

# Can U.S Model Realize China Dream?

How U.S-China seeking common interests to enhance the new type of Great Power Relationship

By Jia Ping

The informal US-China presidential Summit, held in California in early June, seemed to indicate closer economic ties between the two giants in the coming future. The summit also enhanced authority at home and improved their image as big “powers” internationally. However, did the summit initiate a “new era” for the US-China relationship, or, as President Xi Jinping stated repeatedly, a “new type of Great Power relationship”?

## “China Dream” vs. “Asia Value”

President Xi, ambitious to pursue a rising China, declared his “China Dream” plan only 15 days after grabbing the top power of Chinese Communism Party. The difficulties in front of him, however, seem enormous. Included among the long list are issues concerning internal political fighting, dissatisfaction of people, social instability, corruption and widespread fatal pollution. The negative effects of development could turn his proposal into a “Golden Millet Dream”, with nothing substantial to account for in the end. Increasing levels of GDP and economic growth in the past 20 years have led some Chinese leaders to believe that the China model is a unique one and can beat West’s market oriented economy system, which is increasingly being looked upon as unfavorable since the financial crisis in 2008. As former Chairperson of People’s Congress, Wu Bangguo, announced in 2011 China will not copy the political model and share the so called universal values as are practiced in the West (the famous Five Forbiddances). What are the values, then, on which China will realize her dream while at the same time being “unique”? Mr. Wu’s claims remind people of the so called “Asia Value”, a concept proposed by former Prime Minister of Singapore, Lee Kuan Yaw, and former Prime Minister of Malaysia, Dr. Mahathir, in mid-1990s, that predicated on the belief in the existence of uniqueness within Asia which determined the mode of development, different between East and West, including differences in the political and economic systems. The idea seems to be similar to the opinions of those who insist that “the road of socialism with Chinese Characteristics is unique”. However, is it possible for China to realize this dream, based on the idea of “unique value”, without isolating its citizens?

## The Clash of Ideas and Mutual Dilemma

The “Asia value” debate only mirrored a tip of the iceberg of the different opinions and misunderstanding between U.S and China in the past decades.

Chinese ideologues argue that it is the East-West “culture difference” that results in the political and institutional differences, thereby making institutions such as “democracy” and “separation of three powers” unsuitable for China. Human rights issue, of course part of “culture difference”, is used by the Western world, especially United States, to not only defame and thus weaken China, but also to mobilize domestic social resources to oppose the Chinese government. One of the conspiracy theories went so far as to claim that the U.S military (through revolving door) along with the Wall Street and leading think-tanks (such as Foreign Relationship Council) are trying to prevent China from rising and thus dominating the world. Other beliefs include: U.S is extremely concerned and worried about the rise of China, and is, thus, trying its best to block it from happening; The arms trade between U.S and Taiwan means divide and rule strategy; The Trans-Pacific Partnership (TPP) is a perfect evidence to show the U.S containment policy on China; The foreign-aid (such as funding for NGOs) means exportation of U.S value and intelligence collection with intention to overwhelm Chinese Government. Most recently, during a ongoing “social” movement led by Party conservatives on attacking internet free speech, China CCTV attacked some WeiBo (Chinese Twitter) user saying that they “publicly fight against Chairman Mao and communist Party while support Chang Kai-Shek, Hu Yaobang and U.S”. Hu, a famous reformist, was Communist Party secretary General in 1980’s.

U.S, on the other hand, never gives up an opportunity to attack the Chinese communist party, “exaggerating” the threat from China. For many years, western media described China as one of main backstage manipulators who supports hooligan states including Iran, North Korea, Burma and Iraq. China, as some U.S claims, is an autocracy under one party controlled communist regime with notorious human rights violation records and is the enemy of global democracy. The increasing military authority and assertive attitude in the recent years on “core interests” issues implies that China might enter a militarism track, thus making the conflict between US-China unavoidable. The interpretation of China’s emerging activities in Africa, south-east Asia and Latin America is often narrowed to China’s new imperialism strategy. For many analysts in U.S, the reformation inside China, as was proposed by former President Hu Jintao and Premier Wen Jiabao, was only a talk show and no concrete progress was ever made.

