



China: Fragile Superpower: How China's Internal Politics Could Derail its Peaceful Rise

Public Affairs

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Introduction

JOANNE MYERS: Good morning. I'm Joanne Myers, Director of Public Affairs Programs, and on behalf of the Carnegie Council I'd like to thank you all for joining us this morning.

Today we are delighted to have as our speaker Susan Shirk. She will be discussing her book, *China: Fragile Superpower: How China's Internal Politics Could Derail its Peaceful Rise*.

Two hundred years ago, [Napoleon](#) ostensibly warned that people should "let China sleep, for when she wakes she will shake the world." There is no record of the context of this admonition, and the quotation itself may be inaccurate or even apocryphal. But if these words were in fact spoken, Napoleon was prescient indeed, for the energies released by this one-time sleeping giant have started to shake the world and the tremors are being felt far and wide.

For a thousand years, China's position as the preeminent world power was beyond doubt. While the Western world was in the Dark Ages, China was inventing paper, gunpowder, and printing. Two thousand years before [Alexander Fleming](#) discovered penicillin, the Chinese were using soybean mold as an antibiotic. But then, in the 1500s, China withdrew, pulled up the drawbridge, and turned her back on the world. But since the 1970s, when China started opening up its economy, their long process of catch-up has accelerated.

Today, with its fast-growing economy, its technological and industrial wealth, many economists and political scientists tout China as the world's next great superpower. Yet, many in the West see China's miraculous economic strength as a huge threat to the traditional world order.

While it is true that this global giant is fueled by economic success, according to our speaker the real danger lies not with China's astonishing economic growth, but more so from the internal fragility brought about by domestic threats caused by its rapid economic rise, social inequality, environmental damage, and government corruption.

Professor Shirk argues that it is imperative for Western states to understand the concern that Chinese leaders have about their inability to sustain control and hold on to their power. Not surprisingly, it is this insecurity which often leads Party officials to play on the fierce nationalism of its citizens, which manifests into aggressive behavior directed towards Japan and Taiwan.

Accordingly, our guest writes that, "if we were to misread their motives and mishandle China, it would be catastrophic because, if not dealt with properly, these problems could potentially derail China's peaceful rise into an international superpower."

First traveling to China in 1971, Professor Shirk has been an astute observer of the Chinese political scene ever since. Her insight will soon be apparent, as she illuminates this Chinese paradox which falls somewhere between balancing domestic dilemmas and foreign security challenges. Viewed from the inside, perhaps China is not the formidable power that some see on the outside.

So should we be worrying about China? After reading *China: Fragile Superpower*, I must confess the answer is most definitely yes. Yet, it is for very different reasons than the ones we hear about from Washington.

Please join me in welcoming our guest this morning, who I am confident will not shirk from her duty of giving us the full inside story about China today. We thank you, Susan, for joining us this morning.

Remarks

SUSAN SHIRK: Thank you very much for that splendid introduction. I feel understood. It's a great feeling.

It is a great privilege for me to be here this morning at this venerable institution. This is my first opportunity to speak at the Carnegie Council, and I am very pleased to see such a large audience, because I know how knowledgeable the people who come to the Carnegie Council are. So I am looking forward to the second half of the program when we have a good conversation.

I am a China scholar who has been visiting China since 1971, and then in the Clinton Administration I had the opportunity to serve as the Deputy Assistant Secretary of State responsible for relations with China, which of course for me was a very exciting opportunity to participate in history rather than just studying it.

When I went to government in 1997, what was very much on my mind was an anxiety about the real possibility of war between the United States and China, because the year before the United States and China had clashed in an eyeball-to-eyeball confrontation over Taiwan, the island that Beijing claims as part of China but which has governed itself independently since 1949.

The Chinese launched massive military exercises, tested missiles into the waters outside Taiwan's harbors, because they wanted to demonstrate their fury at the United States for inviting then-Taiwan President Lee Teng-hui to visit his alma mater, Cornell, where he made a speech. In Chinese eyes, that implied that the United States was recognizing the island as a sovereign state, that we would invite their president. The United States sent two aircraft battle groups to the vicinity to demonstrate our resolve. China backed down; China de-escalated.

