What Does It Take for China to Be a "Responsible Stakeholder"?

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Introduction

High-ranking government officials rarely have the freedom to give speeches that reflect intellectual creativity. Even when they do, their words seldom alter the course of debate on important public policy issues. Former Undersecretary of State Robert Zoellick's September 2005 address, "Whither China: From Membership to Responsibility?" is thus doubly unusual. Zoellick's speech was conceptually innovative and it has helped to reshape discussion, in the United States and elsewhere, of how best to deal with a rising China.

After first briefly analyzing Zoellick's remarks, I will comment on three sets of questions that they raise but do not, in my view, satisfactorily resolve:

- First, what are the standards by which China's progress towards "responsible stakeholder" status should be measured?
- Second, what mix of policy instruments should the United States and other countries use to bring Beijing closer to this status?
- Third, to what extent can China truly become a responsible stakeholder without reforming its domestic political institutions?

The Concept

Zoellick's speech is aimed at Chinese, as well as American listeners. On the one hand, he is urging his U.S. audience to take a broader, more long-term view of Chinese behavior than they might otherwise be inclined to do. Whatever dissatisfactions Americans may feel over Beijing's performance on particular issues, they should always keep in mind how far China has come and how much more closely its policies, and its interests, align with those of the United States today than they did only a few years ago. Zoellick provides American policy makers with a context in which to think about the next stage in U.S.-China relations and a broad goal at which they should direct their efforts. At the same time, for his Chinese listeners, he lays out a roadmap, complete with specific directions for achieving their stated goal of a "peaceful rise" to great power status.

The essence of Zoellick's proposal is contained in the sub-title of his speech. Welcomed and, indeed, encouraged by the United States and other powers, China has emerged from its previous isolation and, over the past quarter century, has become deeply enmeshed in the international system. The PRC is today a vigorous and vitally important participant in the world economy and it has become a member in good standing of a wide array of both global and regional multilateral institutions.

While the entire world has benefited from these developments, no one has gained more than the Chinese people themselves. The time has therefore come for China to take the next step from being a passive beneficiary of the current system to becoming one of a relative handful of states that undertake actively to uphold and strengthen it. Like a star athlete who rises from modest means and contributes some of his newfound wealth to improve schools and playgrounds in the neighborhood where he grew up, China has an obligation to "give back" to the larger community of which it is a part. As Zoellick puts it: "China has a responsibility to strengthen the international system that has enabled its success." [1]

Despite his use of the moral (some might say moralistic) term "responsibility," Zoellick's argument actually rests on two, closely related assertions about what is in China's own national interests. He notes first that the PRC needs "a benign international environment" in order to sustain economic progress and to manage the enormous process of development and social transformation in which it is currently engaged. Without Beijing's active participation, however, it will be far more difficult to address the many challenges that now threaten to disrupt global stability, including terrorism, proliferation, emerging diseases, and energy price shocks. By helping the international community deal with these problems, China helps itself.

In addition to this more obvious claim, Zolleck suggests another reason why China stands to gain by playing a more active and constructive role in world affairs. The PRC's growing wealth and power have already sparked anxiety in many quarters, not least the United States. If Beijing wants to forestall the opposition that such fear might otherwise provoke, it needs to demonstrate that it is not a revisionist state. Through its actions, China must demonstrate that it does not seek to threaten any other power or to overturn existing rules and institutions. As Zoellick explains, "China is big, it is growing, and it will influence the world in the years ahead. For the United States and the world, the essential question is – how will China use its influence?" To help reduce resistance to its rise, Beijing must answer this question by using its newfound influence in ways that clearly uphold the current international

[1] All quotes are from Robert B. Zoellick, Deputy Secretary of State, Remarks to the National Committee on United States-China Relations, "Whither China: From Membership to Responsibility?" (September 21, 2005), < http://www.ncuscr.org/articlesandspeeches/Zoellick.htm>.

system.

