US Engagement Policy toward China (1)
Realism, Liberalism, and Pragmatism

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US policy toward Beijing has consistently been one of engagement since President Richard Nixon's visit to the People's Republic of China in 1972. There have been occasional swings in nuance, though, resulting from the positioning of four groups within the United States—pro-China commercial liberals, anti-China human-rights-oriented liberals, pro-China interdependence- and stability-focused realists, and anti-China military- and rivalry-focused realists—frustrating China and US allies in the region. In addition, US policy has been shaped by two distinct schools sharing the balance-of-power concept within the realist paradigm: one, which grew around Henry Kissinger, is optimistic about China's future trajectory, while the other is skeptical. Despite the subtle but perceptible swings over the years, US leaders have managed to balance the various domestic interests and ideologies into a pragmatic and feasible policy, which has largely remained within the engagement paradigm. This paper examines whether or not US policy toward China is currently undergoing a structural change due to several key developments in recent years and the Obama administration's evolving perceptions of China. (This article is reprinted with permission from The Journal of Contemporary China Studies*, Vol. 2, No. 2, published by the Institute of Contemporary Chinese Studies, Waseda University.)*

Introduction

In 2009 Barack Obama began his presidency with the "audacity of hope" that China would become a responsible stakeholder, cooperating with the United States on various global issues from climate change to post-Lehman financial and economic crisis management through the framework of a US-China "Group of Two." By the following year, though, China's assertiveness on territorial issues in the South and East China Sea and the harsh reaction to US arms sales to Taiwan dampened US optimism regarding China as a global partner. Despite mounting frustration, the Obama administration patiently maintained close bilateral communication, such as through the US-China Strategic and Economic Dialogue, as part of its engagement policy toward China.

Since President Richard Nixon's surprise visit to the People's Republic of China in 1972, the US policy toward Beijing has consistently been one of engagement, in sharp contrast to the antagonistic containment policy from 1947 to 1972 during the first half of the Cold War.

That said, there have been subtle changes in the substance of the US engagement policy over the years. These occasional policy swings in the US government have frustrated China and US allies in the region. US journalist James Mann describes the occasional "about face" moments in US policy from the Nixon to the Bill Clinton administrations in his book, About Face.[1] For example, during the 1992 presidential campaign, Bill Clinton criticized President George H.W. Bush for irresponsibly extending most-favored-nation (MFN) status to China without considering the country's human rights violations in the 1989 Tiananmen Square incident. The Clinton camp proposed a linkage policy between improvements in human rights and MFN status. When he was elected president, however, Clinton ignored his campaign proposal and extended MFN status before there was any tangible improvement in the human rights situation. Clinton even called on Congress to grant China permanent MFN status in 2000 (the designation was renamed "permanent normal trade relations" in 1998) without considering human rights, as the prosperous business and economic relations with China was contributing to a booming US economy.

During the 2000 presidential campaign, George W. Bush criticized Clinton's strategic partnership with China and proposed that the country be redefined as a strategic competitor.[2] US-China relations deteriorated following the accidental collision between a US Navy EP-3E signals intelligence aircraft and a People's Liberation Army Navy J-8II jet fighter near Hainan Island in April 2001. The terrorist attacks on September 11 of that year, though, restored the cooperative tone of US-China relations. In his visit to Beijing in February 2002, President Bush welcomed China's cooperation on the global war on terror following 9/11.[3]

Despite such policy swings, all US administrations since 1972 have remained within the engagement paradigm. Initially, this paradigm was shaped by the Cold War dynamics of the global balance of power. In the post–Cold War period, though, China has emerged as a potential challenger to the regional and even global hegemony of the United States. In this context, the mutual interdependence of the US and Chinese economies has become a tool to justify the engagement paradigm as serving both economic and security interests.

For Nixon and his national security advisor, Henry Kissinger, China was regarded as a positive game changer that could break the quagmire of the Vietnam War and the impasse in the Cold War against the Soviet Union. Hence, strategic cooperation with China was a crucial factor in the US Cold War strategy, enabling Washington to strike a balance with its strategic adversary between 1972 and 1989. Kissinger himself pointed out that China no longer sought to constrain US power projection and started enlisting the United States as a counterweight against the Soviet Union.[4]

After the collapse of the Soviet Union, many US security experts began to see China, with its growing power, as a potential rival to US regional and global hegemony, although Kissinger and his school retained their expectations that the US-China partnership would continue to grow. Two different schools thus shared the balance of power concept within the realist paradigm. Their differences were policy implications: While the Kissinger school was optimistic about China's future trajectory, the other school was skeptical.