But what would happen the next time? Crisis escalation has a life of its own. War can result even if no one wants it to happen.

As I worked in government to try to improve and lay a good foundation for U.S.-China relations, I kept noticing how focused China's decision makers were on their own domestic politics and how insecure they seemed. Now, of course, this was the Clinton Administration, so remember I was

experiencing plenty of American-style domestic politics around China issues as well.

This was the time, remember, that the Administration was accused of receiving campaign contributions from China and selling China our satellite and our nuclear secrets.

But in China there is so much more at stake—not just winning the next election, but about the survival of Communist Party rule. If the Communist Party falls, then all of China's leaders and their families would lose everything.

You know, as I have been writing this book, I have been telling my American friends about it and my Chinese friends about it. When I tell my American friends that I am writing a book about domestic politics and foreign policy called *China: Fragile Superpower*, they say, "What do you mean 'fragile?'" But when I tell my Chinese friends I am writing a book called *China: Fragile Superpower*, every single one, I swear, comes back and says, "What do you mean 'superpower?'"—no one questions "fragile."

This domestic fragility came through particularly clearly in my most traumatic experience while in government. One May evening, I was on my way home from work, May 1999, and I received a telephone call from the Ops Center at the State Department telling me that the Chinese Embassy in Belgrade had been struck by a bomb from a U.S. bomber flying as part of the NATO mission in Yugoslavia.

Of course, I assumed that it was collateral damage, a stray fragment. But I soon learned that in fact the United States had actually targeted the embassy, mistaking it for a Yugoslav military facility, striking it with three precision bombs, and killing three journalists and injuring twenty others.

My instinct immediately was to have us apologize profusely, from the President on down, because I knew that if we didn't show very visibly how sorry we were, the Chinese would never let us forget it, just as they have never let the Japanese forget that they did not apologize adequately for the atrocities they committed during the occupation of China during World War II.

So we had President Clinton immediately call; President [Jiang Zemin](#) would not take the call. Secretary [Albright](#) went to the Chinese Embassy that first night to apologize. President Clinton apologized on television. We had him sign the condolence book from the Chinese Embassy. We tried to send an envoy immediately to China to apologize; they wouldn't accept it. We wanted to send our Ambassador to the airport to be there when the plane brought the victims' remains; the Chinese said, "Don't come."

Finally, Jiang Zemin a few days later took President Clinton's call, so President Clinton apologized again. By my count, I think he apologized four times in the first few days. And we paid victims' compensation for the victims' losses and for the loss of the building.

But all our efforts were in vain. Soon, protesters were swarming into the streets in Chinese cities and attacking the U.S. Embassy and our consulates in Beijing and those other cities. The Communist Party had announced after the accident, right away in the *People's Daily* and the other media, that it was a flagrant intentional bombing, not an accident.

The Communist Party arranged buses for the outraged students to go to the U.S. Embassy and the consulates to protest. The police allowed the students to throw bricks, Molotov cocktails, rocks at our

missions, but they did not allow them to enter the buildings.

So what was going on here? Put yourself in Jiang Zemin's shoes. Actually that's what my book tries to do, is make that leap of empathy, so that we think the way Chinese leaders think.

The timing of this accident was particularly unfortunate. It occurred in early May of 1999. Less than a month before, Jiang Zemin had woken up one morning to look outside his window and see 10,000 adherents of the [Falun Gong](#), a spiritual sect, surrounding Zhong Nan Hai, the leadership compound where the leaders live and work, demanding that the Falun Gong be recognized as a legitimate group. Without any warning, this organization, using cell phones and Internet, had managed to organize this protest right on Jiang Zemin's doorstep.

Not surprisingly, this greatly alarmed Jiang Zemin in particular, the other leaders as well. In fact, several insiders have told me that the night of the Belgrade bombing Jiang Zemin stayed up late writing a memo, not on that incident, but on how to deal with the Falun Gung. It seems that in his mind these threats blurred together.

