
Preface

China remains a country of complexity and contradiction. It has become an economic powerhouse and an increasingly influential global player, raising the prospect that it will be a future rival to the United States in world affairs. At the same time, China's unbalanced growth fuels unsustainabilities and inequities in its political and social system, raising longer-term questions about its domestic stability. Abroad, China is widely welcomed as an engine of economic growth, even as its military modernizes and its increasing footprint creates palpable discomfort about its impact on global stability and the international system.

For Americans and others in the international community, coping with the rise of China has emerged as the key challenge of the 21st century. Formulating an effective strategy to do so, however, demands a far richer and more nuanced understanding of China's fundamental social, political, and economic context than that shaping the current public debate in the United States and elsewhere.

The China Balance Sheet Project, a joint endeavor by the Center for Strategic and International Studies (CSIS) and the Peterson Institute for International Economics, was established in 2005 with the intention of providing a balanced and objectively reasoned source of information on China for government officials, business and other private-sector leaders, the media, and the interested public alike. Our first book, *China: The Balance Sheet—What the World Needs to Know Now about the Emerging Superpower*, was published in April 2006. Translated into several languages, that book—and the one-page issue summaries derived from it provided on www.chinabalancesheet.org—has become a standard reference for policymakers, journalists, and students around the world, fulfilling an unmistakable need for authoritative and balanced discussion of China's contemporary economic, military, political, social, and international policies and perspectives. It has been widely quoted by top officials of both gov-

ernments, including US Secretary of the Treasury Henry Paulson, Jr. and former Chinese Vice Premier Wu Yi.

In May 2007, the two institutions held a full-day national conference to continue the discussion of China and US-China relations. At that session, we released *The China Balance Sheet in 2007 and Beyond*, a compilation of papers that delved into topics including Beijing's internet censorship policies, the rule of law in China, and China's relations with India and Russia. Keynote presentations were delivered by Secretary of the Treasury Henry Paulson, Jr.; Robert Zoellick, president of the World Bank and former US deputy secretary of state; and Craig Mundie, chief research and strategy officer for Microsoft.

This book seeks to take the analysis several important steps further by connecting China's development directly to US and global interests, and offering a series of possible policy responses. It begins by looking at the global economic challenge posed by China, a central theme throughout the volume, in a chapter written by Dr. C. Fred Bergsten, director of the Peterson Institute. It then turns to the emerging policy debates on all these issues in China, where an intellectual climate is forming that is more open, diverse, and creative than many outsiders realize.

As in the earlier two publications, the book then assesses the likely development of China itself under three headings: domestic political and social affairs, economic policy, and foreign and security policy. The authors divided lead responsibility for the discussion according to their expertise. Charles Freeman, holder of the Freeman Chair in China Studies at CSIS, took primary responsibility for the chapters devoted to China's domestic policies. Dr. Nicholas Lardy, senior fellow at the Peterson Institute, addressed China's domestic economy. Trevor Houser and Daniel Rosen of the Peterson Institute coauthored chapter 7 on China's energy issues. Derek Mitchell, senior fellow in the International Security Program at CSIS, took on the multifaceted challenges of China's foreign and security policy. All these authors have published extensively on their areas of expertise.

In the process, we would like to thank many people for their contributions. Melissa Murphy was instrumental in writing chapters 2, 3, and 5 and Andrew Wedeman of the University of Nebraska-Lincoln in the writing of chapter 5 on corruption. David Finkelstein of the Center for Naval Analyses provided the first draft of and substantial intellectual input into chapter 9 on China's military modernization.

We have been enormously assisted in the preparation of the book by an Advisory Committee of high-level experts on China and US-China relations. The full committee met with the authors and their team to discuss the book in its early stages and helped shape its ultimate direction through their invaluable comments and suggestions. It should be noted, however, that the findings and opinions in this book rest with the authors. They do not necessarily represent the views of our Advisory Committee members, contributing authors, and others who have provided support.

A full list of Advisory Committee members, contributing authors, and other supporting individuals is provided at the end of this volume.

Our gratitude extends particularly to Bates Gill, director of the Stockholm International Peace Research Institute (SIPRI) and former holder of the Freeman Chair in China Studies, for his immeasurable support of the project and to Ben W. Heineman, Jr., senior fellow at the Belfer Center for Science and International Affairs at Harvard University's John F. Kennedy School of Government, member of the CSIS Board of Trustees, and former senior vice president-general counsel of GE, who conceived of the project and has greatly aided it.

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After the publication of *China's Rise: Challenges and Opportunities*, the project will remain active through conferences and briefings, and possible further studies, and will remain an important source for balanced and salient information on China through the project's website (www.chinabalancesheet.org) and through its publications.

The Center for Strategic and International Studies (CSIS) provides strategic insights and policy solutions to decision makers in government, international institutions, the private sector, and civil society. A bipartisan, nonprofit organization headquartered in Washington, DC, CSIS conducts research and analysis and develops policy initiatives that look into the future and anticipate change. CSIS's work is made possible thanks to the generous support of individuals, private foundations, US and international government agencies, and corporations.

The Peterson Institute for International Economics is a private, nonprofit institution for the study and discussion of international economic policy. Its purpose is to analyze important issues in that area and to develop and communicate practical new approaches for dealing with them. The Institute is completely nonpartisan. It is funded by a highly diversified group of philanthropic foundations, private corporations, and interested individuals.

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China's rise provides the United States and global community with a great number of both challenges and opportunities. As the United States and others prepare to meet those challenges and seize those opportunities, it will be crucial to have a clear and objective understanding of the nature and implications of China's emergence. The China Balance Sheet project will continue its effort to provide such a contribution to the ongoing debate and discussion about China in coming years.

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