A new dimension to the US engagement paradigm was added after the end of the Cold War in the face of rising economic and commercial expectations regarding the burgeoning Chinese economy. Now positioned as the second largest in the world, China's rapidly growing economy has become essential for US businesses. Deepening US-China economic interdependence is regarded as a factor in preventing an eventual US-China hegemonic rivalry, and liberal politicians have come to endorse an engagement policy, rather than the realism they espoused during the Cold War.

Schizophrenic tendencies in the US policy toward China can be seen in the shifting policy focus of US administrations, alternating between realism and liberalism. The US posture toward China has been affected by the positioning of various domestic actors, such as pro-China commercial liberals, anti-China human-rights-oriented liberals, pro-China interdependence- and stability-focused realists, and anti-China military- and rivalry-focused realists.

Competition among the various policy schools became more visible and significant with each US presidential election cycle. Despite the policy swings and contradictory approaches, though, US leaders have managed to balance the various domestic interests and ideologies into pragmatic and feasible policies. In this sense, pragmatism has always been a dominant trait of US leaders, and US policy toward China since 1972 has, as a result, largely remained within the engagement policy paradigm despite vociferous arguments from both the left and right. At the same time, the pragmatic approach of US administrations has always provided a ready target for criticism from their political rivals.

Barack Obama is probably one of the most pragmatic presidents in US history. Unlike Clinton and Bush Jr., Obama began his administration without criticizing the China policy of his predecessor, although he did have harsh criticism for the decision to start the Iraq War. Over time, Obama's China policy came to be shaped more by China's assertiveness and uncooperative attitude toward global governance. Being a pragmatist, Obama shifted his China policy from one of cooperative engagement to cautious engagement in order to hedge against China's military expansion and its assertive behavior toward its neighbors.

Does Obama's policy shift signal a historic transition from an engagement to a containment paradigm, with the United States perceiving drastic changes in the balance of power in the twenty-first century? Or is this just the latest of the periodic swings within the engagement paradigm that we have observed since 1972? This paper examines whether or not US policy toward China is undergoing structural change by focusing on several key factors that have shaped the policy over the years.

1. Four Different Policy Groups

The apparent schizophrenia in US attitudes toward China can be explained by the existence of four distinct camps that have exerted an influence on US administrations. Winning a US presidential election requires candidates to secure the support of a broad array of constituents. One group may be critical of China's human rights record, while another might seek stable business ties. The candidate must navigate carefully between the two different orientations, and, as a result, the policies they outline are often vague.

The four major camps influencing the direction of US policy toward China are outlined in the Figure 1. The four blocs (A to D) are identified with regard to policy directions, particularly in security and trade.

Group A represents the hawks who believe that hegemonic rivalry and military collision is likely, as a rising China increasingly poses a challenge to the United States both regionally and globally. This group is not optimistic that China would become more democratic as its economic grows, and it is also skeptical about economic interdependence acting to stabilize the relationship and preventing conflicts. It thus advocates a confrontational security policy toward China bordering on containment.

A group called the Blue Team in the George W. Bush administration, for instance, adhered to an anti-China security policy. Many members were neoconservatives who advocated the use of US military power to promote democratization around the world. Blue Team members saw China's Marxist, one- party rule as a potential source of confrontation. And they did not expect China to democratize on its own as a natural outcome of economic growth.

Vice-President Richard Cheney was among the leading figures in this group. Princeton University Professor Aaron Friedberg, who served as Cheney's national security advisor, provided theoretical support for the confrontational policy, arguing that China was a game changer for the international system.[5] Friedberg believed that China's growing wealth and power would, if its one-party, authoritarian dictatorship was left intact, become a source of tension with the United States.[6]
In 2000, conservative, anti-China members of Congress created the US- China Economic and Security Review Commission with a mandate "to monitor, investigate and submit to Congress an annual report on the national security implication of the bilateral trade and economic relationship between the United States and the People's Republic of China, and to provide recommendations, where appropriate, to Congress for legislative and administrative action."[7] In its annual report to Congress in 2012, the commission made 32 policy recommendations to the Obama administration, including a review of investments in the United States by Chinese state-owned and state-controlled companies, flows of military technology or data to China, and China's cyber practices.[8]

Group B represents those with moderate and pragmatic positions who advocate maintaining the engagement policy. Most policy practitioners since Nixon's 1972 visit to China belong to this group. Even within this camp, though, there are subtle differences in policy orientation. Those advocating soft engagement in such forms as a "sunshine policy" argue that economic cooperation would encourage China to be a benign and helpful partner in the security and political arenas. This position is close to group C, which emphasizes mutual economic interests and interdependence. On the other hand, the hard-line, "hawkish" engagement proponents attach importance to hedging against a potential military confrontation with China. This position is close to group A, with an emphasis on the hedge element.