And then, less than a month after the May bombing, the Chinese leaders knew very well, was going to be June 4, 1999. I am sure many of you already are thinking what that date would be, the tenth anniversary of the [Tiananmen protests](#). By the way, those pro-democracy protests that we saw on CNN in Beijing were also occurring in more than 130 other cities in China before the military violently suppressed them. So Jiang Zemin and the Chinese leaders were very worried that on the tenth anniversary there could be a repeat of that.

When the Belgrade bombing occurred, they believed that it was quite likely that the students would be enraged at the Chinese government itself for being so weak as to allow in some sense the Americans to attack the embassy. So they were worried that the students would march to Tiananmen or to Zhong Nan Hai, and that explains the buses. They wanted to deflect the anger of the students onto the Americans, away from themselves. In other words, they risked a confrontation with America to protect themselves from domestic opposition.

Based on this traumatic experience back in 1999 and a number of other similar ones when I was in government, I started to see a pattern of political insecurity on the part of China's leaders. Although they look like giants to us in the outside world because of China's great success at reviving its economic, military, and political power since the introduction of market reforms in 1978, in their own minds I believe they feel like scared children struggling desperately to stay on top of a society roiled by economic change. This insecurity drives all their policy choices, international as well as domestic.

Now, why are China's leaders so insecure if the country has been so successful?

First of all, as I just discussed, in 1989 the Communist Party regime was shaken to its roots by the nationwide student protests and the divisions within the Party leadership about how to deal with them that occurred at the same time. If the military had refused to impose order and obey Deng Xiaoping's orders, then the Chinese regime would have been history, just like the Soviet Union was history. So ever since 1989, that close call, and the fall of the Berlin Wall and the fall of communism in the Soviet Union and Eastern Europe that occurred at just about the same time, they have been haunted by the fear that their own days are numbered as well.

China's leaders also know that they lack the prestige of the iconic figures Mao Zedong and Deng

Xiaoping, the leaders of the Long March generation who founded the People's Republic. People like current President [Hu Jintao](#) or his predecessor Jiang Zemin are pretty much colorless technocrats, organization men, without much charisma, even though they try very hard to figure out how to have more charisma.

They also recognize that two-and-a-half decades of economic reform and opening to the world have turned Chinese society upside down and created latent political challenges to communist rule.

We all know very well—we read it in the paper every day—that the Chinese economy has been growing at about 10 percent per year for 25 years. It is well on its way, as Joanne said, to once again being the largest economy in the world. It was the largest economy in the world actually for 2,000 years, up until the late nineteenth century, when it was surpassed by the United States.

People's incomes have increased dramatically too at about 8 percent annually. Actually, that is the fact that is unprecedented in human history, for over two decades to have per capita income improve at that rate. But still China remains a poor country. Its average income is only \$1,500 a year, compared to about \$40,000 in the United States.

The economic reforms have really changed society dramatically. The Party can no longer keep track of the population, much less control it. Over 100 million farmers have moved from countryside to the cities. Three-quarters of the workforce now work outside the state sector, where political supervision is minimal. Thirty million people traveled abroad in 2005.

People also have much more access to information than they did when all they had to read was the *People's Daily* and see the 7 o'clock news on CCTV. First of all, 132 million people access the Internet to get information, including 90 percent of those with college education. And now—people don't pay as much attention to this as they do to the Internet—the commercialization of the mass media is very important. There are all these evening tabloid newspapers in China's cities and Internet news sites, and they are competing for audiences. So, although they are still censored, they are always trying to push the limits of that censorship. So Party leaders can no longer keep people ignorant of news from inside China or outside China.

Of course, inequality is a major political anxiety on the part of the leaders. The gap between rich and poor has widened. Today in America we worry a lot that our own wealth gap is larger than it has been in a century. But China's is worse. According to the [Gini coefficient](#), which is the internationally accepted measure of inequality, with zero being perfect equality, the United States' measure is 4.1, and China's is 4.6-4.9 by different estimates. China's leaders worry incessantly very much in their speeches and in articles in the newspaper that this polarization, as they call it, could cause massive social unrest.

