

THE STRUGGLE FOR POWER

U.S.-CHINA RELATIONS IN THE 21ST CENTURY

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This book is a compilation of the commissioned papers presented during our working sessions. It reflects the lessons learned, options, challenges, and potential policy options for the next phase of U.S.-China relations. We must begin by thanking our authors who so thoughtfully prepared papers to stimulate our summer discussions. Their willingness to share their research, insights, recommendations, and welcome feedback is an important legacy of the founding principles of the ASG.

We would also like to express our appreciation for our Aspen Strategy Group members, who give their time every summer to come together in a nonpartisan manner to read, discuss, learn, and contribute solutions to the most pressing national security and foreign policy problems facing America.

Many thanks also go to ASG staff members Jonathon Price and Leah Bitounis who spent many hours turning these papers into the latest edition in our policy book series. Gayle Bennett, our long-time editor of ASG publications, also reviews every page of this book to ensure its quality. Steve Johnson and Sogand Sepassi have done a masterful job on layout and design—thank you. Our wonderful Scowcroft Fellows—Tyler Headley, Tobias Brandt, and Katy Henderson—your dedication to this project demonstrates the very bright careers you have in front of you. And thank you to our staff who helped ensure the summer conversations flowed seamlessly: Ciara Campbell, Deb Cunningham, and John Hogan.

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Finally, we simply could not do what we do without our superb co-chairs Joe Nye and Condi Rice. Joe, who founded this group over three decades ago, and Condi, who was first brought to this group by Brent Scowcroft, moderate the conversations, ask hard questions, and serve as the very definition of what our public servants should aspire to be—we are grateful for your leadership.

As the relationship between the United States and China grows increasingly complicated, it is reassuring to know that such a large community is committed to understanding the history of this relationship and what must be done going forward. The Aspen Strategy Group deems it a privilege to be able to bring together leaders and experts to help drive such positive change. We hope you find the ideas shared in this book to be a substantive contribution towards this aim.

Contents

Foreword

Joseph S. Nye, Jr. and Condoleezza Rice..... 5

Preface

Nicholas Burns 7

CHAPTER 1

Ernest May Lecture 13

U.S.-China Relations at a Crossroad: Can History Guide the Path Forward?

James B. Steinberg

CHAPTER 2

The Trump Administration’s Indo-Pacific Strategy 31

Michael Pillsbury

CHAPTER 3

Reimagining Engagement 41

Elizabeth Economy

CHAPTER 4

Toward a New China Debate:

The Strategic Logic of Blunting China’s Illiberal Order 53

Ely Ratner

CHAPTER 5

The Case for Allies: Coordinating a Response to China 61

Shivshankar Menon

CHAPTER 6

How Asia Navigates the U.S.-China Rivalry 67

Kurt Campbell

CHAPTER 7

The U.S.-China Strategic Competition: Clues from History 79

Graham Allison

CHAPTER 8	
Campaigning through China’s Gray Zone Tactics	97
Kathleen H. Hicks and Joseph P. Federici	
CHAPTER 9	
From Primacy to Openness: U.S. Strategic Objectives in Asia	105
Mira Rapp-Hooper	
CHAPTER 10	
Managing the Fifth Generation:	
America, China, and the Struggle for Technological Dominance	113
David E. Sanger	
CHAPTER 11	
Compete, Contest, and Collaborate:	
How to Win the Technology Race with China	123
Anja Manuel and Pavneet Singh	
CHAPTER 12	
The Rise of China	133
Joseph S. Nye, Jr.	
CHAPTER 13	
Toward a “Smart Competition” Strategy for U.S. China Policy	141
David Shambaugh	
CHAPTER 14	
U.S. Grand Strategy Toward China: Seventeen Policy Prescriptions	155
Robert D. Blackwill	

Foreword

Joseph S. Nye, Jr.
Condoleezza Rice

Aspen Strategy Group Co-Chairs

In the forty years since the United States established diplomatic relations with the People's Republic of China, the dynamic between the two countries has moved through periods of collaboration, competition, and occasionally confrontation. Today, the U.S.-China relationship encompasses all pressing issues of national security—whether technological innovation, military capability, or global trade. Accordingly, our thirty-fifth annual summer workshop meeting in Aspen, Colorado, rightly focused on this crucial challenge.

Facing a new era of U.S.-China relations, the Aspen Strategy Group (ASG) brought together a collection of seventy legislators, policy makers, scholars, journalists, and private sector leaders to discuss the right balance and approach for U.S. policy toward China. As one of the foremost organizations in the United States focused on national security and foreign policy, the Aspen Strategy Group takes seriously the need for nonpartisan discussions to address the challenges facing the United States today. Few are as pressing as the current state of our relationship with China.

The rise of China as a great power on the world stage is a reality long foretold. As Jim Steinberg explains in his Ernest May Memorial Lecture in this volume, the admission of China into the World Trade Organization was a move meant to forestall the expansion of authoritarian ideology in China, one that was thus far unsuccessful. Since the Clinton administration, the economic growth of China and its slow but steady ascension as a global power have shifted geopolitics. Over the last few decades, China has challenged U.S. interests in many ways. Between China's Belt and Road Initiative and Huawei's expansion of 5G network capabilities around the world, the opportunity for the United States to maintain its preeminent role in the fields of global infrastructure development, technology, and the economy is being challenged.

The U.S. and China are competing for military power and positioning in the Indo-Pacific, on trade, for technological power, and in an ongoing debate about democracy versus authoritarianism. At the same time, the countries need to work with each other on climate change, stabilizing the global economy, and other issues. Can we learn simultaneously to compete and cooperate?

Our goal over the summer was to begin a process of addressing these complicated questions and to help define a new policy with respect to the U.S. relationship with China. We began our conversations in Aspen with the central query: How do we get a clear-sighted view of China that doesn't underestimate or overestimate it and allows us to develop a strategy without potentially disastrous historical aftereffects? This compilation captures our resulting conversations and policy recommendations. We hope your assumptions will be challenged and your understandings broadened through your reading of these papers, as ours were.

Preface

Nicholas Burns

Aspen Strategy Group Executive Director

When the nonpartisan Aspen Strategy Group (ASG) met in August 2019 to consider the future of America's ties with the People's Republic of China, it was at a time of swift and dramatic change in the relationship between the world's two strongest powers.

For most of the last forty years since the full normalization of diplomatic relations between the two countries in 1979, American presidents sought to engage China across a full range of issues while competing with it when necessary. During the past few years, however, the U.S., with the support of leaders in both parties, has swung away from an engagement strategy with China toward one of outright competition across the board. This was in response to aggressive Chinese actions designed to limit U.S. economic and military power around the world.

The Trump administration formalized this important shift in its 2017 National Security Strategy and the 2018 National Defense Strategy by determining that the challenge from authoritarian governments in China and Russia had surpassed terrorism as the most consequential threat to America's national security.

This major shift in U.S. policy toward China has found large-scale acceptance and support by leaders in both the Democratic and Republican parties.

The two governments, in fact, are by competing for advantage in four principal areas.

1. The first is the battle for economic power and trade supremacy. The U.S. and China have the two largest national economies in the world. While they are important trade partners, they also compete for economic advantage in the Indo-Pacific and globally.

Chinese President Xi Jinping and U.S. President Donald Trump have been locked in an increasingly bitter trade war that has unnerved investors and global markets for over a year. In challenging China on the trade front, President Trump is responding to widespread anger in the American business community about China's unfair and illegal trade practices and violating the intellectual property rights of American businesses. While the president and others have focused on the size of the U.S. trade deficit with China, these issues of sectoral noncompliance by China of its World Trade Organization obligations are considered by many to be critical for the future.

The U.S. business community, long an important voice in arguing for engagement with the Chinese government, is now increasingly an advocate for a more aggressive U.S. response to China's unfair trade practices.

Many of our Aspen Strategy Group participants believed that while the Trump administration has been right to prioritize U.S. trade complaints with China, it made a strategic error in removing the U.S. from the proposed Trans-Pacific Partnership, a twelve-nation free trade agreement that would have served as a major U.S. and Western tool of leverage against China on the trade front.

China's massive and ambitious Belt and Road Initiative (BRI) has brought it influence in many parts of the world, including Southeast Asia, Africa, and parts of Latin America. Many of the American participants applauded the U.S. BUILD Act but argued for an even larger U.S. initiative in the near future to compete with the BRI.

Some participants argued that the U.S. still enjoys major advantages over China in U.S. capital markets, the strength of the U.S. dollar as the global reserve currency, and industries essential for economic success in the future—nanotechnology, biotechnology, and other areas.