The softer position is championed by those viewing China as a stakeholder or envisioning a US-China G2. In general, they are optimistic about China's cooperative attitude in the region and the world. Robert Zoellick, deputy secretary of state in the George W. Bush administration, advocated a "stakeholder" policy in a 2005 speech in which he said that China was unlike the Soviet Union of the late 1940s in four ways. First, China does not seek to spread radical, anti-American ideologies. Second, China does not seek conflict against democracy, although it is not itself a democracy. Third, China is not opposed to capitalism. And fourth, China does not seek to overturn the fundamental order of the international system but rather believes that its success depends on being networked with the modern world.[9]

Zbigniew Bzrezinski, former national security advisor to President Jimmy Carter who advanced the normalization process with China in 1979, was a notable advocate of the G2 position.

Bzrezinski was a strategic thinker in the realism school who saw a globally ascending China as a revisionist force for important changes in the international system. He felt that China would seek them in a patient, prudent, and peaceful manner and noted that Americans who deal with foreign affairs appreciate China's "peaceful rising" in global influence while seeking a "harmonious world."[10] Bzrezinski has influenced the Obama administration through his advice on foreign and security policy.

Unlike Zoellick and Bzrezinski, the hawkish engagement position is skeptical of China's self-described "peaceful rise." For example, bureaucrats in the Department of Defense are concerned about China's modernizing military and growing global economic influence. Unlike those in group A, they tend to be neutral about China's Marxist ideology or one-party authoritarian rule. In other words, they do not necessarily believe that military confrontation with China is inevitable. But at the same time, they do not share the notion that economic interdependence in itself would help prevent military confrontation. Andrew Marshall, who has continued to serve as director of the Department of Defense's Office of Net Assessment since being appointed by President Nixon in 1973, is one of the leading hawk engagers in this group. His perceptions of China can be gleaned from various Department of Defense reports, including the 2012 annual report to Congress. The report observes that the People's Liberation Army (PLA) pursues a long-term, comprehensive military modernization program to win "local wars under conditions of informatization," or high-intensity, information-centric regional military operations of short duration. On the other hand, the report says that Chinese leaders seek to maintain peace and stability along their country's periphery to secure access to markets, capital, and resources and avoid direct confrontation with the United States and others. The report recommends strengthening the US-China military-to-military relationship by encouraging it to cooperate with the United States and others through cooperative practices to secure access to international public goods through counter-piracy or international peacekeeping operations.[11] These two different approaches to the rise of China within the B camp will be discussed in the following section.

Those in the C group espouse a more optimistic view that deepening economic ties would prompt China to become a more cooperative actor in the region and the world. They have less concern about China's rapid military expansion and modernization resulting from accumulating wealth. They represent the economic interests of industry and business that stand to reap benefits from enhanced trade and investment. They tend to be quiet about advocating their positions, though, because they are wary of being criticized for their "greedy" pursuit of business interests or ignorance of US national interests and China's human rights record. As the result, few government officials openly take this position. However, advocates exert considerable influence among both Republican and Democratic party leaders and administrations through their financial donations.

Henry Paulson, who was treasury secretary in the George W. Bush administration, is one of the group's few visible policy advocates. He built a close network with Chinese counterparts during a financial career at Goldman Sachs and was a founding member of the US-China Strategic Economic Dialogue, which was upgraded to US-China Strategic and Economic Dialogue in 2009. As treasury secretary, Paulson believed that robust and sustained economic growth was a social imperative for China and that Chinese leaders viewed the country's international relations primarily through an economic lens. Paulson thus proposed approaching China through economic interests as "an effective way to produce tangible results in both economic and noneconomic areas." While noting that some people were recommending containment, Paulson clearly stated that engagement was "the only path to success."[12]

