

RELEASE IN
PART B6

From: sbwhoeop [redacted]
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To: H
Subject: China...

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H: Sure you've seen this, if not it's a good summary of recent expert opinion, and conclusions. Had lunch with Rothkopf yesterday. He's a big supporter of yours, not so much some others. Your eulogy of Holbrooke was excellent. Was there. The event rightfully was in the Opera House. Sid

http://rothkopf.foreignpolicy.com/posts/2011/01/18/the_china_threat_considering_the_growing_consensus

The China threat: considering the growing consensus

Posted By David Rothkopf  **Tuesday, January 18, 2011**

It is clear that the memo that went out to the media from Echo Chamber Central Command this morning was "the visit of President Hu to Washington will be presented in terms of China's growing threat."

In paper after paper headlines blared and reporting backed up the message. Some of the stories focused on the nature of the economic threat. Notable among these were the *Financial Times*'s front page piece on how China's influence was being enhanced by dramatic increases in its lending to the developing world -- lending that now surpassed that of the World Bank. Inside the *FT* there was more including a well-researched and compelling piece by Geoff Dyer, David Pilling and my long-ago colleague from Institutional Investor Magazine, Henny Sender called "A strategy to straddle the planet." The thrust of the piece was also that China is using its trade flows to build links and leverage worldwide in an effort to shape the rules and set the priorities for the international economy. There was also an excellent accompanying piece on the potency and problems associated with China's almost \$3 trillion in hard currency reserves. The *Washington Post* had an in-depth look at the frustrating times that Wisconsin's Manitowoc Company was having in its dealings in China... echoing a piece in the *New York Times* about the uncomfortable deals trading technology for market access that General Electric has embarked on. In both cases the point was: while China is an appealing market, the Chinese are hard to deal with and seem likely to pose long-term threats as an economic rival.

On the security threat posed by China, we had an op-ed in the *Wall Street Journal* called "The New Era of U.S. China Rivalry" by Princeton professor Aaron Friedberg. The conclusion of the article: "Hu Jintao's visit may mark the end of an era of relatively smooth relations between the U.S. and China." The lead editorial in the *Journal*: "Dealing With an Assertive China." In the *Times*, Helene Cooper had a good piece (and not just because it quoted me) on the tougher posture adopted by the Obama administration called "For Chinese President's Visit, U.S. to Take a Bolder Tack" and another lead editorial which echoed that of the *Journal* in concluding, "State dinners and 21-gun salutes are ephemeral. What will earn China respect as a major power is if it behaves responsibly. That must be Mr. Obama's fundamental message."

The guts of the piece included statements like "(China's) overconfidence is clear. It has been aggressively pressing its claims to disputed islands in the East and South China Seas. The military's rising influence is troubling." And in the next paragraph: "For a country that claims to be a global power, it is still shirking its responsibilities. ... For a major player, it can also be remarkably petulant."

It may seem unremarkable to Mr. Hu's delegation that the *Journal* and the *Times* are so aligned in their views. Americans who know them often to be polar opposites know better. (The *Washington Post* also had its lead editorial in roughly the same place:

China's would-be reformers face an ugly contrary current, seemingly centered in the military, that has been pushing a belligerent foreign policy, including toward the United States... Mr. Hu's visit offers the opportunity for the United States to make clear that a liberalizing China will be far more welcome as it rises as a world power than one that continues to deny its citizens freedom and the rule of law."

While normally such a convergence of views in the press should be a warning sign, this is one of those rare cases in which even the experts believe what they are reading. Oh sure, there are debates about the tone with which one should address the threat (there is still a school-marmish quality to some of the pieces advocating that the United States lecture the Chinese) or whether or not the United States is in a position to do that any longer (Francis Fukuyama's piece in the *FT* suggests we've lost ground). But in my conversations with diplomats from around the region during the past couple of weeks, there has been a recurring theme that China is engaged in a sweeping, systematic effort to extend its influence and flex its muscles.

Some are even more worried than the articles in the press. One senior diplomat from one of Asia's most important countries described a perception that China was consciously embracing unstable regimes and promoting instability on Asia's western and eastern flanks in order to keep its rivals distracted. The argument was that the China is content to let the North Koreans behave badly because they neither want a unified Korean peninsula and because instability essentially preoccupies Japan and Korea and keeps them on the defensive. At the same time, it was suggested the Chinese were selling arms and supporting WMD proliferation to Pakistan to build good will and shore up a strategy that will help them build a corridor to the sea through Pakistan and which will, in coordination with related efforts in Tibet, Nepal, and Central Asia, keep the Indians on the defensive.

In Latin America and in Africa it is common place to hear talk of how China has supplanted the West in terms of economic aid and influence. China has also been very sophisticated in playing the United States and the Europeans against each other in its handling of trade and currency issues (such as Vice Premier Li's check-writing mission to Europe that was clear a balance-providing scene setter for the Hu visit to the United States)

Clearly China has come a long way from its sleeping giant days. Indeed, China is hardly the "developing nation" she argues she must still be treated as in climate and trade discussions. (When you give out more aid than the World Bank and have more reserves than any nation on earth, you don't qualify for developing nation status even if much of your society is just that. China shouldn't be able to have it both ways.) Further, on military matters recent initiatives and rhetoric have clearly signaled we are on to a new era in which a China that is actively investing in space and stealth technologies and building about her ability to project force a great distance from her home shores is not the China that successfully sold the argument that she was safely inward-looking by nature. (A position many of her neighbors found laughable thanks to centuries of history.)

Indubitably there is a growing threat posed by China. It is dramatically different than the threat once posed by the Soviet Union. China does not seek to claim territory via some old-fashioned strategy of imperial competition. And it is not a zero-sum competition with the United States -- both sides depend on one another too much for that. Rather, it is a threat posed by a power that has views, values and objectives that are out of sync and sometimes in conflict with those of the United States and many of our allies. In fact, a core element of China's strategy is to remain aloof from debates about how the nations of the global community should conduct their affairs, being a values-blind dealer in pure national self-interest. Whereas the United States and the Soviets sold competing ideologies, the China's are simply buying and selling without any apparent political strings attached.

That's a sham, of course. There are always strings. Big businesses that are required to trade intellectual property for market share are starting to feel it. Countries that grow dependent on Chinese cash are starting to feel it or will soon do. It's not time to contain China, but it is certainly time to counter-balance her. It is not a time for enmity but it is a time to demand balance and a respect for the rule of law ... and to be willing to take action from withholding market access to building international coalitions in support of our views to bringing cases in international forums to deliberately and visibly building the capabilities to assert our views wherever that is called for. It is a rivalry that calls for a new kind of subtle diplomacy and an old-fashioned brand of steely toughness.

As such, it poses the single central challenge not only for Obama foreign policy but for diplomats from every major power worldwide.