The opening chapters in this book—the Ernest May Lecture by Jim Steinberg and the chapters by Liz Economy and Ely Ratner—examine the history of U.S. policy towards China and analyze the current approach by the Trump administration on the issues outlined above.

2. The second major issue between China and the U.S. is the battle for strategic military power in the Indo-Pacific. This is explored in detail by Graham Allison, Mira Rapp-Hooper, and Kathleen Hicks and Joseph Federici's papers in this book. While the U.S. has been the uncontested supreme military power in the region since the end of the Second World War in 1945, China is seeking to overtake the U.S. in regional military power in the next several decades. Its development of a blue water navy, powerful ballistic missiles, and stronger air power is designed to contest U.S. naval and air supremacy in the region. In response, the U.S. is investing in a new generation of military technology, including in space-based assets, unmanned aircraft, and underwater programs to limit China's own power in the region.

China's aggressive actions in militarizing islands and islets in the Paracel and Spratly Islands of the South China Sea and claiming sovereignty well beyond the legal limits set by the Law of the Sea Treaty is a major U.S. and international concern.

Some in the U.S. believe Washington's strategy should be to preserve its military predominance in the region. Others maintain that is no longer possible as China is now a military peer of the U.S. They argue the U.S. should now shift to a policy of deterrence to protect our treaty allies and many partners in the region. That will require the U.S. to invest more heavily in advanced technologies to blunt China's growing strength.

One issue critical in keeping the peace between the Chinese and American militaries in the Indo-Pacific is to emphasize crisis management exercises between the two governments, hotlines, and regular high-level defense talks to limit the probability of an accidental conflict between our two militaries operating in close proximity in the South and East China Seas.

3. The third major issue is our competition with China for military technology advantage in the Digital Age. The ASG focused on this issue in 2018 during its summer conference and subsequent policy book, *Technology and National Security: Maintaining America's Edge*. This may well be one of the most important issues in determining the future balance of power between the two countries. Both are developing a new generation of military technologies based on artificial intelligence, quantum computing, and biotechnology. If one of the two can race ahead to gain an early technological advantage, it could have a decisive impact on the balance of power between the two as well as globally.

The Trump administration and Congress have strengthened restrictions and export controls on Chinese firms seeking to purchase U.S. companies that produce technologies important for our national security.

A few prominent Americans who see China as a major threat to U.S. economic and strategic power have argued for an essential decoupling of the two economies. That view, however, is rejected by the majority of American leaders in government and business from whom we heard at our conference.

A critical early challenge is for the U.S. to convince its Asian and European allies to resist the Chinese company Huawei's efforts to secure contracts for the building of 5G systems. *New York Times* journalist and ASG member David Sanger provides an important and informative assessment of this challenge and offers insights into how it can best be mitigated in his chapter. Australia banned Huawei from competing in its 5G network in 2018. The European Union countries are divided. The stakes are very high for the U.S.

America's Silicon Valley tech companies must also agree to work much more closely with the U.S. government to help in the race for a new generation of military technologies in the Digital Age. Anja Manuel and her co-authors Pavneet Singh and Thompson Paine lay out in her paper the tools that are available for the U.S. to win this race with China.

Many participants also argued for a massive U.S. effort to expand government funding for science, research, and development.

4. The fourth challenge might be best understood as a battle of ideas for the future. China's government has been making the case that an economy open to the global market combined with an authoritarian government at home is the best model for countries around the world in this century. One of our participants, former Australian Prime Minister Kevin Rudd, has described the dimensions of this ideological battle as a struggle between U.S. advocacy of liberal capitalism versus China's championing of a system of authoritarian capitalism.

While China's increasingly powerful leader, Xi Jinping, has argued his system's merits, President Trump has not made defending our democratic or free market systems a priority in contrast to the way Presidents Ronald Reagan and John F. Kennedy used the bully pulpit in their Cold War stand-off with the Soviet Union.

The widespread protests in Hong Kong are challenging the U.S. government to decide how far to go in expressing support for the young people of that city who often demonstrate while waving American flags. Similarly, the Trump administration is under pressure to protest more vigorously China's extremely harsh subjugation of the Uighur population in the brutal "re-education" camps in Xinjiang Province.

There are other rights issues where the U.S. needs to limit China's global influence—in maintaining an open internet against China's closed system and in pushing against China's massive surveillance state and its major human rights violations against its own people.

There was strong support in our meeting for the U.S. government to launch a sophisticated, long-term public diplomacy campaign to engage the Chinese people and others around the world in a global competition of ideas.

As we surveyed this very competitive landscape in our meeting at the Aspen Institute campus in Colorado, we tried to keep in mind two central questions about the U.S.-China relationship.

First, is our analysis correct about the challenges China poses to our future? Our group was divided on this issue.

Some participants argued that China's powerful threat to the U.S. position in the Indo-Pacific and global economy demands a more aggressive pushback by the U.S. They pointed to China's aim of contesting U.S. influence in the Indo-Pacific as evidence of a massive power play by Xi Jinping. Others advocated for a more balanced approach, stressing that China is still benefiting from the U.S.-dominated global order and that it would be a mistake to view China as an enemy lest that become a self-fulfilling prophecy.

In arguing for a balanced approach, our co-chair, Professor Joe Nye of Harvard University, has framed the debate in these terms in his chapter for this volume: "Underestimation breeds complacency; while overestimation creates fear—either of which can lead to miscalculation."

The second question that occupied much of our time is whether we have the balance right between cooperation and competition with Beijing. This is a genuinely difficult issue for the president and American cabinet officials to manage. Most agree the U.S. will be in a highly competitive struggle for power with China for some time on trade and military power in the Indo-Pacific.

At the same time, most also agree that we will have to cooperate with the Chinese government on climate change and in responding to other transnational threats where our combined power and influence can be decisive—combatting piracy and drug and crime cartels and responding to pandemics of the future, to name just a few threats.

While the two governments are currently in a much more competitive mode with each other than in the past, both understand the necessity of working together where possible. President Barack Obama and Xi Jinping did so on climate change in advance of the 2015 Paris Agreement in a U.S.-China joint venture of sorts to convince other countries to complete the first global climate change agreement.

Americans are finding this is a difficult balance to achieve. While there is widespread support in both parties for the Pentagon to maintain America's military advantage in the Indo-Pacific, there is less of a consensus on how best to counter China on trade.

I suggested at the Aspen meeting that one way of framing these difficult trade-offs is with a hybrid approach: compete with China where we must; cooperate where we can.

Most participants agreed that maintaining American power in the Indo-Pacific and meeting these China challenges head on would be probably the most important issue the U.S. will face in the coming decades. Many participants thus argued for the development of a much more ambitious American national strategy to deal with a more assertive China.

Some likened the effort needed to be the equivalent of the space program of the 1960s. They advocated a whole-of-government approach led by the White House and encompassing all of the major U.S. cabinet agencies. Former Australian Prime Minister Kevin Rudd has quipped that the U.S. has an attitude toward China, but not yet a strategy. He warned that China has a highly developed strategy toward the U.S. This is a particular problem for President Trump, who has failed to put into place a coherent strategy to guide U.S. efforts. In his essay, the second chapter in this volume, scholar and China expert Michael Pillsbury offers his own assessment of President Trump's Indo-Pacific Strategy with a perspective on the policy path the administration is pursuing.

In reflecting on the immense challenge ahead for the United States, one of my own takeaways from this Aspen Strategy Group book of essays on the China challenge is this: Americans should be careful not to overemphasize China's strengths and underemphasize its weaknesses, as we often did with the Soviet Union during the Cold War.

Chinese leaders have to worry about maintaining the central authority of the Communist Party as millions of Chinese travel and see firsthand the freedoms other people enjoy. The government will have to find a way to cope with the democracy movement in Hong Kong, a toughening of the resolve and durability of Taiwan, and growing religious fervor within China itself.

We should also be careful not to overlook U.S. long-term strengths. Our democratic system, the rule of law, and our innovative and flexible economy are major and often underappreciated U.S. advantages.

In the military sphere, the U.S. has an enormous advantage over China, as our power is magnified by our treaty allies Japan, South Korea, and Australia and security partners such as New Zealand, the Philippines, Thailand, and Singapore. While the U.S. is not a treaty ally with India, we are aligned in a close military relationship and work with its navy and air force to limit China's military ambitions in the Indian Ocean region. By contrast, China has no such allies upon which it can depend in a crisis. In their chapters, Kurt Campbell and Shankar Menon outline the case for allies.