Zoellick goes on to suggest a variety of specific ways in which China can signal its benign intentions through what he calls the "evidence of actions." Among these are: protecting intellectual property rights, working to further liberalize world markets, being more open about military spending and procurement plans, cooperating with the United States and others to ensure plentiful, secure energy supplies, resolving the Taiwan issue without resort to force, and improving with Japan. In addition to their more immediate benefits, such policies will help alleviate concerns about China's future direction and ease the way for its peaceful emergence as a truly global power.

Measures of effectiveness

Zoellick's idea of encouraging China to become a "responsible stakeholder" is more than a mere slogan, but less than a full-developed strategy. There is, first of all, the question of signposts or measures of effectiveness. How will we know when China has, in fact, become a "responsible stakeholder"? How will we even know that it is moving closer to this goal, rather than drifting further away?

Having some standards of performance is vital for determining if the stakeholder strategy is succeeding, but it is also critically important for avoiding the danger of self-delusion. Without some agreement in advance on what constitutes "responsible" behavior, there will inevitably be a temptation to redefine the term so that it fits whatever China happens to be doing at any given moment. Those who favor the continuation of current policy will always be able to say that Beijing's performance is actually quite good, while critics will always be subject to the charge that they harbor unrealistically high expectations.

One obvious way of proceeding would be to disaggregate China's behavior into a number of distinct areas of policy and to observe its progress in each. While it seems simple and relatively straightforward, this approach raises a number of subsidiary questions, including: Which policy areas deserve attention? What would constitute forward movement (or backsliding) in each? And how should our judgments about China's performance in each area be weighted? Are some more important than others in reaching a bottom-line, aggregate assessment of where China stands and where it is heading? Although it would doubtless be considered condescending to actually create such a document, perhaps what is needed is something resembling a child's school report card, with scores or grades recorded in each of several areas.

In a recent statement to the Congressionally-mandated U.S.-China Economic and

Security Review Commission, my Princeton colleague (and now Deputy Assistant Secretary for East Asian and Pacific Affairs) Thomas Christensen offers a nuanced assessment of China's performance-to-date on a wide range of issues. On the positive side of the ledger, Christensen notes Beijing's recent actions and statements on North Korea, Iran, Afghanistan, Iraq, Burma, Lebanon, Sudan, global health and energy security. Less satisfactory areas, those "in which the U.S. and China have very different views," are: human rights and religious freedom, trade and economic imbalances, non-proliferation, and China's ongoing military buildup.[2]

Although there is certainly a case to be made for the various positive judgments that Christensen offers, most of them are open to challenge, or at the very least to alternative interpretations. For example, China's handling of the North Korean nuclear issue over the past three years is often cited as evidence of its increasing willingness to take responsibility for maintaining peace and stability in Northeast Asia and as a sign of its commitment to stemming the proliferation of nuclear weapons. Indeed, Bush administration spokesmen often point to the degree of cooperation on the North Korean nuclear issue as the strongest and most concrete illustration of the success of its overall China policy.

There is no question that, after some initial hesitation, Beijing has embraced its central role as host and organizer of the Six Party Talks. On a number of occasions, it has also apparently been willing to apply a modicum of economic and diplomatic pressure (as well as a stream of inducements) to bring Pyongyang back to the negotiating table and to keep the Six Party process alive. When the North Koreans tested a nuclear device in October 2006 (apparently in spite of warnings from Beijing) the Chinese government also agreed to support a strongly worded UN Security Council resolution denouncing its erstwhile ally, and subjecting it to some limited economic sanctions.

