan Strait is an area of near-term military concern."²¹

The CFR task force warns that Beijing may choose to use force even if the balance appeared to favor the United States and Taiwan, and the PLA has the ability now to undertake intensive, short-duration air, missile, and naval attacks on Taiwan, as well as more prolonged air and naval attacks. Although the report judges that U.S. forces would ultimately prevail in a military conflict over Taiwan, the report notes that PLA naval surface combatants, submarines, and missiles and torpedoes could slow a U.S. intervention.²²

The United States can have some degree of confidence in its ability to offset China's rising military power, but China's neighbors are much less certain. Taiwan, Japan, and India have complained about China's military advances, while others have seen their interests better served by a low-key approach that avoids antagonizing the emerging Asian strategic leader.

Other sources of Chinese military power involve Chinese nuclear weapons and Chinese proliferation of weapons of mass destruction (WMD). Al-

China will ultimately decide whether war or peace prevails in the Taiwan Strait.

though the CFR report notes that “the United States will continue to possess overwhelming dominance over China’s nuclear forces for the foreseeable future,”²³ China is improving the number and sophistication of its several hundred nuclear weapons. As new road-mobile, solid-fueled, long-range missiles are deployed during the next several years, they will pose an improved Chinese second-strike capability in the event of a U.S. nuclear attack on China, even if the United States deploys a ballistic missile defense.²⁴ During the longer term, as U.S. and Russian nuclear forces decline in numbers as a result of post-Cold War negotiations, the salience of China’s several hundred improved nuclear weapons is sure to grow.

Chinese proliferation of WMD and related technologies continues to loom large in world affairs. The scope of Chinese WMD proliferation has narrowed to focus on such long-standing partners as Pakistan, Iran, and North Korea, although egregious Chinese transfers of nuclear warhead designs and materials appear to be a thing of the past. The consequences of China’s earlier transfer of nuclear weapons designs and materials to Pakistan appeared much more serious when it was reported this year that Pakistan in turn had transferred its nuclear weapons know-how to North Korea in exchange for ballistic missiles.²⁵ Concerns that Iran may benefit from such indirect (such as via North Korea) or direct Chinese transfers in its reported efforts to develop nuclear weapons provided a context for the U.S. government this year to sanction several Chinese entities along with other international companies for alleged WMD transfers to Iran.²⁶

Foreign Policy Influence

Based on its size, strategic location, and rising economic and military power, China has become the leading regional power in Asia; and factors of geography and interest have made Asia the main international arena where the Chinese government has always exerted influence. China’s focus on Asia was blurred for decades, however, as Chinese leaders couched their Asian policy in often controversial and unappealing terms of broader international efforts to foster armed struggle and revolution against imperialism and its Asian and other supporters. Former president Jiang Zemin and his contemporaries, backed by current president Hu Jintao and the recently installed new generation of Chinese leaders, have changed this pattern and are following a focused policy in Asia involving enhanced diplomatic, economic, and military exchanges; increased Chinese participation in Asian multilateral organizations; and greater Chinese flexibility on territorial disputes that, on the whole, has served Chinese interests well.

In broad terms, the Chinese leadership has worked pragmatically to sustain regional stability and has sought greater economic advantage and political influence without compromising core Chinese territorial, security, or other interests. Its efforts encountered difficulties, notably in the early 1990s, when China's assertiveness regarding disputed territories along its eastern and southern flanks and its bellicose posture during the Taiwan Strait crisis of 1995–1996 alarmed its neighbors. Subsequently, China unveiled in 1997 the “New Security Concept,”²⁷ which emphasized the Five Principles of Peaceful Coexistence, mutually beneficial economic contacts, and greater dialogue promoting trust and the peaceful settlement of disputes. Chinese leaders also sought to establish “partnerships” or “strategic partnerships” with most of the powers along China's periphery (e.g., Russia, the Association of Southeast Asian Nations [ASEAN], Japan, and South Korea) as well as with other world powers. These partnerships emphasized putting aside differences and seeking common goals.²⁸

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Chinese political and military leaders have also actively interacted with visitors from other Asian countries and traveled extensively throughout the region to foster closer economic, political, and military cooperation. In 2000, Chinese officials were instrumental in establishing the Shanghai Cooperation Organization (SCO), which includes Russia, Kazakhstan, Kyrgyzstan, Tajikistan, and Uzbekistan; and they have worked carefully to improve China's relations with ASEAN, proposing an ASEAN-China Free Trade Agreement and a China-ASEAN security pact. China also worked closely with ASEAN, Japan, and South Korea in the so-called ASEAN Plus Three dialogue that emerged around the time of the Asian economic crisis of 1997–1998. Backed by growing Chinese economic and military power, China's increased high-level attention to Asia has been well received throughout the region and has opened the way to expanding Chinese influence in Asia.