The U.S. is also pushing our European allies to help us counter growing Chinese influence in Europe itself. NATO leaders meeting in London in late 2019 agreed to make China's role in Europe a priority concern for the alliance. In addition, European companies have many of the same trade complaints with China that we do, making the European Union a potential ally in pushing China to address trade concerns. The European Union worries about an increasingly aggressive China seeking to buy up the industrial infrastructure of the Eastern Mediterranean and to buy influence in the Balkans and parts of Southern Europe.

Closing our meeting, and this book, we asked David Shambaugh and Bob Blackwill to lay out in detail what U.S. grand strategy towards China should be going forward.

In the end, the U.S. needs to maintain its national self-confidence that we can successfully meet the China challenges and maintain our leading global role.

Former Secretary of Defense Jim Mattis has spoken about the two types of power that we have in the world. The U.S. has the power of intimidation through our extraordinary military. Crucially, it also has the power of inspiration through our democracy, the rule of law, immigration, our first-class universities, economic and technological innovation, and our free and open society.

It is this power best leveraged through diplomacy that may be our decisive advantage in the long-running struggle for influence between China and the U.S.

These substantial strengths enjoyed by the U.S. should give Americans confidence that we can meet the China challenge head-on in the decades ahead while keeping the peace between us.

[If] there was an opportunity for a new Sino-American understanding, one might reasonably ask whether that window is now closed—as result of decisions made both in Beijing and Washington. And if the window is not closed, what form might that new understanding take?

—JAMES B. STEINBERG

The Ernest May Memorial Lecture

U.S.-China Relations at a Crossroad: Can History Guide the Path Forward?

James B. Steinberg

Editor's Note: James Steinberg presented the annual Ernest R. May Memorial Lecture at the Aspen Strategy Group's August 2019 Summer Workshop in Aspen, Colorado. The following are his remarks delivered at the meeting. The lecture is named for Ernest May, an international relations historian and Harvard John F. Kennedy School of Government professor, who passed away in 2009. The ASG developed the lecture series to honor Professor May's celebrated lectures.

It's an honor to have the opportunity to give the Ernest May lecture this year. Like so many of us at the Aspen Strategy Group, it was a privilege to have the chance to know and work with him—as a mentor, colleague, and friend. Ernest opened our eyes to the enormous importance—and great perils—of using history both to understand contemporary problems and to inform sound policy making.

My talk today is entitled “What Went Wrong?” And there are two reasons why Ernest May's teachings are an appropriate point of departure for the topic. First, the focus of this talk is to explore the history of contemporary U.S.-China relations, to understand the trajectory that has led us to the current, very troubled period. But, following both May and Karl Marx, the goal here is not simply to understand how we arrived at the world we live in, but to set the stage for our conversations over the next four days—to consider whether and how it is possible to change it¹—using history not just to understand what happened and why, but to guide us on what is to be done.

A second reason why this seemed an appropriate topic for the May lecture is that Ernest May had a real appreciation of the importance of East Asia for the United States. Several of his important works focused on the area. He authored a book chapter on U.S. policy toward China at the end of World War II called *Making Hard Choices*.² For many years, he chaired the American Historical Association's (AHA) Committee on American-East Asian relations.³

The question I want to explore today is one that holds particular importance for me, both as a scholar and as a former practitioner. Twenty-five years ago, after Warren Christopher offered me the extraordinary privilege of becoming director of the policy planning staff, the first major assignment he gave me was to focus on how to extricate the Clinton administration from the impasse we had reached with China on the extension of Most Favored Nation (MFN) trade status—following the administration's early, unsuccessful efforts to leverage MFN renewal to change China's human rights practices. That assignment led to my first trip to China and what now has been a quarter century of interaction with Chinese leaders, scholars, and the Chinese people. It won't surprise you to hear me say that the current state of Sino-U.S. relations is far from what I and many others in the Clinton administration had hoped we could achieve those many years ago. Although the ultimate responsibility for decisions about U.S.-China policy rests with the leaders of the two countries, including the two presidents and secretaries of state for whom I worked, the privilege of working at senior levels of government carries a responsibility to account for

advice offered and to take seriously the question of whether—as was famously said by President Clinton after the U.S. bombed the Chinese Embassy in Belgrade—“mistakes were made.”⁴ Professor Stephen Walt may believe that foreign policy officials are unaccountable,⁵ but at least this member of the “blob” takes accountability seriously.

As a scholar, my interest in this question goes beyond the obvious importance of understanding the past and future of Sino-U.S. relations to the broader issue of the question of “agency” in international affairs, generally, and more specifically in great power relations. For policy makers, the importance of agency is a given—why else would anyone suffer all the slings and arrows of public service?—yet in the academy, with its search for parsimonious theory, agency and contingency are often seen as anathema. As a historian, Ernest May privileged the importance of agency, especially the role of political leaders. For example, one of the key lessons he drew about the outcome of the Battle of France was: “Hitler understood the French and British governments better than those governments understood his.”⁶

The issue I want to explore with you today goes to the heart of the agency question: whether different decisions in Washington or in Beijing, or in both, might have led to different—and perhaps better—Sino-American relations today.

I think it’s safe to say that the Sino-American relations have deteriorated dramatically over recent years. One need only look at the changing rhetoric in Washington—not just in the Trump administration, but in Congress and the think tanks and punditry. Just compare the language of the Joint Statement of Presidents Obama and Hu in 2009, with the Trump administration’s National Security Strategy (NSS) of 2017—or even the statements of many of the current Democratic candidates for president.

First, Obama in 2009: “The two sides reiterated that they are committed to building a positive, cooperative and comprehensive U.S.-China relationship for the 21st century, and will take concrete actions to steadily build a partnership to address common challenges.”⁷

Now the Trump NSS, which asserts that China, along with Russia, “challenge American power, influence and interests, attempting to erode American security and prosperity. ... [They] want to shape a world antithetical to U.S. values and interests.”⁸

Finally, Senator Elizabeth Warren: “The whole policy was misdirected. We told ourselves a happy-face story that never fit with the facts.”⁹

As Mark Landler recently observed: “From the White House to the boardroom, from academia to the news media, American attitudes toward China have soured to an extent unseen since Mr. Kissinger’s historic trip.”¹⁰

Public opinion, too, has recently turned more negative, particularly in recent months. It is important to note, however, that the public is much less negative than our political leaders and that the increased concern about the China threat largely comes among Republican voters.¹¹ Indeed, favorable U.S. attitudes toward China actually rose following Trump’s election and even today are higher than in the 1990s.¹²

For some, this trajectory of Sino-American relations is not surprising. They have long argued that conflict between the United States and China is unavoidable—a product of the inherent tensions between an established and rising power.¹³ If we accept this view, then the policy question—both in the past and in the future—is not how to improve Sino-American relations but rather how to prevail in the foreordained contest. Taken at face value, this view suggests that if anything “went wrong,” it was the failure to understand from the outset that China and the United States were destined to compete in what the organizers of this year’s Aspen Strategy Group have called “The Battle for Primacy.” If any mistakes were made, they were mistakes that came from the belief that a better, more cooperative relationship was possible.

This is a pretty bleak assessment about the future. Even if military conflict is not inevitable, it's hard to see how this view produces anything except a prolonged, costly, and potentially dangerous struggle between two militarily and economically powerful states across the full range of policy issues. "Game on" in the battle for primacy in which each side has the determination to prevail rather than submit.

But for those of us who question the premise, there is a heavy burden to show that an alternative path was possible in the past and may still be possible in the future. In this lecture, I want to focus on the past to see whether different choices might have produced a better outcome—thus suggesting, though not guaranteeing, that choices in the future too might lead to a more optimistic result.

Framing the question this way naturally leads to a counterfactual exercise. If we can't construct a plausible counterfactual story that would have led to a better outcome, then the result of the exploration will lead us back to the alternative hypothesis—namely that the current state of affairs was either inevitable or perhaps it is even better than it might otherwise have been.

This is no small challenge. Counterfactual assertions are easy to make—and often resorted to, not just in the academy, but in the world of politics. But they are inherently impossible to prove. Yet, despite the formidable methodological challenges, counterfactual analysis is an indispensable part of the analytic tool kit. Near the end of *Strange Victory*, May's magisterial study of the fall of France in 1940, he observes, "though many historians raise eyebrows at counterfactual speculation, I think it integral to any historical reconstruction. ... I simply choose to say explicitly that if condition x had not obtained, the actual events probably would not have gone as they did."¹⁴

We have few tools available to us to assess the validity of counterfactuals; Ernest himself often confidently offered rather definitive conclusions that might startle a political scientist: in *Strange Victory*, he asserted, for example: "intelligence analysis was an integral part of German operational planning: without it the odds against Germany adopting anything like the final version of Plan Yellow would have been at least two to one."¹⁵ A number of insightful political scientists, including Jack Levy, Richard Ned Lebow, Steve Weber, Philip Tetlock, and Aaron Belkin, have offered valuable suggestions on better and worse ways to apply counterfactual analysis to international relations.¹⁶

So now to the substance of the talk. What different decisions might the U.S. and China have made over the past thirty years that would have produced a better outcome in Sino-American relations today? By better, I mean a relationship that featured more cooperation across a range of issues—security, economic, and political—and less risk of conflict, especially military.