One reason that inequality is potentially politically explosive is that people in China believe that those really wealthy folks, the conspicuously consuming rich, got their money not through ingenuity and hard work but through corruption and official connections. China also, of course, still has millions of people living in poverty as well.

Now, President Hu Jintao and Premier [Wen Jiabao](#) are trying to stave off unrest by showing how much they care about the poor. They are pursuing what you might call a kind of compassionate communism. Their slogan is "the harmonious society."

I was in China all summer and really was interested to see Premier Wen Jiabao on television almost every night, at least once or twice a week, in the countryside, tearing up, kind of like a Chinese Bill Clinton, while he puts his arm around some poor peasant who has suffered some natural or manmade disaster. He is very effective at it.

Yet, despite all their efforts at compassionate communism, protests by unemployed workers and dissatisfied farmers occur every day. And, increasingly, China's severe environmental problems, such as chemical spills in rivers, have also triggered protests. You know, they really have to worry about protests when large numbers of people are affected by the same issue at the same time. One of these chemical spills, just like some health disaster, can do that.

But protests aren't the only thing that the leaders worry about. If the Party elite stays unified, then they can suppress the protests, the public security people can put them down without much difficulty, and the regime will survive.

During the Tiananmen crisis in 1989, they learned some very important lessons. That is, that they really have to worry about three things: first, preventing massive nationwide unrest; second, keeping the leadership united, because if the leadership splits, then people will feel that it is safe to come out and participate in an opposition movement; and then, third, the last line of defense for Communist Party rule is the People's Liberation Army, so you have to keep the military loyal. What happened during Tiananmen is you had the unrest in over 130 cities, the military split, and the regime survived when all those other communist regimes were falling, really only because the military followed Deng Xiaoping's orders and put down the demonstrations.

Now, I think the risks of leadership split remain very alive, especially during periods of leadership succession. By the way, right now China is in the middle of a presidential campaign, as well as we are. President Hu Jintao will be asked to serve another five-year term, but they should choose a successor at the Party Congress that will occur this fall. So right now there are a lot of up-and-coming leaders who are competing with one another to be China's next generation of leaders. It is during that kind of period that there is definitely a risk of leadership split.

Now, what about the military? President Hu Jintao knows that they have to keep the military loyal. In fact, Hu Jintao, I think, wants to make sure the military stays loyal to him personally. That is an important reason why the military has been receiving double-digit annual increases in its budget ever since Tiananmen.

Another major concern on the part of the leaders is Chinese nationalism, which has intensified over the past several decades as China has risen and revived its power and as, especially in the 1990s, Jiang Zemin pumped up nationalism in order to gain more popular support for himself and the Communist Party.

What is very much in their minds is history. Here is how they think about it. The previous two dynasties—the [Qing \[Ch'ing\] Dynasty](#) that fell in 1911 and [the Republic of China](#) that was defeated by the Communists in the civil war in 1949—both of those dynasties fell to national movements in which rural and urban groups, dissatisfied for domestic reasons, were melded together by the powerful force of nationalism. Those dynasties fell because people said that they were too weak in the face of outside pressure. So that historical lesson is very much in the minds of China's leaders. They want to make sure the same thing doesn't happen to them, and therefore they feel that they need to stay out in front of Chinese nationalism.

Nationalist emotions are most intense on three hot-button international issues, which China's leaders treat very differently from most of the rest of its foreign policy: Japan, Taiwan, and to a somewhat lesser degree the United States.

Japan is the main focus. Surveys show that young people are more anti-Japanese than their elders who actually experienced the Japanese occupation. Issues related to history, like Japanese prime ministers visiting [the Yasukuni Shrine](#), where 14 convicted war criminals are enshrined, stir up strong feelings that are expressed on the Internet, and those feelings sometimes spill over into the streets as well. I don't know if you recall, but in April 2005 there were large demonstrations in about 25 Chinese cities, mainly by young people, against the Japanese.