Chinese authorities have been less condescending and have shown more genuine respect even for smaller neighbors such as Cambodia and Burma than they did during the Maoist period. Presumably reflecting greater assuredness in dealing with Asia, Chinese leaders have been less prone than in the past to seize on differences and react in jarring and assertive ways that would add to Asian nervousness about Chinese intentions. For example, they were notably discreet in dealing with the anti-Chinese riots in Indonesia in the late 1990s.²⁹ Chinese leaders have been more open to

Asian multilateral arrangements, reflecting less concern than in the past that such regimes could be used against Chinese interests. They have become active participants in the regional security dialogue, the ASEAN Regional Forum, and have agreed to a code of conduct with other claimants to islands in the South China Sea. Chinese officials seem to see multilateral arrangements in Asia and elsewhere as useful in trying to constrain U.S. policy and isolate Taiwan from other Asian players.³⁰

Current Chinese efforts seem to have multiple long-term objectives:

- to help secure China's foreign policy environment at a time when the Chinese government is focused on sustaining economic development and political stability;
- to promote economic exchange that assists China's economic development;
- to calm regional fears and reassure Asian neighbors about how China will use its rising power and influence;
- to boost China's regional and global power and influence;
- to isolate Taiwan internationally; and
- to secure the flow of advanced arms and military technology to China despite a continuing Western embargo on such transfers.

Although wary of the U.S. superpower and other important regional states, Chinese leaders seem increasingly confident of China's power and influence. Aware that most Asian governments do not want to choose between China and the United States, the Chinese government generally avoids explicit competition with the United States or its allies, notably Japan. Yet, Chinese leaders seem gratified that China's relations with all neighboring powers, with the possible exceptions of Taiwan and Japan, have improved in recent years in ways that bolster China's influence at a time when U.S. leaders are largely preoccupied and distracted by other pressing issues. Beijing's influence in Southeast Asia and Korea has grown markedly, and the Sino-Russian strategic partnership has served the interests of each side despite obvious limitations.

Those limitations were displayed when Russian president Vladimir Putin's forthcoming approach to Washington following the September 11 attacks set back Chinese efforts to use improved ties with Russia as a counterweight to the United States. Meanwhile, other trends contrary to Chinese interests saw the U.S.-led war against terrorism in Afghanistan markedly increase

the U.S. military presence and influence throughout Central and South Asia and appear to upset Chinese efforts to use the SCO and other means to check the spread of U.S. influence along China's western flank.³¹ The anti-terrorism campaign also lowered the priority that China and India have given to their slow but steady efforts to improve relations in recent years. Nonetheless, during the past year Chinese officials have persisted with efforts to strengthen ties with Russia, the SCO, and India, achieving incremental improvements in China's relations in these areas.³²

Reflecting its rising stature and influence in Asia, China has become a key player in dealing with regional hot spots. China more than any other power will ultimately decide whether war or peace prevails in the Taiwan Strait, arguably the only area in the world that risks a war among great powers involving the United States. China's salience in dealing with the North Korean nuclear controversy has grown markedly in 2003, with senior Chinese officials playing the central role in sustaining diplomatic efforts to deal with the crisis. As Pakistan's main international ally, China has played an important role in supporting peace and antiterrorist efforts in South Asia by cooperating with the United States, India, and others in ensuring that South Asian tensions do not lead to major conflict. China is the only power among the territorial claimants that could turn the territorial disputes in the South China Sea into a serious military controversy.

Beyond Asia, Chinese leaders have adopted a low-risk approach to most international issues. They greatly value China's status as a permanent member of the UN Security Council. In recent years, they have sought to use the power and prerogatives of the UN as a means to check U.S. initiatives contrary to Chinese interests, though they rarely take the lead in the global body except to protect core Chinese concerns, notably involving Taiwan.

In 1999, Chinese officials had an unusually high profile in strongly supporting Russia against the U.S.-led intervention in Yugoslavia but were left in the lurch as NATO proceeded without endorsement by the UN and Russia compromised with the West. More recently, the Chinese have backed away from strident efforts to foster an international "antihegemony" front that targeted U.S.-led policies concerning the Kosovo crisis, NATO expansion, ballistic missile defense, U.S.-Japanese security cooperation, and Iraq. Straddling the fence in the UN Security Council regarding the 2003 war in Iraq, Chinese officials stayed in the shadow of France and Russia while they

China reportedly seeks a 20-year period to focus primarily on internal development.

privately promised not to block U.S.-led military action. China's passive approach means that it can be taken for granted that China will follow the majority on most issues. Nevertheless, China's veto power needs to be taken into account when countries lobby for specific outcomes.