Why thirty years? I offer two justifications. First, this summer marks the thirtieth anniversary of Chinese suppression of the democracy movement in Tiananmen square. The Chinese actions—and the Bush administration's response—represent one of the most important decisions shaping the course of Sino-American relations and one that I will return to in detail shortly. Second, the end of the Cold War arguably represents a significant inflection point in the Sino-U.S. relationship, as the relationship became less instrumental and more centrally focused on bilateral concerns.

My initial approach to answering this question was to look at key specific decisions made by each side over the past thirty years to see whether a different choice might have had a significant impact on the trajectory of the relationship. Borrowing from the political science literature, the question is sometimes phrased in terms of "critical junctures"—moments in time where specific decisions have a consequential, and potentially irreversible, impact on the course of events.¹⁷ But further reflection suggests that it was at least as likely that the "path" of Sino-American relations was the product of a sequence of accumulated decisions rather than one decisive moment. For Robert Frost, two roads might diverge in ways that have irreversible consequences—but, as critics of the critical junctures approach have pointed out, international relations are not so binary. In the case of Sino-American relations, each of the individual, specific choices reflected a broader underlying policy approach that informed the

choice—a policy approach sometimes called a policy of “engagement,” which was relatively consistent across the four administrations from Bush 41 to Obama. After looking at some of the key decisions and the alternatives at key junctures, I will turn to the question of whether a different strategy based on a different set of assumptions would have produced a better result.

In this lecture, I want to look at three decisions that many commentators have identified as the key “mistakes” of the past thirty years: the U.S. response to Tiananmen, the decision to support China’s entry into the WTO and grant China Permanent Normal Trade Relations (PNTR), and the U.S. effort to broker a resolution of the Scarborough Shoal crisis in 2012. I’ve picked these three for several reasons. First, at the time of each decision, there were those pushing for a different approach. Although there is debate in the political science community about whether this is a necessary condition for a plausible counterfactual, it certainly helps the credibility of the analysis.¹⁸ Second, the decisions occurred under three different administrations, one Republican and two Democratic. Finally, these decisions cover the three main areas of contention in the U.S.-China relationship: values, economics, and security, respectively.

I should note that today I’m going to focus on U.S. decisions. A more complete analysis would give comparable attention to Chinese decision making as well—a point I’ll come back to at the end.

First, Tiananmen. The story of the U.S. debate on how to respond is familiar to all of us, although the recent publication of “The New Tiananmen Papers” in *Foreign Affairs* revealing the deliberations of the Chinese Communist Party (CCP) and the Asia Society’s re-publication of key documents from the George H.W. Bush Presidential Library help revive a sense of the contemporary debate in both countries.¹⁹ Both in its direct diplomacy with China, as well as its executive actions and negotiations over sanctions legislation, the Bush administration sought to moderate the U.S. response to limit the overall disruption in Sino-U.S. relations in the face of calls for tougher sanctions, including revoking China’s MFN treatment—a critique mirrored in candidate Bill Clinton’s vehement attack on the policy in the 1992 presidential campaign.²⁰ Nor was the critique limited to Bush’s Democratic opponents. Writing in the *World Policy Journal* shortly after Tiananmen, Marie Gottschalk, the associate editor, argued: “The time for a reassessment of Sino-American relations is long overdue. China’s domestic and international conditions have changed enormously since President Nixon’s visit in 1972.... Yet U.S. policy has remained surprisingly constant, driven by outdated sentiments and questionable assumptions. By failing to rethink this approach, the so-called realists have pursued a surreal path in Sino-American relations that has not only hurt the cause of political reform and human rights in the People’s Republic, but also America’s long-term interests in the region.”²¹

The Bush administration’s decision to try to sustain U.S.-China ties was not based exclusively on either the strategic or the economic value of the Sino-American relationship. Bush himself argued that continued engagement with China, including through trade, would foster the values agenda as well. “As people have commercial incentives, whether it’s in China or in other totalitarian countries, the move to democracy becomes inexorable.”²²

How might things have been different if President Bush had adopted his critics’ approach? One could conceive of three scenarios. First, under the economic pressure of withdrawn MFN, and the political pressure of diplomatic isolation, China’s leaders might have opted to move toward political reform. This, of course, was the argument made by contemporary critics. Alternatively, China might have resisted U.S. pressure, but at the cost of slowed or even reversed economic growth, which over time might have eroded support for the CCP and ultimately led to a change of regime. Third, China might have adopted a more hostile attitude toward the United States and developed a strategy to confront the U.S. more directly.

The first scenario seems quite implausible. A look at the deliberations of the CCP leadership in “The New Tiananmen Papers” published in *Foreign Affairs* suggests that Deng Xiaoping and his colleagues saw political reform as an existential threat to their leadership—and evinced a clear willingness to risk economic and political isolation to retain control. That conclusion is buttressed by the Chinese leaders’ strong resistance to the Clinton administration’s subsequent effort to condition MFN on improvement in human rights. Of course, it can be argued that in the

latter case, China's leaders may have doubted Clinton's willingness to go through with the threats—but given the earlier Congressional votes withdrawing MFN in 1991 and 1992, they certainly could not take that for granted.²³

The second scenario is somewhat more plausible but is also questionable. A case can be made that the technology and arms sanctions that the United States and others imposed did impact China's economic growth and the pace of its military modernization. At the same time, one could argue that the technology sanctions ultimately persuaded China that it would need to focus on developing its own indigenous capability, thus becoming a more formidable competitor in the long run.

For the strategy of “strangulation” to succeed, the United States would have to close its markets to China and persuade others to do the same. In addition to overcoming domestic business opposition, the U.S. would have had to persuade China's other key economic partners in East Asia and Europe to follow suit. Although U.S. allies generally adopted the limited sanctions imposed by the Bush administration, it would have been a heavy lift to get them to hurt their own economies through broader trade sanctions. And even if they had, there is a further leap to conclude that the economic pain would undermine a Communist leadership that had survived the Great Leap Forward and the Cultural Revolution. Indeed, one can imagine that economic sanctions might have triggered a nationalist backlash that would reinforce the grip of the CCP as the defender of China's sovereignty—a development even more likely under the third scenario, which seems the most plausible of the three alternatives. This scenario would have led to much earlier confrontation between the United States and China and a much tenser East Asia during the first two decades after the Cold War, with all the associated economic and political ramifications. One can imagine, for example, that in this case, China might have actively supported North Korea and Iran's nuclear ambitions, not to mention taking a tougher line on Taiwan.

The second case is the Clinton administration's decision to support China's admission to the WTO and to grant China PNTR.²⁴ Of all the China policy decisions of the last three decades, this has attracted the most criticism, both at the time and especially in hindsight. A very cottage industry of critiques has emerged, epitomized by U.S. Trade Representative Robert Lighthizer's assertion in his 2017 Report to Congress: “It seems clear that the United States erred in supporting China's entry into the WTO on terms that have proven ineffective in securing China's embrace of an open, market-oriented trade regime.”²⁵ In a piece for the *Atlantic*, in August 2018, author Gabe Lipton asserted: “By letting [China] into the World Trade Organization back in 2001, Washington laid the groundwork for the tensions roiling relations with Beijing today.”²⁶

Before considering the counterfactual, it is useful to recall the arguments made in favor of the decision to support China's entry into the WTO.²⁷ On the economic front, the Clinton administration argued that the agreement would enhance access for U.S. exports by reducing tariffs and eliminating barriers to investment. It also asserted that the need for China to meet WTO standards would lead to economic reform in China, including privatization and the decline of the state-owned enterprises (SOEs). It contended that subjecting China to the WTO settlement mechanisms offered a greater chance of gaining compliance with trade agreements. More broadly, the administration argued that WTO admission would make China more prosperous and stable, and that a weak China was at least as likely to be a threat as a strong China.