However, this is only one side of the whole story. The 18<sup>th</sup> plenary of Chinese communist party (CPC) in late 2012 announced subtle changes in China’s politics. Hu Jintao, then President of China, again implied in his report to the plenary meeting that China should embrace the universal value and include freedom and democracy, which had been under attack by conservatives for a long time. More interestingly, the report was actually drafted by a group chaired by Xi Jinping, the current President of China, after break-through of a

series of political barriers (as a leading think tank person pointed out recently in *Yan Huang Chun Qiu*, a famous right-wing magazine supported by many retired high rank Party and government officers). Though President Xi and his colleague, Li Keqiang, who was appointed to the position of Premier, are trying to re-initiate the reform process, the challenges remain phenomenal. As Premier Li claims “reform is the biggest divide in China today”, Wang Qishan, the open-minded former vice Premier and now Secretary of the Central Discipline Inspection Commission (CDICC), the CPC’s powerful anti-corruption entity, recommended De Tocqueville’s *“The old regime and the French revolution”* to the public as most popular reading among top leaders last November. Published 156 years ago, Tocqueville pointed out in the book that “Experience teaches us that, generally speaking, the most perilous moment for a bad government is one when it seeks to mend its ways”.

It is still uncertain whether China is going to change and which direction it will go. But certainly Washington will have to take action before its image looks even worse. The project Prism scandal, disclosed by Snowden, a 29 year old former staff in NSA, has pulled U.S into a political and diplomatic tsunami. Now people get even more confused on who is morally correct: a benevolent dictatorship “Hacker” China or Beacon of freedom “Matrix” US? It seems both countries are now in dilemma, morally and politically. For China, the dilemma is obvious: to satisfy people or compromise with harder ideologues, to become a responsible stakeholder or to maintain global status through “money and muscle show” strategy? For the US, the dilemma is whether its leadership can sustain itself while its image is morally weakened globally? Or, can both sides fight each other in name of “anti-terrorism” without any due process? The more important is, besides pointing fingers at each other, what are the values that the two Titans will share and what consensus will they reach?

### **The Consensus: Washington Version 2.0 or Beijing “Shan Zhai”?**

The domination of the Washington consensus in 1990s, claimed the “End of History and victory of a series of basic principles such as free market (or market fundamentalism), deregulation, global liberalization and privatization. But the marginalization of the global South, especially the least developed countries, and the 2008 global financial crisis revealed the weakness of the “consensus”, and modern capitalism. Thus “Beijing consensus”, as some Chinese conservatives cheer for and attribute its “victory” to state capitalism, tough hands on citizens’ right and socialism public ownership as Chinese character which obviously deviates from its original meaning when the term emerged in 2004, was once widely regarded as an efficient substitution for the Washington consensus during the early 21<sup>st</sup> century before it evolved into the “Golden Millet Dream”. With huge local government debt, “interested groups” and princeling tycoons, rocket price of real estates and widespread social

unrest, China model is now under deep suspicions regarding its sustainability.

So what value should be shared by U.S-China, or what consensus can they reach? It is hard to draw conclusions yet but obviously both sides will benefit from shared common value and being responsible stakeholders globally.

The story of President Xi's "China dream" reminds people of "China Voice" (China's version of NBC's "The Voice" ) wave which was sweeping the country in the summer of 2012 and 2013. While U.S keeps on attacking China's IP piracy activities or Chinese "Shan Zhai", China has always concerned itself about its own capacity regarding self-sufficient innovation. The rapid learning, high efficient absorbing and capacity to utilize on the local level make China a privileged later-comer. But can China, still facing the ideology dilemma (as how to balance between Universal value and "three confidence", proudly boasted by some Party theorists and which means confidence with China model's Theory, System and Socialism Road), successfully "absorb and draw upon all the great achievements of world civilization" and implement in an innovative way with strong "Chinalization" character, as Chinese theorists state? Can U.S really encourage and be comfortable with an open, innovative and powerful rising China who owns enough courage to keep on reforming and making further progress in the coming decades? Are U.S and the West prepared enough, both mentally, theoretically and practically?