Constraining Taiwan still drives Chinese leaders to extraordinary efforts to exert influence in often small and otherwise inconsequential countries and international organizations. Exerting diplomatic pressure to isolate Taiwan and force it to

The overall power and importance of an accommodating China will continue to grow in world affairs.

come to terms on reunification with China remains among the very top Chinese foreign policy priorities. Few countries are willing to counter Chinese wishes by establishing contacts with Taiwan that would meet with the serious disapproval of Beijing. Beijing has scuttled UN peacekeeping and other plans that were indirectly related to Taiwan's international standing. During the past year, it wooed Nauru (population 12,000) away from Taiwan and made strenuous efforts to keep

Taiwan out of the World Health Organization (WHO) despite the massive controversy over China's handling of the SARS crisis, including Chinese officials repeatedly lying to WHO officials over the scope of the disease.

Beyond the Taiwan issue, China has selectively sought membership in major multilateral organizations if they serve the core foreign policy objectives previously listed. For example, China sought membership in the WTO to help set international trade rules affecting China's economy and to use those rules to drive Chinese economic reform. By contrast, the G-8 is so dominated by the United States and the Western-aligned countries that Chinese leaders, who fear being co-opted or marginalized, approach the organization cautiously, carefully calculating the pros and cons when invitations are extended, as they were most recently by France in 2003.

Struggling with Soft Power

China has only limited amounts of what social scientists call normative power and influence. Following the collapse of international communism, the world appeal of Chinese ideology has continued to decline as observers try to discern the relevance of the many Chinese treatises extolling Jiang's theories. In 2003 the government's initial handling of the SARS epidemic and the massive demonstration in Hong Kong in July 2003 against government policies seen as too accommodating to the Communist regime in Beijing underlined international skepticism about official Chinese values.

Nevertheless, China's bland new security concept receives high marks in nearby Asia. Its noncontroversial precepts find acceptance among Asian leaders anxious to get along with one another, avoiding conflict and confrontation, and also appeal to influential ethnic Chinese in Southeast Asia who seek opportunities in the Chinese market. For a while in the 1990s, China's leaders endeavored to make common cause with conservative leaders in the region, supporting Asian values as opposed to more liberal values in the West. This approach declined, however, with the collapse of many Asian economies based on these values in the 1997–1998 regional economic crisis.

Chinese leaders receive positive feedback from many international leaders who are relieved that China, unlike Russia and other weakened states, does not seek continued handouts and increasingly pays its own way in world affairs. The care that China takes not to be perceived as a “spoiler” or “rogue” nation, seeking to disrupt important elements of international affairs, is also appreciated. In this regard, increasing efforts by China's leaders to conform more to international norms on sensitive issues regarding economic practices, WMD proliferation, and even environmental standards are well received internationally. Many continue to roundly criticize the Chinese government's human rights practices. This has continued to tarnish China's international influence and reputation but has appeared to have only a small impact on Chinese practices.

First Asia, Then ... ?

China exerts worldwide economic influence and is the leading military and political power in Asia, but its importance and influence would be much greater if Chinese leaders were inclined to assert Chinese influence in world affairs more forcefully. Post-Mao Zedong leaders generally eschew such a global approach. Preoccupied with a long list of domestic economic, political, and social priorities, China's leaders focus on maintaining the internal stability and economic prosperity essential to the Chinese Communist Party's monopoly of power. In sharp contrast to Mao's messianic vision and provocative behavior, Chinese reformer Deng Xiaoping and succeeding leaders have been prepared more to deal with the world as it is, seeking out opportunities that help the massive Chinese task of nation building and over time build greater comprehensive national power.

As China's power grows, Chinese leaders presumably will become more confident in exerting influence in world affairs. The Chinese party and government congresses during the past year reported that China seeks a 20-year period to focus primarily on internal development.³³ Chinese leaders intend

to continue trying to stabilize China's international environment to preserve good conditions for Chinese economic development. Few specialists outside China would hazard a 20-year forecast of Chinese leadership behavior, but recent behavior and trends suggest a continued comparatively cooperative and accommodating Chinese approach to most world issues for now. Based on rising Chinese economic and military power and expanding Chinese diplomatic and political interchange abroad, the overall power and importance of an accommodating China will continue to grow in world affairs. There likely will come a point well before 2020 when Chinese leaders will develop sufficient power to choose a different and more assertive approach to international affairs. Unfortunately, the evidence is insufficient to determine if that approach will support or oppose U.S. and other interests in the prevailing world order. Prudence seems to argue for a middle course in U.S. policy that works for cooperation but is prepared for difficulty and challenge.

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