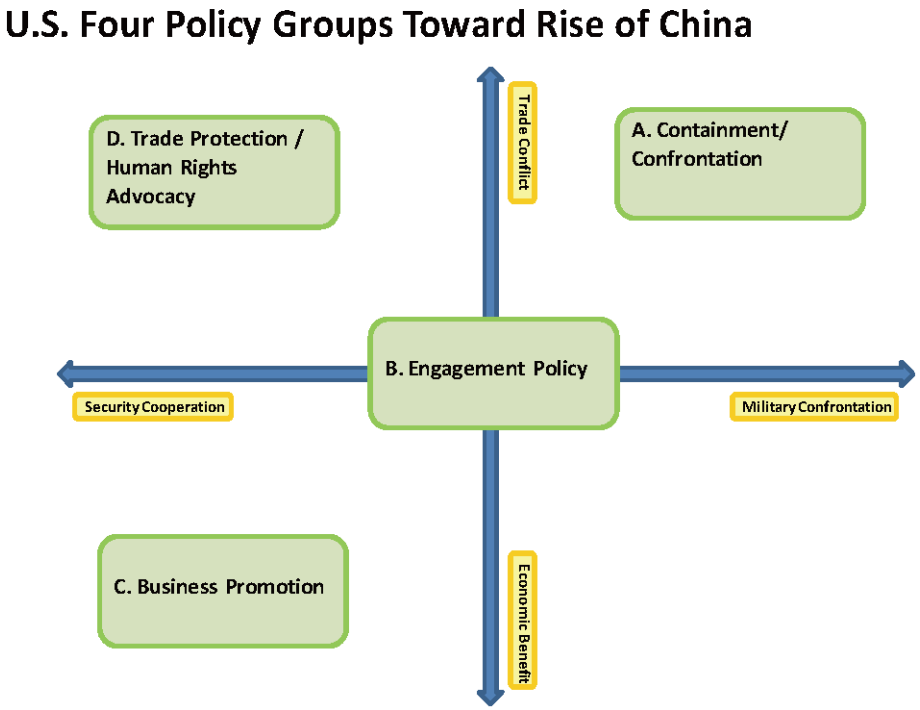
Those in group D represent the liberal Democratic in Congress who are concerned about promoting human rights and protecting American jobs in the face of China's currency manipulation and closed market. Human rights watchers include former House Speaker Nancy Pelosi, who early in her congressional career worked to protect Chinese students in the United States in the wake of the Tiananmen Square incident. She co-sponsored and helped pass legislation to extend the length of stay of the students, who could have been arrested once back in China for their support of the 1989 pro-democracy movement. Pelosi continued to promote actions against human rights violations even while serving as House speaker and currently House minority leader. On her website, Pelosi states, "in China and Tibet, people are languishing in prisons for only expressing their ideas and political views." She adds that Nobel Peace Prize recipient Liu Xiaobo, who called for an online petition to promote human rights and democracy, is still in prison and argues, "If we don't stand up for human rights in China and Tibet then we lose our moral authority to speak out for human rights in the rest of the world."[13]

The trade protectionist wing within group D is represented by Senator Chuck Schumer. He has sponsored many retaliatory bills against China, such as higher tariffs in response to "currency manipulation," which is blamed for eating into US domestic employment. For example, Schumer co-sponsored the Currency Exchange Rate Oversight Reform Act of 2011 to impose tariffs on imports from countries with undervalued currencies. Although the bill was approved by the Senate on 11 October 2011, it was rejected by the House.

On his website, Schumer takes a negative view of China's participation in the WTO, which was expected to bring China's policy in line with global trade rules. Instead, he claims, China has used those rules to spur its own economic growth and expand exports at the expense of its trading partners, including the United States. He also criticizes "China's overt and continuous manipulation of its currency to gain a trade advantage over its trading partners."[14]

D group members cooperate with group A Republicans on human rights and trade issues at the congressional US-China Economic and Security Review Commission. In fact, the commission's chair has alternated between representatives of the two groups. For example, the current chairman during the reporting cycle through December 2013 is William Reinsch, a Democrat who served as legislative assistant to Senator John Rockefeller. The current vice-chairman and former chairman is Dennis C. Shea, who served as assistant secretary in the Department of Housing and Urban Development during Republican George W. Bush's administration.[15]

Figure 1: Two Influential Schools in the Realism Tradition



The US engagement policy toward China since 1972 has been conducted mainly by realists in both Republican and Democrat administrations. In 1972, President Nixon and his national security advisor, Henry Kissinger, led a drastic policy paradigm shift from the confrontational containment policy of previous administrations to one seeking cooperation with China. It also represented a shift from an ideology-oriented containment policy against the Communist bloc as a whole toward a calculated engagement policy based on balance-of-power realism. Nixon understood the necessity of cooperating with China to influence the balance of the power in favor of the US strategic position against the Soviet challenge, in spite of ideological differences with China. Ironically, China's Marxist ideology was more radical than that of the Soviet Union. In fact, China criticized the Soviet position as revisionist and for straying from Marxist ideals.
Nixon set aside ideology and focused instead on the geopolitical conflict between the two Marxist states.

The rationale behind the decision to reach reconciliation with China, though, was not a simple one. As a matter of the fact, the administration was also seeking to ease tensions with the Soviet Union,[16] and its realism had a highly pragmatic quality. Nixon expected both China and the Soviet Union to play a cooperative role to end the quagmire in Vietnam—a war that had seriously exhausted the US economy and society.

With the 1972 visit to China, Nixon and Kissinger initiated a shift from an ideology-led containment policy paradigm to a pragmatism-led engagement policy paradigm. US policy toward China has since remained within the engagement paradigm, although there have been occasional subtle swings. Political interaction among the various interest groups has been one cause for these swings.