It is a tough long journey but both sides need to do something to maintain the confidence and build the trust. The countries need to figure out mutual challenges as common ground to enhance mutual engagement. Here we recommend three "Pain Point" areas as follows:

The First area is collaboration on anti-corruption and strengthening the rule of law domestically and thus globally. China is on the top in terms of capital flight and money laundering. Recent research shows that Chinese economy has lost USD\$3.79 trillion in illicit financial outflows since 2000. In 2008 China's Central Bank report disclosed that, since 1990s, up to 18000 government officers or staffs of State-owned Enterprise (SOE)s have fled to other countries and, related illicit financial flow is around RMB800 billion (USD150 billion). The appointment of Wang Qishan, who was the former vice Premier and has also been in charge of financial sector in China, as Secretary of the CDICC sent a strong and clear message regarding anti-corruption, especially illicit currency flow due to capital flight and global money laundering. U.S should provide assistance, technical, legal and informative, and particularly keep an eye on those "Tax Heaven Islands". The two countries should work together to ensure that the money wouldn't be used to fund anti-China activities, especially a democratic China, in the future. The money should also not be used to fund global terrorism and criminal organizations (such as drug cartels

or casinos). Finally, the possibility of the fund being used to influence US democratic and rule of law system through an undue process should also be reduced.

The Second area is geopolitical foreign diplomacy. The two countries should work together to handle two “Tri-angle” relationships (or in Chinese “The Romance of Three Kingdoms” or “Three matched Powers in Rivalry”), US-Russia-China first and US-Japan-China the other. Sponsored by former Soviet Union for a long time, including military technology assistance, China (communist Party) has a sort of “history burden”. Sanctioned by Western countries, led by U.S, China worries about losing Russia as a source for technology transference though it is trying best to build its’ own “Scientific and Technology Innovation System” . Chinese nationalists have used this as evidence to support one of the strong arguments that U.S is “trying to contain China at any costs”. There also exists deep concern regarding whether the domestic issues (especially political uncertainty) will be or are being “used” by U.S and Japan, and of course Russia for potential financial instability and regional conflictions. The strong reaction on Japan right wings’ “Island purchasing plan” is actually (at least partially) a stern fight back on Japanese’s “divide and rule” strategy among different fractions inside Chinese Communist Party. Japan’s adventure will definitely influence US-China relationship: the conflict between China and Japan will shift attention from domestic reform to regional military action and benefit hawks in both countries, U.S will be preoccupied facing a combative China and the control over Japan (or its role as Security provider) will be seriously weakened, Russia will probably support China first and then take advantage of the US/Japan-China confrontation, through a series of strategies including building a possible “alliance” with Japan, as it happened before the Sino-Japanese war 80 years ago (Soviet Union accepted Japan’s sovereignty on Manchuria and in exchange Japan supported Soviet’s status in Outer-Mongolia ). The two “Three Kingdoms” story reminds one of a dialogue between Mao and Kissinger decades ago. How to build a mechanism to reduce the risks and avoid sending wrong message that arouse misunderstandings is still an unfinished mission.

The Third area is how to enhance international governance institutions together. While U.S is advocating a “military intervention” for social justice preference strategy, China seems to be pursuing an economy and development first scenario. It is not necessary to make judgment on which is better or who is wrong, but people can tell the change in North Korea (US military protection of South while China issued new sanction on North), Myanmar (China began to encourage its opening door policy) and even in Syria (Russia seems to have lost China’s tough support, and western media reduced critics on China). Among other, US and China should promote an

international convention on cyber-attack and information protection, as a model for how to strengthen global governance institutions, including dispute settlement, economy and financial mechanism, and global rule of law system such as international tribunals and human rights entities rather than trying to develop a sort of G2 dominant global scenario, or only a split or even confrontational one, such as BRICS vs.G7, or Global south vs. Western world. TPP is another option or even a perfect tool with which both sides can work together. China will benefit from joining TPP negotiation, accumulate international FTA experience (as some Chinese experts pointed out most recently), bring more voice from developing world in the region, and promote reformation of powerful SOEs. While on the other hand U.S can pay more attention to reducing the burden of issues such as public health and access to medicine. TPP can create a technology transfer platform and, thus, enhance the distribution of green technology, reduce carbon omission and climate change, ease the impact of public health and aging issues, promote innovative inclusive growth in the region with enough incentive and provide compensation to the industries and patent holders.

A “new type of relationship between the Great Powers” needs a compromise and a change from both sides. It will definitely be a complicated process with amazing consequences beyond our imagination. Whether U.S and China can go back to a “Quasi-Alliance” relationship, as Henry Kissinger appealed in his *On China*, is still a question without a clear answer but jointly contributing to a more dynamic and positive global order is something worth trying for by both sides.

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