So the fears of China's Communist leaders about their own survival motivate everything they do, in foreign policy as well as domestic policy. My book describes how China's internal fragility shapes the way it behaves in the world.

I am confident that China's leaders really want to rise peacefully; they want the country to rise peacefully. They try very hard and very effectively to convince the world that they are a responsible power with peaceful intentions.

But the question I have is: Will they be able to maintain it domestically in the face of increasing mass protests, intensifying nationalism, and the fact that all the news about what is happening in Japan, Taiwan, and the United States is able to reach the Chinese public?

We need to be aware of China's fragility when we make our own policies towards China. Everything Americans say and do regarding China reverberates through Chinese politics. By keeping in mind how our words and actions resonate inside China, Americans can help enable China's leaders to act like the responsible power they claim China to be instead of being driven into aggressive actions because of their domestic predicaments.

My book concludes with some suggestions for Chinese and American policymakers about how to prevent China's fragile internal situation from provoking a conflict between our two countries. We can talk about that or any other aspects of China you'd like to talk about now.

Thank you very much.

Questions and Answers

QUESTION: Thank you very much, first of all. I thought that was wonderful.

I wonder if you could say a little bit about American policy, what it ought to be. As you were speaking, I was remembering when [Gorbachev](#) was on the ropes and [President Bush Sr.](#) supported him and then he disappeared. Do you think it is in the United States' interest to keep the Communist Party in power, should there be more of this unrest; or would the United States be better advised just to step aside? I mean how fragile is all of this and what should the United States do? If you were advising the next candidate, for example, what would you say?

SUSAN SHIRK: When I say that China is fragile, I don't mean it is on the verge of collapse. But someday we may face that dilemma, and when we do it's a very difficult situation. I think we would

best step aside and let domestic politics take their course.

However, I would not recommend that America work to bring about regime change in China. Think about that. Even the most ambitious U.S. foreign policy does not envision that.

I think that with a great power like China you have to deal with the government you have. And the government in many respects has been a good partner for the United States in such efforts as helping solve the North Korea problem and other things as well.

So the danger is that we just don't overreact. I have a number of other thoughts about that. We can maybe talk later.

QUESTION: I have two different aspects here.

One is regarding the collapse of China. Gordon Chang about four or five years ago wrote *The Coming Collapse of China*. But his was not the kind of collapse that we are talking about. His really focused on the international economic arrangements that would destabilize China, that it would not be able to have a command economy as much as it has, or a command central control over its economy. That's one.

The other is toward the end of your remarks you mentioned about China's leadership wanting a peaceful country. But to what extent do you kind of excuse political repression as a search for stability?

SUSAN SHIRK: I certainly don't excuse political repression anywhere, and I worked very hard when I was in government to improve human rights in China, without much success, because ultimately it is just very difficult.

In fact, I am struck by my whole experience in government that we really pressured and induced China to make a lot of tough changes as it came out into the world. We had great success with nonproliferation, great success with trade, and almost no success with human rights. I think that is because it is wrapped up with the perpetuation of Communist Party rule and they are just not going to give in any ways that they feel are politically threatening.

JOANNE MYERS: Then the second question was about?

QUESTIONER: Regarding the economic growth.

SUSAN SHIRK: Hello, it has happened. I mean China is now a market economy. Even the U.S. government now says China is a market economy.

So certainly the economic reforms introduced in 1978 by [Deng Xiaoping](#) and his courage in opening up China to foreign trade and investment at the same time—not following the Korean-Japanese model of relying more on domestic investment, because they didn't have the resources to do it—was a brave and bold move, and it has been remarkably successful.

The world economy certainly has changed China. I think China has become a great supporter of the global open trading system now. So that has been a great success.

QUESTION: You started your presentation by quoting Napoleon. But [Stalin](#) also made a very insightful anecdote when there was an alliance between China and the Soviet Union in the late

1940s. His advisors were delighted to dream of a communist world, but Stalin warned them by saying, "Never believe communism is China. It is like a red radish: only the skin is red; the meat is white, eternal China."