Judging solely by the Chinese government's words, or perhaps even by the degree to which its recent behavior has diverged from past patterns, one might be inclined to award it relatively high marks. On the other hand, when one looks at actual results, and at the full range of Beijing's actions (and, in some respects, its passivity), the picture that emerges is far less positive. Instead of joining with the United States to isolate and squeeze Pyongyang, Beijing has chosen instead to increase flows of trade and economic assistance of various kinds. While the U.S., Japan, Australia and other friendly governments have stepped up their efforts to disrupt the drug smuggling, counterfeiting, and money laundering through which the Kim Jong-Il sustains his regime, China has done comparatively little to help stop these illicit

[2] Thomas J. Christensen, Deputy Assistant Secretary for East Asian and Pacific Affairs, Remarks Before the U.S.-China Economic and Security Review Commission, "China's Role in the World: Is China a Responsible Stakeholder?" (August 3, 2006), < http://www.state.gov/p/eap/rls/rm/69899.htm>.

activities. Although Beijing has recently given its approval to limited sanctions, it has been reluctant thus far actually to enforce them.

Can a state that does not use all the leverage at its disposal to prevent the further spread of nuclear weapons truly be considered a "responsible stakeholder" in today's international system? Hu Jintao and his colleagues could well argue that they are the ones who are acting responsibly by preventing the destabilization and collapse of the Pyongyang government. But the fact remains that Beijing has helped buffer the North from U.S. pressure and made it easier to Kim Jong-Il to acquire and test nuclear weapons without suffering dire consequences. The full implications of this development for regional stability and global proliferation have yet to be seen, but they are unlikely to be positive.

Similarly, as regards international efforts to prevent Iran from developing nuclear weapons, China has made supportive statements and diplomatic gestures, but it has yet to take any steps that suggest it is willing to place this goal above its own economic and strategic interests. Indeed, to the contrary, Beijing has signaled at various points its opposition to UN sanctions and its determination to expand access to Iranian oil and gas, regardless of what is happening on the nuclear front. Whatever their intent, these moves help to ease Tehran's isolation, stiffen its resolve in the face of Western pressure, and increase the odds that it too will eventually succeed in becoming a nuclear weapons state.

Advocates of the "responsible stakeholder" approach might respond that, even if these characterizations are accurate, Beijing's sensitivity to the dangers of proliferation is growing, and that its willingness to act more aggressively will increase with the passage of time. But what Chinese actions would constitute evidence of a meaningful change? (Suspension of all economic assistance to Pyongyang? Support for and enforcement of UN Security Council sanctions on Tehran?) And when can we expect to see them? (In five years? Ten?)

Let us suppose for a moment that Beijing does, in fact, move closer to what the United States and others might consider an appropriately vigorous anti-proliferation policy. Would that, in itself, be sufficient to elevate China to "responsible stakeholder" status, or are changes in other domains essential as well? Are "high marks" necessary in all areas, or are some more important than others?

A lack of prior agreement on these issues increases the risk of divisive domestic disputes over China policy. For example, many in the U.S. Congress, Commerce and Treasury Departments, and in influential sectors of American business today view China primarily as an economic partner and competitor. If Beijing were to take serious steps to revalue its currency and improve protection of intellectual property rights, much of the recent American worry about China's rise would evaporate overnight. This would be true even if, at the same time, the PRC were continuing, and perhaps even accelerating, its ongoing arms

buildup. A China that appears more "responsible" on bi-lateral economic issues will have a great deal more leeway to do what it wants in the military and diplomatic domains, at least insofar as many in the U.S. are concerned.

Disagreements over standards and priorities can also lead to tension and division among the various nations that are now seeking to engage and transform China. Americans and Europeans are both concerned about Beijing's stance toward Taiwan, as well as its support for authoritarian regimes in Africa. For historical, strategic, and geographic reasons, however, the U.S. is more worried about Taiwan than are its counterparts in Europe. A well-timed Chinese shift on the Sudan issue (for example) would probably have a bigger impact in Brussels than in Washington. Such a move could clear the way for a renewed push to lift the EU arms embargo, even if it were accompanied by heightened Chinese pressure on Taiwan. Similarly, Chinese concessions on bi-lateral trade issues could go a long way towards easing Sino-American tensions, even if, at the same time, Beijing were ratcheting up nationalist rhetoric against Japan. Indeed, proceeding in this way might be part of a deliberate Chinese strategy to drive a wedge between Washington and Tokyo.