Another factor has been the existence of two schools within the US policymaking community, including government officials, namely, the "Kissinger school" and the "Marshall school." Interaction between these two schools, with different approaches to China, has played a critical role in shaping US policy toward China. The two groups are named after legendary foreign and security policy "gurus," the first being Henry Kissinger, national security advisor in the Nixon administration and secretary of the state in the Gerald Ford administration, who has continued to exert an influence on presidents and State Department foreign policy experts to this day. Although he has not held any official positions since the Ford administration, such protégés as Brent Scowcroft—national security advisor for George H.W. Bush—have played important roles in government and academia.

Andrew Marshall, meanwhile, has served as director of the Office of Net Assessment in the Department of the Defense since 1973. He has had considerable influence over secretaries of defense and Pentagon experts over the years, although he is not as well known to the public as Kissinger.

The two schools have different approaches to China, although they share a geopolitical realism and an engagement paradigm.

Comparing the two schools, Kissinger is closer to the “business promotion” orientation of group C, while Marshall is closer to the “containment / confrontation” policy of group A in the Figure 1. For example, the Kissinger school tends to focus on security reassurances and on keeping communication channels open. On the other hand, the Marshall school tends to focus on balancing and hedging in the security domain against China’s military expansion and potential confrontational posture.

Brent Scowcroft summed up the Kissinger school’s view of China as follows:

They [China] depend on our market, and we depend on them to buy bonds so that we can run these big deficits. So there is growing interdependence. . . . If we treat them like an enemy, they will [become an enemy]. We can’t make them a friend. But, I don’t see anything that would lead me to conclude that inevitable conflict/confrontation is out there.[17]

On the other hand, Andrew Marshall himself pointed out that there are two dimensions to Washington’s China policy, engagement and risk hedge:

The hope [of an engagement policy] is that this will lead, ultimately, to a more democratic and normal power. We don’t know that that’s the way it will actually end up, and so we have to hedge against [the possibility of this] not turning out quite so well.[18]
These two schools have shaped the policy directions of the US engagement policy paradigm. For example, in the 1970s the Ford administration gradually and quietly increased its military and intelligence cooperation with China against the Soviet Union. This can be interpreted as a result of interaction between the two schools. Kissinger subsequently tried to promote military and intelligence cooperation with China as a substitute for his unfinished promise, made on his 1972 visit, to normalize relations with China.[19] Normalization talks had stagnated due to domestic opposition among pro-Taiwan members of Congress and the politically weakened Republican administrations, set back by the Watergate scandal and the resignation of President Nixon. Secretary of Defense James Schlesinger in the Ford administration agreed with Kissinger’s idea of proceeding with military and intelligence cooperation with a different rationale; he adhered to the idea of using the “China card” against the Soviet Union. As a young researcher at RAND Corporation, Michael Pillsbury wrote a secret “China card” memo to the Pentagon noting that military cooperation with China would induce the Soviet Union to reduce its military forces on the European front in order to deal with Chinese forces along its southern border.[20]Secretary Schlesinger eagerly embraced the China card option, since confrontation with the Soviet Union in Europe was a critical issues for US security policy at the time. Pillsbury had worked under Andrew Marshall at the RAND Corporation before Marshall joined the Pentagon.

During the Cold War era, both schools favored strategic cooperation with China as a realistic hedge against the Soviet Union. After China emerged as a potential geopolitical rival to the United States, however, the two schools sometimes took different positions within the engagement paradigm.

Both schools were represented in the Georg W. Bush administration, as in earlier administrations. Kissinger himself regularly advised President Bush and Vice President Cheney.[21] Bush eventually took a cooperative stance toward China, regarding the country as a partner in the war on terror, despite initially labeling it a strategic competitor. Clearly, the priority for the Bush administration was the fight against terrorism following 9/11.
The Defense Department, though, has quietly started viewing China as a potential challenger to US regional and global hegemony. For example, the DOD’s Quadrennial Defense Review (QDR) 2006 described China, along with Russia, as a country at a strategic crossroads. The report states that “China has the greatest potential to compete militarily with the United States and field disruptive military technologies that could over time off set traditional US military advantages absent US counter strategies.”[22] At that moment, though, it was not clear whether China had the capability and intention to emerge as a threat to the US hegemony. The report’s wording emphasized a cooperative, engagement rhetoric, noting, “The United States’ goal is for China to continue as an economic partner and emerge as a responsible stakeholder and force for good in the world.”[23] At the same time, there were clear elements of a hedge policy: “Shaping the choices of major and emerging powers requires a balanced approach, one that seeks cooperation but also creates prudent hedges against the possibility that cooperative approaches by themselves may fail to preclude future conflict.” Such ideas suggest Marshall’s influence.
In fact, the principle author of QDR 2006 was then Special Assistant to Deputy Secretary of Defense Jim Thomas. He later joined the Center for Strategic and Budgetary Assessments (CSBA) as vice president and director of studies. CSBA Founder and President Andrew Krepinevich is regarded as one of the most prominent students of Andrew Marshal.[24] For Thomas, the challenge was how to sustain US military capabilities in the Asia-Pacific over the long term at a time of severe fiscal restraints on military spending. He expected Japan to share the burden of counterbalancing China’s naval strength in the air-sea battle scenario, cooperating within the framework of the Japan-US alliance.[25]

Since the 1970s, two streams within the realist school have influenced US policy toward China. The dynamic interplay between these two groups has been an important element in shaping US strategic thinking toward China.