Clinton also asserted that by supporting China's entry, the U.S. would increase its influence over Chinese decision making. “[E]verything I have learned about human nature in over a half-century of living now convinces me that we have a far greater chance of having a positive influence on China's actions if we welcome China into the world community instead of shutting it out.”²⁸

Some have suggested that the Clinton administration also based its case on the positive contribution that WTO membership would make to political reform and human rights in China. I'll come back to this point shortly, but for now, I will simply quote Clinton's own words: “Membership in the W.T.O., of course, will not create a free society

in China overnight or guarantee that China will play by global rules. But over time, I believe it will move China faster and further in the right direction, and certainly will do that more than rejection would.”²⁹

Critics of the WTO decision have offered a number of complementary arguments for why the decision was a mistake. First, on the economic front, they contend that China’s entry into the WTO—at least on the terms agreed to by the United States and other WTO members—destroyed millions of jobs in the U.S.; decimated the U.S. manufacturing industry in key sectors; and created a massive trade deficit, which, at least in the view of some, had wider adverse consequences. Lighthizer, for example, has stated: “our trade deficit with China played a major role in creating the financial bubble that exploded in 2008.”³⁰ At the same time, China failed to open its markets to U.S. firms and U.S. exports, denying the U.S. the reciprocal benefits of more open trade. For some, this was a product of the specific terms of the deal—the U.S. did not demand enough. For others, the problem lay in insufficient enforcement. And for a third group, the problem was inherent in the WTO—again quoting Lighthizer—“the WTO settlement system is simply not designed to deal with a legal and political system so at odds with basic premises on which the WTO was founded.”³¹ James McGregor argues that “Chinese policymakers are masters of creative initiatives that slide through the loopholes of WTO and other international trade rules”³²—including currency manipulation and forcing companies to relocate to China rather than export from domestic sources. Moreover, to the extent that WTO membership contributed to China’s economic success, it reduced the pressure for political reform, since the leadership could point to the success of its authoritarian mode of governance to produce prosperity. And the wealth generated helped underwrite China’s rapid military modernization and technological progress, which challenge U.S. security interests in East Asia and beyond.

Many of these arguments were advanced at the time of Clinton’s decision, including by leaders in his own party. Representative Nancy Pelosi, for example, argued: “China’s pattern of violating trade agreements behooves the U.S. Congress to retain its authority for annual review of China’s trade record.”³³

There is no doubt that many of the more hopeful predictions—or perhaps the better word is aspirations—were unrealized. The U.S. job loss to China in the past two decades has been well documented.³⁴ Similarly, the downward trend in political reform, political rights, and the rule of law seems incontestable, and U.S. influence over China in a range of areas is waning. But the fact that bad things happened following China’s WTO entry does not by itself prove that they were caused by that decision—or perhaps even more important, that things would have been better had the U.S. blocked China’s entry into the WTO—or held out for a better deal.

In a recent article in *Foreign Affairs*, Philip Levy explores some of the counterfactual scenarios.³⁵ One option would have been for the U.S. to acquiesce to China’s membership but to deny China either annual or permanent MFN.³⁶ Critics at the time and subsequently have argued that denying PNTR would have had several positive consequences. First, by requiring annual renewal of MFN, it would have provided the U.S. leverage over China’s actions, and in the meantime, the U.S. would retain the right to impose higher tariffs against Chinese exporters. Second, it would have created substantial uncertainty for U.S. and other foreign manufacturers considering outsourcing production to China, reducing their willingness to relocate and thus limiting the job loss to the U.S.³⁷

Some of these critiques are unpersuasive. As the Clinton administration argued at the time, U.S. failure to extend MFN would primarily harm the U.S., since other countries’ exporters would gain greater access to China than the U.S. and, of course, would also raise costs for U.S. consumers and businesses where China formed part of the supply chain.³⁸ Moreover, higher barriers against Chinese imports might simply displace the U.S. job loss to other low-cost producing countries that had already joined the WTO. There is certainly evidence to support this view, based on the impact of President Obama’s 2012 tariffs on Chinese tires, which largely appeared to have led to more imports from other countries at higher prices rather than a substantial increase in U.S. jobs.³⁹

A second option was to try to block China’s admission to the WTO. Under the WTO’s rules, new members are admitted by a two-thirds majority vote, so this strategy would have required the United States to rally significant

outside support to block China's entry—yet many countries, especially U.S. allies like Japan and Germany, had a large stake in expanding their access to China. To be fair, in the past, most new admissions have been by consensus, so it could be argued that the U.S. had a de facto if not de jure veto, although this is quite speculative.⁴⁰

What would have happened if China had not joined the WTO in 2001? Under these circumstances, there were two alternatives for U.S. policy. This option offered some theoretical advantages over the previous option; in this case, the United States would not be at a competitive disadvantage to other countries. Like the previous option, the U.S. could continue annual reviews of China's MFN with the option of imposing new protections. This option differs little from what had prevailed prior to 2001. Although the United States in theory would have additional leverage, the 20-year track record of Jackson-Vanik waivers suggests that China would not likely have made significant concessions based on the mere threat of MFN denial. Of course, the U.S. could have demonstrated its resolve by making good on that threat and imposing new barriers against Chinese exports. This scenario bears considerable similarity to the situation we see in the current U.S.-China "trade war": China has made some new concessions but at least thus far has refused dramatic change. Would China have been more willing to compromise at an earlier stage of its economic development when it was even more dependent on export-led growth? Perhaps, although many believe (including President Trump himself) that China's current economic difficulties make it more susceptible to trade "hardball."⁴¹

Even assuming that the United States might have derived some economic benefit from denying China's WTO entry in 2001, there would be non-economic consequences as well. For example, had the United States blocked China's WTO membership in 2001, it would have also lost its leverage to insist on the simultaneous entry of Taiwan in the WTO, which has played an important role in shoring up Taiwan's economy, as well as providing it the international stature that comes from participation in a major international institution.⁴²

Would the costs of blocking China's membership have been worth it if exclusion slowed or even halted China's economic and military rise? It certainly would have crystallized a more adversarial U.S.-China relationship, since China would have seen such a decision as evidence of a broad containment strategy. As Joseph Fewsmith argued at the time, "if negotiators had failed to reach agreement [during the second round, in November 1999], Jiang would likely have been forced to play the nationalist card to defend himself."⁴³

The third option would be to hold out for a better deal. This option—assuming it was possible—would seem to avoid all the downsides of the two previous options along with the benefits of the additional concessions wrested from China. It seems almost incontrovertible that the U.S. might have gotten at least a somewhat better deal if it had held out for more.⁴⁴ It's hard to make the case that the Beijing had truly reached its bottom line and would have preferred to walk away. This conclusion is buttressed by the fact that the U.S. backed off from the initial deal negotiated with Zhu Rongji in April 1999; despite the rather public humiliation associated with the rebuff, China returned to the table.⁴⁵ China's willingness to put new offers on the table in response to the recent Trump tariffs also suggest that China is not averse to making new concessions under pressure.

Would a better trade deal in 2000 have made a significant impact on subsequent U.S.-China relations? A key question is whether the U.S. could have gained enough additional concessions to alter significantly the adverse impact on U.S. jobs and manufacturing other than at the margin. Critics have argued, for example, that the U.S. could have negotiated strong safeguards against Chinese violations of its commitments⁴⁶ or insisted on more thorough reform of the SOE and China's intellectual property rights practices.

The "but for" here is complex. U.S. manufacturing employment was already declining precipitously even before China's entry into the WTO. There is considerable debate about whether the WTO agreement by itself had any impact on that trend.⁴⁷ Indeed it is possible to argue that manufacturing in the United States might have been even worse off if the United States had successfully insisted on more thorough-going reform, since arguably, it is precisely the process of reform that has helped stimulate China's emergence as an economic powerhouse.⁴⁸ In

the end, the question of impact of the WTO decision goes to the broader question of how the United States responded to the process of globalization and whether other policies, either more protectionist or more focused on retraining and retooling workers and industries, would have been more effective in addressing the economic and social costs of deepening global economic integration.⁴⁹

The third case I'd like to touch on briefly is the confrontation between China and the Philippines over the Scarborough Shoal in 2012. As you all know, critics of U.S.-China policy have argued that the U.S. has failed to respond effectively to what is seen as increasingly assertive Chinese behavior in the South and East China Seas, endangering the security of the United States and our East Asian partners and putting at risk freedom of navigation in these vital waterways. The Scarborough Shoal incident is an interesting test case, since the focus of U.S. policy makers was an effort to defuse the crisis rather than, as some have argued, to confront and challenge Chinese aggressive actions. The story is complex, and some of the facts are disputed by the participants, but the basic outlines are reasonably clear.⁵⁰

In April 2012, a Philippine warship boarded several Chinese fishing boats in the waters close to Scarborough Shoal, a landform long occupied by the Philippines but claimed by China under its expansive "nine-dash line." China dispatched two marine surveillance ships in response, blocking efforts by the Philippines to arrest the fisherman and confiscate their catch. A tense standoff ensued with both Chinese and Philippine officials insisting that the other side had to withdraw its vessels from the area. The Philippines announced that it would take the matter to international arbitration, called on the Association of Southeast Asian Nations to support the Philippines, and appealed to the U.S. to clarify that the Scarborough Shoal fell within the terms of the U.S.-Philippines Mutual Defense Treaty. At the first 2+2 U.S.-Philippines meeting, Secretaries Clinton and Panetta broadly reaffirmed the treaty without making specific reference to Scarborough Shoal, but did agree to enhance support for Philippines maritime forces. China in turn imposed de facto economic sanctions on the Philippines. In June, the United States helped broker an understanding for a mutual withdrawal of naval vessels. In the end, the Philippines withdrew its ships and China did not, leading to China's de facto control over Scarborough Shoal.