Carrots and sticks

A fully developed strategy must have both a clear goal and a plan for achieving it. In international politics, where one government can seldom simply dictate to another, such plans usually involve the application of a mix of pressures and inducements aimed at modifying the behavior of the target state.

At least in their public statements, U.S. officials have not made clear exactly how they hope to bring Beijing to accept their standards of "responsible" behavior. The primary mechanism appears to be dialogue, presumably leading to a gradually growing awareness on the part of China's leaders that their interests coincide closely with those of the advanced industrial democracies. But suppose that this does not work, or that it does work fast enough. What, if anything, can the United States and other powers do to try to alter Beijing's assessment of the potential benefits of becoming a responsible stakeholder, and the costs of failing to do so?

In the absence of clear standards of performance, and credible threats of punishment (or, at the very least, the prospect of some reduction in benefits) for failing to meet them, Beijing may feel very little need to modify its behavior. Instead Chinese strategists may conclude that, provided they are not unnecessarily brazen, they can enjoy the best of all possible worlds: burnishing their newfound reputation for "responsibility" with a few symbolic gestures, while at the same time avoiding the costs and risks of actually adjusting their policies.

Why, for example, should the Chinese government alter its basic approach to the North Korean nuclear issue? Despite its evident reluctance to do all that it can to keep its ally in check, Beijing has suffered no public opprobrium or loss of international stature. Indeed, to the contrary, the United States and others have praised it profusely for its willingness to become involved, and have thanked it repeatedly for continuing to play host to the Six Party Talks. There has not been even the most indirect and subtle hint that, if China does not do more, its relationship with the United States could suffer. Nor does there appear to have been any suggestion that, if Beijing does somehow succeed in getting Pyongyang to change course, it can expect to receive benefits that would offset the costs and risks of doing so.

To take another example: China's support for "rogue" regimes has earned it some scattered, and generally mild, criticism from the United States and some European governments. Given the extent of its energy needs, it is difficult to believe that moral pressure alone will cause China to reconsider its policies toward the Sudan, or Venezuela, or Iran. No one is currently threatening to make Beijing pay a tangible price for its support of these regimes, nor are they offering to ensure alternative sources of oil and gas at comparable prices if China ceases to do business with them. At least where energy is concerned, the appeal of being thought "responsible" by the West may not be as powerful as Western observers assume it to be.

Modifying Beijing's behavior will likely require carrots and sticks as well as dialogue and patience. It is one thing to suggest this, quite another to spell out when and how these tools could be constructively applied. What benefits is China currently receiving that the U.S. and its allies could credibly threaten to withhold, short of a major crisis? Conversely, what are others presently withholding that they would be willing to offer in return for greater "responsibility" on Beijing's part?

The United States and the other advanced industrial democracies have enormous potential economic leverage over China but, for a variety of reasons, it is very difficult for them to bring it to bear in a carefully modulated and strategically effective way. The most obvious difficulty, of course, is the fact that China's rapid growth has provided it with its own sources of countervailing leverage. What was once a one-sided situation of dependence, in which trade and capital flows were far more important to China than to its major economic partners, has now become a relationship of genuine interdependence. Thus, while the United States could certainly cause serious damage by closing its domestic market to Chinese exports and restricting outflows of American foreign direct investment to China, it would now suffer substantial injury in return.

Beijing may still believe that Washington would impose mutually painful economic sanctions in response to an attack on Taiwan. In addition, Chinese strategists no doubt fear

that, if they fail to satisfy at least minimal American demands for more "responsible" behavior on economic issues like intellectual property rights and exchange rates, domestic political forces in the U.S. could cause its trade policy to lurch in a more protectionist direction. What they probably do not take seriously any more is the idea that Washington will link economic and non-economic issues, imposing restrictions on trade and capital flows if Beijing continues to do business with "rogue regimes" or fails to do enough to stop proliferation, or cracks down on domestic dissent with somewhat more subtlety than it displayed in Tiananmen Square.