Having that in mind, I would like to hear your comments about the role of communism in China. You just said its market is a market economy, which is incompatible with communist ideology. Many expert people say that in the end communism will be sinicised by that. I mean communism will be influenced by Chinese civilization rather than China will be influenced by communism.

So if that is correct, what is the point for practitioners of foreign policy to treat China as a communist country? As you said, we may face down the road a dilemma to choose sometime whether to make a partnership with a communist China. But if you think Communism will be sinicised, if you think along the lines of Stalin that China will be China even under communist ideology, then there will be no contradiction in making a partnership with China.

SUSAN SHIRK: I have two thoughts about that every interesting question.

One is that I believe it is in the United States' own security interest to work cooperatively with China as much as we can and to pursue an engagement approach. I mean I helped come up with the label in a negotiation with the Chinese that we had a "constructive strategic partnership" with China. We took a lot of flak in the United States for that, for cozying up to China too closely. But our thinking was it didn't mean an alliance; it meant that we would be working together on all the important problems in the world, like two major powers should. But we weren't giving anything away. We were lavishing a little respect on China, which always works well with China.

The second point, about China isn't really communist, of course China's society is completely transformed, as I mentioned. But what is striking is that the Communist Party's role remains very strong, including in the economy.

The Communist Party a year or so ago rotated the CEOs of all the major state telecom corporations. The power of appointment, the nomenclature power, still resides with the Communist Party. The Party is able to recruit the best and the brightest into the Party. Forty percent of the graduate students at [Tsinghua University](#) become Party members. So this, of course, is not a communist party like the Stalin era or the [Mao](#) era, but it is still a communist country, and it is something that we have to recognize.

QUESTION: Transfer of U.S. technology is being made available to China in at least three categories, probably more—military, ITT, outsourcing of night vision goggles. Aviation, Boeing's construction of an aircraft plant in China. Automotive, auto companies building plants in China. Isn't this rather risky, giving away all our technology?

SUSAN SHIRK: You know, we live in a globalized economy, and export controls are very, very difficult to enforce in a globalized economy. We have export controls in place for the most advanced technologies. But dual-use technologies do flow to China. We worked hard to get end-use checks for those dual-use technologies, and we have; the Chinese permit us to do that. So we do the best we can.

But I think trying to stem the flow of technical know-how between one country and another in today's global economy I'd say is pretty impossible. Instead, we should just be working very, very hard to

continue to develop American technological know-how.

QUESTION: I appreciate your study on China.

First, a few comments. I think we heard over the last few years, or more than 20 years, many Westerners predict China will collapse. But the reality today is a contradiction. I think now the Chinese government pays more attention to resolving their problems, as you indicated, like narrowing the gap between the rich and the poor, and also beefing up social harmony in society.

I also read an article written by Mr. [Fareed Zakaria](#) in last month's *Newsweek* saying some Americans don't understand very well about China because China is so different and unique, saying that some theories from Westerners are not applying to the Chinese reality because China is so complicated and complex, with its history, with culture, and with reality.

[The Pew Research Center](#) had a survey asking people in America and in China "Do you support your government?" Thirty percent of Americans said that they supported their government. But in China it is 81 percent. So I think the number could not be very perfect, but that means a large amount of China's people support their government.

Those are my comments.

My question is that you pointed to some problems in political, economic, and social issues, as well as foreign policy. So what is your solution? You just said some recommendations for American leaders, but what is your specific solution and the way out for China's leaders?

SUSAN SHIRK: I'll just mention a couple.

One, I think that, having heated up nationalist views through the patriotic education campaign in the 1990s which are focused on the history of Japanese occupation of China, it is time to start trying to cool off that sentiment. I think Hu Jintao actually to a certain extent is trying to do that by having this gentlemen's agreement with [Prime Minister Abe](#) about Yasukuni Shrine and trying to improve relations with Japan, which it is very much in China's own interest to do that.