At the time, there appears to have been little debate within the U.S. government over what course to take and a broad consensus in favor of the U.S. effort to defuse the crisis. But the Chinese actions had a profound impact on those—both participants and observers—that have colored the U.S.-China policy debate ever since and led to a vigorous argument questioning the U.S. approach.⁵¹

What might the U.S. have done differently? On the political level, the U.S. could more clearly have endorsed the Philippines' sovereignty over Scarborough Shoal and the associated maritime rights that flow to that claim under the United Nations Convention on the Law of the Sea.⁵² The U.S. could have provided more direct support to the Philippine navy and coast guard, including the dispatching of U.S. vessels to the area. Finally, the U.S. could have declined to mediate the crisis.

Critics of the decision argue that if the United States had adopted a more assertive approach, China would have backed off, given the relatively dubious nature of its claim as well as the risks of a direct confrontation with the United States. It's hard to test this assertion, although in other cases where China has sought to assert questionable claims over international commons, for example, in declaring an Air Defense Identification Zone (ADIZ) over the East China Sea or contesting U.S. freedom of navigation operations, China has up until now refrained from direct confrontation (although there have been close calls). Assume for the purpose of argument that a U.S. show of resolve would have been successful in backing China off—the key question is whether this would have led to better U.S.-China relations over the longer term.

Advocates of this approach would argue yes—establishing clear and enforceable red lines would tame China's ambitions and moderate its policies. According to this logic, China simply has too much at stake in its own process of economic development to risk a war with the United States over its claims in the South and East China Sea.

There is a certain plausibility to this argument. The 1996 Taiwan Strait Missile Crisis bears some similarity to the Scarborough case. There the Clinton administration dispatched two aircraft carriers to waters off Taiwan, and the U.S. action appeared to persuade China to abandon the intimidating practice. In that case, the U.S. clearly won the “battle,” and for an extended period, China refrained from provocative shows of force against Taiwan. But what about its impact on the “war”—the long-term U.S.-China relationship? Some, such as Michael Cole, have argued that while China backed off in 1996, the experience led the People’s Liberation Army (PLA) as well as China’s political leaders to deepen their determination to match the U.S. militarily so as to be in a better position to prevail in the future.⁵³

Similarly, in the case of Scarborough Shoal, it can be argued that even if a more assertive U.S. response had led to China backing down in the near term, the experience might have reinforced China’s conviction that the U.S. was determined to side with China’s adversaries, and thus hasten the deepening of division and the likelihood of conflict between the U.S. and China.

What lessons can we learn from these three cases? For me there are three broad takeaways. First, it’s hard to make a powerful case that things would clearly have been better with different policies. Second, the possibility of better outcomes seems greatest in the case of economic relations, weakest in the case of human rights and political reform in China, and the security realm somewhere in the middle. Third, even when there might have been short-term gains from a different decision, the long-term consequences might have been much different and conceivably even worse than what we face today.

As I suggested earlier, perhaps the explanation of “what went wrong” was not so much bad individual decisions, but rather a misguided overall strategy—or put differently, the individual decisions were flawed because they were the product of a flawed strategy. To explore this hypothesis, we need to be a bit clearer about what the strategy was and what the alternatives were.

Many commentators have noted the broad consistency of U.S. policy toward China from the Nixon administration on. Although presidential challengers from Reagan to Clinton to Bush 43 often criticized the incumbent’s strategy, in the end, most observers have argued that the similarities outweighed the differences.⁵⁴ So what were the core assumptions underlying the U.S. approach? Although many have adopted the shorthand phrase “engagement,” I find the term too amorphous and procedural to capture the essence of the policy. At its core, the policy was based on the belief that a stable, prosperous China would serve the interests of the United States, while a weak and insecure China was at least as likely to pose risks for the U.S. and its allies. Therefore, the U.S. should welcome rather than resist China’s rise.⁵⁵ Implicit in this policy was a belief that a rising China would not inherently threaten the United States.

Some have argued that there was also a second premise underlying the policy—a belief that as China became more prosperous, it would come to resemble the United States and increasingly share our values about domestic governance and the international order. This convergence would then facilitate increased cooperation between our two countries. Iain Johnston’s thorough look at the historical record suggests that while most advocates for the policy hoped that liberalization would occur, the decision to support rather than oppose China’s rise was not premised on this hope.⁵⁶ But for the purposes of this analysis, the assumptions behind the policy are less important than whether a different strategy would have produced a better result.

So what alternative strategies were available to presidents from Bush 41 to Obama, and how might adopting one of these have changed the course of Sino-American relations? At the risk of oversimplification, we can draw on the familiar Goldilocks paradigm. One school has argued that the strategy was too soft, another that it has been too tough. And before I discuss those two alternatives, I want to reassure that my purpose is not, as you might fear, to show that the actual policy was just right.

First the “too soft school.” As we’ve seen from the three case studies, critics have argued that a tougher line would serve U.S. interests by one of three mechanisms—either by slowing China’s rise, by forcing the CCP to adapt its policies to meet U.S. demands, or even by fostering regime change. They cite a long list of misguided accommodations (in addition to the three cases discussed earlier): the Clinton administration’s decision to drop human rights conditionality for MFN in 1994, Bush 43’s reversal on enhancing support for Taiwan following the EP3 incident, and so on.

In the late 1990s, this viewpoint was pressed by the “Blue Team”—members and staff of Congress, think tanks, journalists, and others who challenged the prevailing policy of the Clinton administration.⁵⁷ Individuals associated with the Blue Team argued that the U.S. was underestimating the “China Threat”—the title of a 2000 book by *Washington Times* reporter Bill Gertz—and they advocated a range of alternative strategies, including, for some, an explicit commitment to regime change.⁵⁸ More recently, this view has been picked up by the reincarnated Committee on the Present Danger, now called the Committee on the Present Danger—China, which contends that “there is no hope of coexistence with China as long as the Communist Party governs the country,” and therefore the U.S. should adopt “a determination to reverse decades of American miscalculation, inaction and appeasement.”

Of course, these represent the most extreme wing of a broader spectrum of views advocating a more forceful challenge to China. In one form or another, there is a growing conviction among U.S. politicians and policy analysts that the U.S.-China relationship should be seen as a zero-sum competition in which the United States should seek to “prevail” over China. For example, Ambassador Bob Blackwill and Ashley Tellis have argued that “preserving U.S. primacy in the global system ought to remain the central objective of U.S. grand strategy in the twenty-first century.”⁵⁹

An alternative strategy is offered by the “too hard” school—that the difficulties in the Sino-U.S. relationship stem from the U.S. reluctance to accommodate China’s rise. In this view, had the U.S. been more accommodating, China would feel less threatened and more willing to cooperate with the U.S. on shared economic and security interests like nonproliferation and counter-terrorism rather than to compete with the United States.⁶⁰ Proponents of this view argue that while the rhetoric of the policy has been to support China’s rise, the reality was much more confrontational. They point to as evidence a long list of hostile U.S. actions: the continued ban on technology transfers to China imposed after Tiananmen and tightened after the Cox Committee Report in 1998,⁶¹ arms sales to Taiwan beginning with the George H.W. Bush F-16 sales in 1992 despite the promise of the U.S.-China Third Communique,⁶² Clinton’s carrier diplomacy during the 1996 Taiwan Strait Crisis, the reinforcement of U.S. security alliances with Japan and South Korea despite the end of the Cold War, George W. Bush’s use of third-party sanctions against Banco Delta Asia in 2005, and the Obama “pivot”—including beefing up the U.S. military presence in East Asia. As a result, China had little choice but to focus its efforts on competing with the United States through strengthening its military, building up its indigenous economic and technological prowess, and enhancing ties with countries like Russia to counter U.S. power. Charles Glaser is a prominent exponent of the view, arguing specifically that accommodating China over Taiwan as part of a grand bargain would better serve U.S. interests.⁶³