2. From the G2 Euphoria to the Asia Pivot

There has been a perceptible change in the Obama administration’s policy during the first four years of the president’s tenure. Jeffrey Bader, who served senior director for East Asian affairs on the National Security Council, recalls in his memoirs that the Obama administration’s basic stance toward China has not changed, suggesting that the media has depicted the nuanced changes in the Obama administration’s position in an exaggerated manner.[26] Indeed, there has been no shift in the engagement policy paradigm, and in this sense, Bader’s claim is legitimate. But at the same time, there has been a clear change in nuance, from the early cooperative engagement posture built on “strategic reassurances” and expectations of a US-China G2 to the more recent hedging and balancing, marked by such rhetoric as “pivot to Asia” or “rebalancing toward the Asia-Pacific” stressing a more fully engaged US military presence in the Asia-Pacific region.

This change was undoubtedly a reaction to a series of assertive actions and rhetoric of Chinese government officials, especially high ranking officers of the People's Liberation Army. It is important to take note of how Chinese actions and US perceptions of them have influenced the standing of various China experts within the Obama administration.

Obama initially expected China to emerge as a potential partner in dealing with the many global issues in the international arena, reflecting foreign policy advisor Zbigniew Brzezinski's G2 expectations. Brzezinski contributed an article on informal G2 cooperation between the United States and China for global governance to the Financial Times in January 2009.[27]

And in a speech in October 2009, Deputy Secretary of the State James Steinberg proposed a "strategic reassurance policy" toward China:

Strategic reassurance rests on a core, if tacit, bargain. Just as we and our allies must make clear that we are prepared to welcome China's "arrival," as you all have so nicely put it, as a prosperous and successful power, China must reassure the rest of the world that its development and growing global role will not come at the expense of security and well-being of others. Bolstering that bargain must be a priority in the US-China relationship. And strategic reassurance must find ways to highlight and reinforce the areas of common interest, while addressing the sources of mistrust directly, whether they be political, military, or economic.[28]

Steinberg's idea is based on expectations that China would take responsibility for solving global political and economic issues if the United States reassured China's position as a global power. This was the foreign policy tone of the Obama administration in early 2009. The administration felt that the United States alone would be unable to deal with all global issues in the light of the Bush administration's failed unilateral approach and the heavy burden of engagement in two wars in Afghanistan and Iraq.

Such naïve expectations of China's cooperation were, however, quickly betrayed by China's assertive actions and the harsh rhetoric of PLA officials in 2010. Omens of a negative Chinese reaction toward G2 expectations were China's uncooperative attitude at the COP15 climate change meeting in Copenhagen in December 2009. The Obama administration expected China, as a potential US partner, to help shape the post–Kyoto Protocol framework to reduce greenhouse gas emissions. Neither the United States nor China were signatories to the Kyoto Protocol, despite being the world's two largest CO2 emitters. Since China had an influential position over developing countries, which were opposed to the position of the developed countries, US-China cooperation had the potential to produce a general agreement. President Obama believed that China should not be imposed the same level of emission reduction requirements as developed countries, while European countries believed China should.[29] The conference produced some results, thanks to President Obama's efforts and his persuasive rhetoric.[30] But China's uncooperative attitude at COP15 was a source of disappointment and worry for administration officials.

In January 2010, moreover, China reacted harshly to the administration's decision to sell $6.4 billion in military equipment to Taiwan, and it unilaterally suspended all military exchange with the United States. The reaction was stronger than expected, despite the fact that the deal did not include such crucial offensive weapons as F-16 C/D jet fighters. President Obama was also puzzled by the unusually strong reaction to his meeting with the Dalai Lama, an exile from China-controlled Tibet, the following month.

In March, the South Korean Navy's corvette, ROKS Cheonan, was sunk by a North Korean miniature submarine. To deter further North Korean military aggression, the US and South Korean Navies conducted joint exercises in the Yellow Sea. PLA leaders, including Deputy Chief of Staff General Mao Xiaotian expressed strong opposition to the exercises in the media.[31]

In addition, the PLA Navy's East Sea Fleet conducted military exercises in the East China Sea, and its missile destroyer and frigate cruised along the high seas between Okinawa Island and Miyako Island near US military bases in July. Meanwhile, tensions rose owing to territorial disputes in the South China Sea between China and Vietnam, the Philippines, and Indonesia.