Even if a future President wanted to take such steps, the array of opposing political forces would probably prove overwhelming. Domestic politics aside, it is hard to imagine the circumstances under which the U.S. could persuade its major allies and trading partners to join with it, thereby undermining the likely effectiveness of any possible sanctions regime. In all but the most extreme circumstances, a lack of agreement on the wisdom of using economic instruments to try to modify China's behavior seems likely to prevent coordinated action by the West. Assuming that Beijing knows this, it is unlikely to be moved by threats of economic action in any but the most extreme situations.

Another way for the U.S. and its regional allies to raise the perceived costs of at least some forms of irresponsible Chinese behavior would be by adjusting the pace and direction of their own military programs and diplomatic initiatives. The assumption here is that Beijing is more likely to act with restraint if it believes that overly aggressive behavior will cause others to engage in faster arms buildups and closer strategic cooperation.

There is reason to think that such calculations have already played a substantial role in shaping the latest stage of Chinese policy. Beijing's search for non-threatening language with which to characterize its overall goals ("peaceful rise") reflects a wish to calm the fears and potential defense reflexes of others. And its approach to dealing with Russia, India, and most of Southeast Asia, as well as the United States (though not Japan), seems to have been shaped by a desire to discourage or dampen hostile responses and, more generally, to reduce the risks of encirclement.

Military and diplomatic instruments may actually be easier to wield in certain respects than economic ones, but trying to use them to shape Chinese behavior can also present challenges. Beijing is more likely to behave responsibly on key issues if it receives clear indications of what will happen if it does not. For example, if Chinese decision makers had been convinced in advance that a North Korean nuclear test would lead Japan (or Taiwan) to acquire nuclear weapons, they might have been more inclined to try to stop it. The certain prospect of a greatly expanded and accelerated theater missile defense system (especially one that included Taiwan) might have had similar effects.

Conditional threats can be difficult to convey credibly, especially for democratic

governments whose leaders cannot simply make unilateral decisions about large, expensive, and controversial weapons programs. Advanced systems typically take years, even decades, to develop and deploy and they cannot be turned off (or on again) with the flip of a switch. Linking one's own military programs to the behavior of others also risks giving a potential opponent the chance to manipulate or even veto important decisions with timely, though possibly insincere, offers of cooperation.

Diplomacy offers more opportunities for flexibility, but here too there can be complications. Potential partners are less likely to be forthcoming if they believe they are being used to balance against a third party or if it seems that the quality of their relationship with the United States depends in any direct way on what happens between Washington and Beijing.

Finally, it must be acknowledged that any effort to shape Chinese behavior through the use of economic, military or diplomatic instruments runs a real risk of provoking precisely the kinds of policies that it is intended to discourage. Threats or actions by the U.S. and its allies that are meant to dissuade Chinese decision-makers by raising the costs of irresponsible behavior could end up convincing them that others are out to contain China, block its rise and undermine its internal stability. In a strategic situation characterized by uncertainty and mistrust there is always a danger of spirals.

Can an authoritarian China be a "responsible stakeholder"?

A responsible stakeholder is defined by Zoellick as a state that takes an active role in upholding and strengthening the international system of which it is a part. But what are the critical elements of the contemporary system? And to what extent can we expect an authoritarian regime to be willing to uphold them?