How can we evaluate the likely success of these two alternative strategies? Since this is the Ernest May lecture, one possible answer to this question is to look at history. In many ways, the “too soft” argument mirrors the argument against détente made by critics of President Nixon’s policy toward the USSR—including the earlier incarnation of the Committee on the Present Danger. Following this analogy, today’s proponents of the “soft on China argument” would argue that it was Reagan’s more confrontational line, from human rights to security, rather than Nixon’s accommodation, that brought the Soviet Union to the bargaining table and ultimately led to the end of the regime. In an analysis that Ernest May would have appreciated, Glaser argues: “Reaching back further in history, the too soft argument might invoke one of the greatest warhorses of historical analogies—the Munich argument.”⁶⁴

The “too hard” argument might in turn invoke the history of the United States’ own rise, pointing to the early failure of European powers who sought to check U.S. expansion and the more successful approach followed by the United Kingdom, which (at least after 1812) chose to accommodate and work with a rising United States—including its acquiescence in the Monroe Doctrine and a U.S. hemispheric sphere of influence—a history so richly explored by Kori Schake.⁶⁵

But May would be the first to caution against such superficial analogies. Even if we accept the argument that Reagan’s tough line brought about the end of the Cold War—a matter of no small controversy—that assessment doesn’t help us much in judging whether a similar approach would have a similar effect vis-à-vis China. China’s leadership is more agile, and its society more dynamic, than the USSR of the 1980s and thus less vulnerable to U.S. pressure and coercion. Reagan’s success depended to some degree on the support—or at least the acquiescence of U.S. allies—a much more difficult challenge vis-à-vis China, as we see today in the lukewarm response of U.S. allies to the Trump administration’s strategy.

But if China is not the USSR of 1980, neither is China the United States of the nineteenth century. European powers—especially Europe’s monarchies—may have been wary of America’s ascendancy. But for Britain, shared political values—along with Britain’s abandonment of mercantilist policies in the mid-nineteenth century and its preoccupation with imperial interests in Africa and Asia—meant there was a degree of congruence, or at least complementarity of interest that facilitated Britain’s decision to work with rather than against the United States. For these reasons, accommodating China’s rise might not turn out nearly as well for the U.S. as accepting America’s rise did for Britain.

But this is not the only way we might use history to evaluate these counterfactual strategies. A more productive line is to look more narrowly at the U.S.-China relationship to see where the U.S. policy has been most and least successful. As the political scientists would say—we can look at “within case” rather than “cross case” comparisons.

In the years following Nixon and Kissinger, U.S. policy toward China had some notable successes. Normalization not only began a process of engagement that brought considerable economic benefit both to China and to the United States, but also helped build a more stable security environment in East Asia and the Western Pacific. This benefitted not just the United States, but also its allies. Over time, China joined the Non-Proliferation Treaty and related arms control regimes, abandoned its policies of supporting revolutionary movements around the world, and began to support UN peace-keeping activities. Most notably, China acquiesced in the status quo over Taiwan despite its rhetorical commitment to unification. Domestically, while democracy failed to take hold, Chinese society became more open. And of course, China’s economic growth helped fuel global prosperity and contributed to managing the economic crisis of 1998-99.

The achievements of this period were based on a more or less explicit shared understanding or *modus vivendi* about the terms of the relationship. I’m deliberately not using the term “bargain,” which has implications of an explicit *quid pro quo*. The United States would welcome the rise of a strong, prosperous China and not seek to overthrow the Communist Party’s control. China would not seek to challenge the United States’ dominant position in East Asia or the broader international economic and political order, which helped facilitate China’s own economic development.

But that understanding had within it the seeds of its own destruction. As long as the military and economic disparity between the two remained one, the relationship was reasonably stable. It began to erode as China became more economically successful and militarily more capable. This in turn fueled U.S. anxiety about China’s long-term intentions. Critics began to focus on what they saw as the dark side of Deng’s “hide and bide” strategy. In China, some in the PLA and academia were beginning to question why China needed to continue to acquiesce in U.S. hegemony or defer key policy objectives such as the recovery of Taiwan.

These changing circumstances led the George W. Bush administration to seek to revise the understanding. Bob Zoellick's concept of "responsible stakeholder" was an effort to take into account China's growing power and its desire for a greater international role while deflecting Chinese pressure to replace the U.S.-led international order.⁶⁶

That effort continued into the early years of the Obama administration. It was reflected most clearly in the joint statement of the two presidents following Obama's visit to China in 2009: "The two countries reiterated that the fundamental principle of respect for each other's sovereignty and territorial integrity is at the core of the three US-China communiqués. ... The two sides agreed that respecting each other's core interests is extremely important to ensure steady progress in US-China relations."⁶⁷

I think it's fair to say that these efforts to create a new shared understanding largely failed. Despite the meeting between Obama and Xi at Sunnylands in 2013⁶⁸ and later between Trump and Xi at Mar-a-Lago in 2017, we see little meeting of the minds on the nature or future of the bilateral relationship.

There are several possible explanations why. Going back to our framing question, some would argue that failure was inevitable given the inherent conflicts between an established and rising power. A second explanation might focus on domestic forces in each country, which make mutual accommodation difficult. As we have seen in the United States over the past two decades, Congress—including leaders from both parties—have pushed for a tougher U.S. approach to China. Presidential aspirants have repeatedly challenged the policies of incumbents, with some success (Clinton in 1992, Bush in 2000, Trump in 2016). In China, growing nationalism and the need to shore up the CCP's legitimacy in the absence of democratic reform also push China's leaders to a less accommodating strategy.

A third explanation would focus on each side's judgement of the other's intentions and of its own capabilities. Here we might look to guidance not so much from Ernest May, but from the analytic insights of his distinguished colleague Tom Schelling. The case for U.S.-China cooperation in the past has been based on the idea of what our Chinese friends call "win-win" cooperation—that both sides will gain more from cooperation than competition. But what if one concludes that the other is determined to prevail at all costs rather than cooperate?⁶⁹ In this case, the choice then becomes one of compete or acquiesce. And if both sides believe that they can prevail in the competition, both will choose competition over conciliation—even at the potential risk of war. In game theory lingo, it's a game of chicken where each side believes the other will swerve.

To my mind, both the domestic dynamics and the increasingly gloomy assessment of each other's true intentions, against the backdrop of China's rise, help explain the current state of affairs. And here we need to look at something I have not yet addressed—decision making on the Chinese side, specifically the Chinese response to the Bush and Obama efforts to reshape the relationship. Although this assessment risks appearing self-serving coming from a former American policy maker, I think a good case can be made that the Chinese side bears significant responsibility for the failure to reach a new understanding. I come to this conclusion both from my own engagement as deputy secretary of state during 2009-2011 but also from conversations with Chinese interlocutors as well. Our friend and colleague Jeff Bader expressed a similar view in his book, where he identifies "a changed quality in the writing of Chinese security analysts and Chinese official statements, and in some respects Chinese behavior."⁷⁰

I would argue that two factors explain China's reluctance to move in this direction. First, during the key period—the second term of George W. Bush and the beginning of the Obama administration—China experienced relatively weak leadership under the collective leadership style of Hu Jintao, which made any bold initiative—particularly one that involved compromise with the U.S.—difficult. The problem was compounded by a sense of hubris in some leading Chinese circles following the financial crisis of 2008-2009, which led some to believe that the U.S. was in permanent decline and China on the ascendancy.⁷¹ As a result, a promising moment passed, and the failure of the two U.S. efforts to elicit a positive response from China began to harden attitudes in the U.S.

It is possible to argue that Xi Jinping's proposal for a new form of major power relations was a belated effort to pick up⁷² the gage dropped by Bush and Obama. For a brief period, there was evidence that the Obama administration saw this as a new opening. But that effort came to naught—in part because of skepticism in the U.S., in part because China never really made clear what Xi envisioned by this concept or whether it reflected a real Chinese willingness to make meaningful accommodations to U.S. concerns.