At the ASEAN Regional Forum in Hanoi on July 23 2010, Secretary of State Hillary Clinton stated, "the United States, like every nation, has a national interest in freedom of navigation, open access to Asia's maritime commons, and respect for international law in the South China Sea."[32] This apparently offended China, which conducted large naval exercises in the South China Sea after the meeting.

A series of events caused a further deterioration in US-China relations. Chinese President Hu Jintao's scheduled visit to the United States in September was postponed to January 2011. In its annual report to Congress, submitted on August 16 2010, the US Department of Defense noted that the PLA Navy was seeking to enhance its strength in order to gain an upper hand in disputes in the East China Sea and South China Sea, that China may start work on building its own aircraft carrier within the year, and that despite improving relations with Taiwan, it had not reduced the size of the military force poised against it. In response, on August 18, the Chinese Ministry of Defense criticized the report, saying that it "has no basis in objective fact" and would be "an obstacle to the improvement and development of military relations between the US and China."[33]

Earlier, the Department of Defense clearly indicated it was advancing a hedging policy against potential Chinese assertions in its 2010 Quadrennial Defense Review, released in February 2010.

The report stated that the two biggest security challenges in East Asia are dealing with North Korea's continuing nuclear weapons development program and addressing the rise of China and its growing global influence. It confirmed its engagement stance by stating that rather than treating China as an enemy requiring "containment," the "United States welcomes a strong, prosperous, and successful China that plays a greater global role."

However, it simultaneously illustrated US intentions to hedge against Chinese military expansion, stating, "Lack of transparency and the nature of China's military development and decision-making processes raise legitimate questions about its future conduct and intentions within Asia and beyond."[34]

QDR 2010 specifically warns of the denial of US and allied military access by Chinese forces—as the result of continued modernization—to areas of potential conflict, such as the seas around Taiwan, the South China Sea, and the East China Sea. The report refers to this kind of capability as anti-access/area-denial (A2/ AD): “Anti-access strategies seek to deny outside countries the ability to project power into a region, thereby allowing aggression or other destabilizing actions to be conducted by the anti-access power.” The fear is that “Without dominant U.S. capabilities to project power, the integrity of U.S. alliances and security partnerships could be called into question, reducing U.S. security and influence and increasing the possibility of conflict.”[35]

China’s assertive posture in regional security and stability eventually convinced the Department of Defense, along with many in the State Department, that more hedging is necessary to shape China’s course along a peaceful trajectory. Among the major shapers of this policy course were Secretary of the State Hillary Clinton and Assistant Secretary of the State for Asia-Pacific Affairs Kurt Campbell.

In fact, Kurt Campbell was deputy assistant secretary for Asia-Pacific affairs in the Department of Defense in the Bill Clinton administration. The hedging- oriented QDR 2010 was supervised by Undersecretary of Defense for Policy Michele Flournoy, who co-founded the think tank, Center for a New American Security (CNAS), with Campbell.

Despite of nuanced differences in wording, both Secretary of State Clinton and Secretary of Defense Leon Panetta have released policy papers and made speeches to the effect that Washington will refocus its security, foreign, and economic policy toward the Asia-Pacific region. The policy shift has been called a “pivot to Asia” or a “rebalancing toward the Asia–Pacific.” The policy direction was reaffirmed with President Obama’s remarks at the Pentagon and the release of new strategic guidelines for US defense policy, “Sustaining U.S. Global Leadership: Priorities for 21st Century Defense,” in January 2012. The report clearly confirmed the priority being given to the US military presence in the Asia- Pacific region despite limited defense resources.[36]

3. Obama’s Policy Shift and Future Directions

There are three main elements in Washington’s engagement policy paradigm toward China. The first is “cooperative engagement,” which means building and maintaining economic and diplomatic ties with China. The second is “balancing,” which means creating a favorable balance of power surrounding China to affect its behavior. The third is “hedging,” which means maintaining a regional military presence and closer alliance management in case China emerges as a challenger to US hegemony.

Looking at the transformation of the Obama administration’s China policy from its early optimism to cautious engagement, one can say that there has been a shift away from cooperative engagement and toward balancing and hedging. Balancing is found in the pivot/rebalancing, which is an attempt to reassure China’s neighbors that the US military presence will continue. It also tries to shape China’s choices toward benign and cooperative options. A hedging element, meanwhile, is found in Obama’s November 2011 announcement of the deployment of Marine Corps personnel to Darwin, Australia, which is closer to the South China Sea, as well as a series of statements aimed at maintaining closer ties with such regional allies as Japan and South Korea.

A series of assertive Chinese moves apparently stimulated the ”early warning sensors” of US policy planners, who believe in the importance of balancing and hedging against China’s military expansion.