At this stage of their country's emergence as a major power, China's rulers have strong reason to favor an open world economy and, albeit unevenly, they have generally acted in ways that tend to support it. They also clearly see it as being in their interest, at this point, to back traditional norms of sovereignty, including not only the presumed prohibition on cross-border aggression, but also the principle of "non-interference" in the domestic political affairs of other states. China is thus one of the leading defenders of what have long been considered to be among the most important rules of the international game. Finally, in recent years Beijing has become a vocal proponent of multilateralism, and an eager participant in a variety of regional and global institutions. It is, above all, a strong supporter of the UN and especially of the idea that the United Nations Security Council, on which it sits, is the final arbiter of legitimacy in all questions relating to the imposition of economic sanctions or the

use of force.

As regards these elements of the current system, there is no reason to doubt that an authoritarian China can be a "responsible stakeholder" and, indeed, many would argue that it already is. No international system is ever entirely fixed, however, and the period since the end of the Cold War has been especially tumultuous. The norms and principles on which the system is based, and the rules and institutional mechanisms that give it shape, are in flux and some of the trends are not at all to Beijing's liking.

For reasons that are rooted in the character of its own domestic regime, Beijing has strongly resisted the idea that human rights abuses may, in some cases, provide sufficient justification for international intervention. This notion has won increasing acceptance among the world's democracies but China, which continues to rely heavily on coercion to keep its own people in line, sees it as a potential threat. Seen in this light, Beijing's recent support for various "rogue" regimes appears, not as an accidental side-effect of its urgent need for resources, but rather as part of a deliberate effort to preserve the principle of non-interference by helping help others defend themselves from outside pressure.

Even more worrisome, from Beijing's perspective, is the possibility that democratic members of the international community will become even more active and unified in their attempts to promote the defense of civil liberties and political rights, and the adoption of representative political institutions. Such a development would be directly threatening to China's current rulers and they will likely use their growing power to discourage or, if necessary, to actively oppose it.

Proliferation is another issue on which international norms and structures may be changing in ways that could run counter to Beijing's interests. China's current leaders might prefer to see weapons of mass destruction kept out of the hands of yet more states, to say nothing of non-state actors. However, for a mix of commercial and strategic reasons, China also wants to preserve its flexibility in selling arms and technology to long-standing customers such as Pakistan, Iran, and Saudi Arabia.

Some Western theorists have begun to suggest that the international community has a duty to prevent the further spread of WMD which, like the presumed duty to protect innocents from human rights abuses, could justify armed intervention. Beijing is unlikely to be supportive of this idea, and it has already expressed its discomfort with new mechanisms (like the Proliferation Security Initiative) that seek to legitimize highly intrusive counter-proliferation measures by coalitions of states acting beyond the limits of current international law.

China's support for traditional conceptions of sovereignty, and its opposition to proposed modifications in the rules of the international game, are both a function of its present

position of relative weakness. What will happen as China's power grows? In large measure the answer will depend on the character of its own internal evolution. A country that has itself undergone a transformation to democracy is more likely to be supportive of international efforts to defend human rights, promote political reform and keep weapons of mass destruction out of the hands of authoritarian regimes. On the other hand, a China that is stronger but still undemocratic will be more capable of opposing such innovations. It may also become a less enthusiastic defender of sovereignty in the abstract (i.e. the sovereignty of others, as opposed to its own), and of the sanctity of the UN Security Council, which it may come to regard as an annoying check on its own freedom of action, rather than a useful constraint on the actions of others. Instead of progressing towards ever-higher levels of "responsibility, China could become even less of a responsible stakeholder tomorrow than it appears to be today.

In the closing section of his remarks, former Deputy Secretary Zoellick acknowledges the importance of China's domestic evolution in shaping the long-term future of its relations with the United States and, by extension, with the other advanced industrial democracies. China and the United States share many interests, and can cooperate on many issues. "But relationships built only on a coincidence of interests have shallow roots. Relationships built on shared interests *and* shared values are deep and lasting." In sum, the quality of relations between Washington and Beijing will depend not only on whether the Chinese government is a responsible stakeholder in the international system, but on whether it is responsive to the wishes and demands of its own people.