But what this means is they should stop celebrating all of the anniversaries of these Days of Humiliation during the Japanese occupation. There is a lot of official sponsorship of keeping those memories alive. The Chinese textbooks continue to do that and have almost nothing in those textbooks about Japan after World War II. So I think that it would be in China's own interest to try to dampen that anti-Japanese sentiment somewhat. That is one suggestion.

The second one is to actually initiate dialogue on Taiwan and to try to stabilize the situation. You know, in China it is widely believed that if Taiwan declared independence and Beijing did not react forcibly, that the Communist Party would fall. I don't know if that's true or not. My own sense is it is probably a myth. There is probably a silent majority. But the fact is the leaders believe that. People believe that. That would be, of course, the worst catastrophe for China, to be forced into having to fight. Therefore, I believe that Beijing should do absolutely everything it can do, including unconditional dialogue with no preconditions, in order to stabilize the situation.

QUESTION: This is, I hope, a very timely question following up on your thoughtful and stimulating remarks.

I had the enormous good fortune of arriving in Shanghai as a supply officer in September 1945. A few months later, I had the unique opportunity to go to Taiwan. I was introduced to some very kind people in Taipei, a gathering of some of the leading intellectuals of the time. One of them, after the end of a lovely dinner, made a quip to me that reverberates 60 years later. They looked at me and said, "You [meaning America] dropped the atomic bomb on Japan and you dropped the Japanese on us, on Taiwan."

I didn't understand then, and I still don't understand, the extraordinary sense of urgency about China considering Taiwan a part of the Japanese province. It's a myth. It was a myth then and surely is a myth now. How do you think that will play out, and why can't they back off a little?

SUSAN SHIRK: Well, you're right that the Japan issue and the Taiwan issue were intertwined in the views of Chinese. That is because Japan did make Taiwan a colony in 1895, during this period that the Chinese call their "century of humiliation," when China was weak and couldn't resist. Therefore, that's one of the most important reasons why reunification is important to China, because they believe that, now that their power is reviving, they want to end this century of humiliation. It's a classic *irredenta* situation.

QUESTION: So far a lot of debate has been given to whether China can peacefully rise. The Chinese government itself has so far embraced this term. But some—not a lot, but some—have suggested that they use the term "renaissance," in reference to the time period between the 1600s up to early 1900s, when China accounted for almost one-third of the world's GDP output. At that time, China didn't pose any potential threat to its neighbors or to any other country in the world.

My question for Dr. Shirk is: What do you feel about this analogy? Can you draw this parallel based on your study and your experience and your involvement? Thank you.

SUSAN SHIRK: That's a fascinating question about a strong China was not an aggressive China. I'd say say that to Central Asia, to Tibet, to Xinjiang. The Qing was an empire.

Now, the empire was not achieved just by military force. It was also the attraction of trading with China and other things. But I think historians now—actually, there is a lot of good revisionist work going on showing that there was more of an element of military force in imperial China. It was an empire. So I basically reject the historical comparison. I don't think that is terribly useful.

However, I think the premise is still very valid. I do believe that China's leaders want to rise peacefully, that they don't have imperial ambitions to take over South East Asia or bring Mongolia back or anything like that.

So I think their intentions are entirely peaceful. They want to be an important country—they might want to be even the most important country—in Asia. But what I worry about is not that intention. I believe the intention is peaceful.

As I concluded my talk, I worry about the domestic pressures that might cause China to react to things that Japan does or Taiwan does or the United States does that it feels are provocative and are domestically threatening.

QUESTION: I'd like to go back to the question of Taiwan. Unlike the Israeli-Palestinian conflict, about

which I am pessimistic, it seems that the trend in Taiwan, with now, I gather, a million Taiwanese living on the mainland doing business, studying, retiring, marrying; and with Taiwan industry setting up shop, having done so now for a decade-plus, the economies becoming more and more entwined; exchanges of different sorts going on at the sub-government level—academic, artistic, et cetera—that that is a trend that is both optimistic and balances, or maybe even over-balances, the stress that you made in your talk on the flashpoint possibilities that we saw in the late 1990s, when the United States allowed Lee Teng-hui to come.