Jeff Bader, who actually conducted the White House’s China policy as a senior director for Asian affairs of the National Security Council, points out that “China’s incautious and gratuitously assertive diplomacy and action had alienated most of its neighbors, notably Japan, South Korea, Vietnam, Indonesia, and India.” Since one element of Obama’s Asia strategy was to ensure that China’s rise contributed to regional stability rather than instability, Obama’s national security team felt that China’s neighbors would welcome a US presence and forward deployment.[37]This description is the rationale behind the US pivot/rebalancing policy of 2010–11.
Aaron Friedberg, who advocates a more hawkish engagement than Bader, made a similar but blunt observation on Obama’s policy change. Friedberg shared Bader’s view that Chinese assertions have caused a great deal of anxiety among Japan, South Korea, the smaller countries of Southeast Asia, and India. “The Obama administration, starting in 2010, really began to change direction. They didn’t abandon engagement, but placed a lot more emphasis on the balancing part of the long-standing US strategy.”[38]

Interestingly, within the Obama administration, such a policy shift was conducted smoothly without any apparent policy conflict or personnel changes. That is characteristics of the engagement policy paradigm. Even among the two different realist factions in the administrations, the three elements of the engagement policy were embedded in their policy calculation.

Initially, the Kissinger school’s traditional stance with a more cooperative, engagement-oriented “security reassurance” policy was spearheaded by Deputy Secretary of the State James Steinberg and the National Security Council’s Senior Director of East Asian Affairs Jeffry Bader. Zbigniew Brzezinski had a strong influence in shaping the ideas held by senior administration officials and President Obama.

After seeing China’s assertive behavior, though, a more cautious engagement policy advocated by the Department of Defense, Secretary of State Clinton, and Assistant Secretary of State Kurt Campbell has come to the fore. Their approach is more within the Marshall school tradition. Again, such a policy change was made smoothly without apparent conflict in the administration. All actors in the Obama administration seemed to understand that shifting emphasis on different elements within the paradigm was necessary and effective in positively shaping China’s choices.

Obama's policy change has not been as dynamic as in past administrations, which saw open conflict among the main actors—both inside and outside the administration—associated with four separate groups, as outlined in the Figure 1. Obama's policy shift has simply been a nuanced change within group B.

This suggests that US policy toward China will stay within the engagement policy paradigm despite the turmoil in bilateral relations in 2010. In 2011, military exchange had resumed, and channels of communication remained open. In fact, military exchange between the United States and China have continued even in the face of deteriorating ties with Japan over the Senkaku Islands and the escalation of tensions in the South China Sea in 2011 and 2012.

In May 2012, Beijing hosted the second US-China Strategic Security Dialogue, jointly chaired by US Deputy Secretary of State William Burns and Chinese Vice Minister of Foreign Affairs Zhang Zhijun and attended by Acting Under-Secretary of Defense James Miller, Commander-in-Chief Samuel J. Locklear of the US Pacific Command, and Ma Xiaotian, deputy chief of the General Staff of the PLA. During the same month, Chinese Minister of Defense Liang Guanglie visited the United States and met with a number of top US defense officials, including Chairman of the Joint Chiefs of Staff Michael Mullen, Secretary of Defense Panetta, and National Security Advisor Thomas Donilon. Accompanied by personnel from the Chinese Army, Navy, and Air Force, Liang toured military installations nationwide. PLA Deputy Chief of Staff Cai Yingting also visited the United States in late August, even as tensions ran high in the South China Sea and around the Senkaku Islands.

This is proof that Obama's policy shift does not indicate a reversal from engagement to hostile containment, as contended by some Chinese officials, who criticize America's Cold War thinking. If any administration truly tried to move toward a containment paradigm, there would be an enormous, negative impact on US businesses and the economy, as well as strong political backlash from Congress and industry.

During the 2012 presidential election, Republican challenger Mitt Romney made no reference to a shift toward a hostility or containment paradigm, although he criticized China as a currency manipulator. This implies that even conservatives do not seek to contain China and rather see China as an economic partner into the foreseeable future.

The future trajectory of US policy toward China's rise beyond the Obama administration is very difficult to predict. China's international behavior is an important element that will shape this policy. At the same time, we need to keep an eye on the interaction among not only policy subgroups within US administrations but also domestic political groups. As long as China's assertiveness and show of strength are well balanced with US economic interests, US policy is likely to stay within the engagement paradigm for the foreseeable future. At the same time, it would be very difficult for China to pursue a modest foreign policy because the new political leadership in China needs to address growing domestic contradictions and frustrations in a rapid growing society. As the result, US policy toward China will no doubt continue to occasionally stress the hedging and hawkish elements within the engagement paradigm. Although US policy toward China appears to swing, the range of policy options are limited. A more drastic paradigm shift in US policy would result only in the light of more dynamic changes in the balance of power between China, on the one hand, and the United States and its allies, on the other.