I want to ask you about, first of all, whether you agree that the trend is a good one overall; and second, the role of the United States, because that crisis from the Chinese point of view was prompted by the United States, just as in a previous period the first Bush president selling fighters to Taiwan, as possibly an election ploy in a tight election, further incensed and made tense our relations. So the trend and the U.S. role in enhancing it or breaking it or derailing it.

SUSAN SHIRK: I think you're right to note the increasing economic ties between Taiwan and the mainland, which are very encouraging. However, there is a contradictory trend, and both of these things are happening simultaneously.

The contradictory trend is a growth of what you might call Taiwan nationalism. Taiwan's politicians mobilized an appeal to the sentiment of the distinctive identity of Taiwan. [Chen Shui-bian](#), the present president, was reelected after four years of moving Taiwan step by step toward the direction of independence.

So you have both of these things, this political nationalism and this economic integration, occurring at the same time.

As to the U.S. role, I think that President Bush has, especially in light of American commitments in Afghanistan and Iraq, been very intent on not having a crisis in the Taiwan Strait. He has, therefore, vocally criticized Chen Shui-bian for some of the statements that he has made. So he has gotten much more active at trying to maintain the status quo. I think that is a very good thing. I think that the United States cannot be passive here and just repeat its mantra about [the three communiqués](#), the [Taiwan Relations Act](#), et cetera, et cetera, which was our usual approach, at the same time as we provide military equipment to Taiwan.

I am in favor of us continuing to provide military equipment to Taiwan, but I think that we also need to maybe get our hands dirty a little bit in trying to bring the two sides together to talk.

QUESTION: China is holding trillions in U.S. reserves. Can you tell us what the impact is going to be on foreign policy, domestic policy, and economic policy? And also, what would be the impact on China of a U.S. deep recession?

SUSAN SHIRK: When you say what the impact would be on policy, do you mean American or Chinese?

QUESTIONER: Chinese.

SUSAN SHIRK: You are right to say that our countries are mutually dependent. Some people would say, using that psychological term, codependent, meaning there is something a little unhealthy about the fact that the United States runs these kinds of deficits and has to look internationally for folks to

buy our debt, and that this puts us somewhat dependent on China. China is our banker.

I think for war and peace, for foreign policy, this kind of economic interdependence is a positive thing. It breeds caution on both sides. So I think that is something we should welcome.

Now, the second part of your question was what if the United States did what?

QUESTIONER: Went into a recession.

SUSAN SHIRK: Oh, recession. I'll tell you a story about that, which I heard from some friends at Tsinghua University. Premier [Zhu Rongji](#) was the honorary dean of the Tsinghua management school. Every year he would go give a speech at Tsinghua University. He did this in, I think it was, 2000. He got a question from one of the students who said, "What is the greatest security threat to China?" He said, "A crash in the U.S. economy."

So China wants America to have a vibrant economy. That is because we are buying so much of China's exports. I would argue at the same time that it is in the U.S. interests also for China to have a vibrant economy, not just because our economies are linked together in the way you describe, but also this reduces the political risk in China, which I do think is what we really have to be the most worried about.

QUESTIONER: The other aspect I was thinking about is that with all these reserves China could actually control all the natural resources, like oil and other minerals, required for investment and development. Could you discuss that aspect?

SUSAN SHIRK: No, I don't think it is going to control anything. There are a lot of countries, India included, who are going out to try to acquire the energy and mineral resources they need to fuel their rapid growth. There is no sign at all—our Western oil companies are doing quite well as well. So I don't see any threat.

The problem is that when China goes out to make these investments we start seeing it like it's a new U.S.-Soviet competition in the world, and your question kind of comes out of that kind of controlling. Well, it comes out of that perspective it seems to me. So I think that is a major danger. But not that the Chinese could actually control the energy in the world. For one thing, the U.S. Navy still controls the sea lanes of communication.

JOANNE MYERS: Thank you very much and thank you all for coming.

Audio

The more developed and prosperous China becomes, the more threatened its leaders feel. What are the internal issues that create this insecurity?

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