Even if I'm right, and there was an opportunity for a new Sino-American understanding, one might reasonably ask whether that window is now closed—as result of decisions made both in Beijing and Washington. And if the window is not closed, what form might that new understanding take? These are questions worthy of a separate lecture. For the purpose of the May lecture, I would conclude by observing that however constraining the circumstances, there are always choices available to leaders.⁷³ As Graham Allison reminded us in Ernest May's obituary in the *New York Times*, Ernie did not believe that China's rise must lead to war.⁷⁴ In reflecting on the decisions leading to the Spanish-American War and the annexation of the Philippines, Ernest May wrote, “unconcernedly and almost unthinkingly, these statesman ran the risk of precipitating Europe into a coalition against the United States.”⁷⁵ Our challenge in the next few days is to do better in developing a strategy to deal with China. I believe that a solid understanding of the history of Sino-American relations will allow us to do just that.

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¹ Karl Marx, *Theses on Feuerbach* (1845), <https://www.marxists.org/archive/marx/works/1845/theses/index.htm>.

² Ernest May, Kirsten Lundberg, and Robert D. Johnson, “China 1945-1948: Making Hard Choices” in Ernest May and Philip Zelkow, eds., *Dealing with Dictators: Dilemmas of U.S. Diplomacy and Intelligence Analysis 1945-1990* (Cambridge, MA: MIT Press, 2006), ch. 2.

³ See *The Harvard Gazette*, February 17, 2011.

⁴ For an entertaining catalogue of presidential uses of this euphemism, see Mark Knoller, “‘Mistakes were Made’: A Short History,” *CBS Evening News*, March 14, 2007, <https://www.cbsnews.com/news/mistakes-were-made-a-short-history/>.

⁵ Stephen M. Walt, *The Hell of Good Intentions: America's Foreign Policy Elite and the Decline of U.S. Primacy* (New York: Farrar Strauss and Giroux, 2018).

⁶ Ernest May, *Strange Victory: Hitler's Conquest of France* (New York: Hill and Wang, 2001), 453.

⁷ U.S.-China Joint Statement, November 17, 2009, <https://obamawhitehouse.archives.gov/realitycheck/the-press-office/us-china-joint-statement>.

⁸ *National Security Strategy of the United States of America*, December 2017, p. 2, 25.

⁹ Michael Martina, “Senator Warren, in Beijing, says U.S. Is Waking Up to Chinese Abuses,” *Reuters*, April 1, 2018.

¹⁰ Mark Landler, “The Road to Confrontation,” *New York Times*, November 25, 2018.

¹¹ Dina Smeltz, Ivo Daalder, Karl Friedhoff, Craig Kafura, and Brendan Helm, *Rejecting Retreat: Americans Support US Engagement in Global Affairs*, Chicago Council on Global Affairs, 2019, p. 29-30.

¹² <https://news.gallup.com/poll/1627/china.aspx>. For earlier polling up to 2000, see Charles Tien and James A. Nathan, “Trends: American Ambivalence Toward China,” *The Public Opinion Quarterly* 65, No. 1 (Spring 2001): 124-138.

¹³ Graham Allison, *Destined for War: Can America and China Escape the Thucydides Trap?* (Boston: Houghton Mifflin Harcourt, 2017).

- ¹⁴ Ernest May, *Strange Victory: Hitler's Conquest of France* (New York: Hill and Wang, 2001), 452-453.
- ¹⁵ Ernest May, *Strange Victory: Hitler's Conquest of France* (New York: Hill and Wang, 2001), 456.
- ¹⁶ See, for example, Philip E. Tetlock and Aaron Belkin, eds., *Counterfactual Thought Experiments in World Politics*, (Princeton: Princeton University Press, 1996); Jack S. Levy, "Counterfactuals, Causal Inference and Historical Analysis," *Security Studies* 24, No. 3 (2015); Richard Ned Lebow, *Forbidden Fruit: Counterfactuals and International Relations* (Princeton: Princeton University Press, 2010).
- ¹⁷ On critical junctures and path dependency, see Giovanni Capocchia and R. Daniel Keleman, "The Study of Critical Junctures: Theory, Narrative and Counterfactuals in Historical Institutionalism," *World Politics* 59, No. 3 (April 2007).
- ¹⁸ See, for example, Niall Ferguson, ed., "Introduction," in *Virtual History: Alternatives and Counterfactuals* (New York: Basic Books, 1999).
- ¹⁹ Andrew J. Nathan, "The New Tiananmen Papers: Inside the Secret Meeting that Changed China," *Foreign Affairs* (July-August 2019); Asia Society China File, "The Other Tiananmen Papers," <http://www.chinafile.com/conversation/other-tiananmen-papers>.
- ²⁰ For a detailed account of the Bush administration actions and the congressional response, see David Skidmore and William Gates, "After Tiananmen: The Struggle over US Policy Toward China in the Bush Administration," *Presidential Studies Quarterly* 27, No. 3 (Summer 1997): 514-539.
- ²¹ Marie Gottschalk, "The Failure of American Policy," *World Policy Journal* 6, No. 4 (Fall 1989): 668. Gottschalk's argument prefigures many of the subsequent critiques of U.S. policy, for example: "To enable China to project power in the Pacific more effectively, Deng's military modernization has favored the Chinese Navy. China has built new naval bases and up to date warships and missiles. ... Beijing also intends to enhance its submarine fleet ... beefed up its capability for long distance troop deployments and conducted naval exercises further and further afield from China." (p. 676)
- ²² David Skidmore and William Gates, "After Tiananmen: The Struggle over U.S. Policy Toward China in the Bush Administration," *Presidential Studies Quarterly* 27, No. 3 (Summer 1997): 519. This view was echoed in Bush's subsequent veto message with respect to the 1992 legislation withdrawing China's MFN status: "my administration shares the goals and objectives of HR 2212. ... My objection lies strictly with the methods proposed to achieve these aims." "Veto Message on China MFN Status," *Congressional Quarterly*, March 7, 1992, p. 582.
- ²³ See David Skidmore and William Gates, "After Tiananmen: The Struggle over U.S. Policy Toward China in the Bush Administration," *Presidential Studies Quarterly* 27, No. 3 (Summer 1997): 530-534.
- ²⁴ Granting China PNTR was required if the United States wanted to gain the trade benefits associated with China joining the WTO.
- ²⁵ United States Trade Representative, *2017 Report to Congress on China's WTO Compliance*, January 2018, p. 2.
- ²⁶ Gabe Lipton, "The Elusive 'Better Deal' with China," *The Atlantic*, August 14, 2018.
- ²⁷ For a contemporary account of Clinton's arguments in favor of China's WTO accession, see Ted Osius, "The Legacy of the Clinton-Gore China Policy," *Asian Affairs: An American Review* 28, No. 3 (Fall 2001): 125-134.
- ²⁸ See "Full Text of Clinton's Speech on China Trade Bill," *New York Times*, March 9, 2000, <https://archive.nytimes.com/www.nytimes.com/library/world/asia/030900clinton-china-text.html>.
- ²⁹ See "Full Text of Clinton's Speech on China Trade Bill," *New York Times*, March 9, 2000, <https://archive.nytimes.com/www.nytimes.com/library/world/asia/030900clinton-china-text.html>.
- ³⁰ Robert E. Lighthizer, "Testimony Before the U.S.-China Economic and Security Review Commission: Evaluating China's Role in the World Trade Organization Over the Past Decade," June 9, 2010, p. 15. Lighthizer cites Ferguson's earlier testimony to the House Ways and Means Committee in support of this assertion. Niall Ferguson, "The End of Chimerica: Amicable Divorce or Currency War," Testimony before the Committee on Ways and Means of the U.S. House of Representatives, March 24, 2010, p. 4.
- ³¹ Robert E. Lighthizer, "Testimony Before the U.S.-China Economic and Security Review Commission: Evaluating China's Role in the World Trade Organization Over the Past Decade," June 9, 2010, pp. 16-17.
- ³² Cited in Robert E. Lighthizer, "Testimony Before the U.S.-China Economic and Security Review Commission: Evaluating China's Role in the World Trade Organization Over the Past Decade," June 9, 2010, p. 20.
- ³³ See, for example, "Statement by Congresswoman Nancy Pelosi on the Democratic Leader's Decision to Oppose Permanent NTR for China," April 19, 2009, <https://pelosi.house.gov/sites/pelosi.house.gov/files/pressarchives/releases/prleader.htm>.
- ³⁴ See David H. Autor, David Dorn, and Gordon Hanson, "The China Shock: Learning from Labor-Market Adjustment to Large Changes in Trade," *Annual Review of Economics* 8, No. 1 (January 2016): 205-240.
- ³⁵ Philip Levy, "Was Letting China Into the WTO a Mistake?" *Foreign Affairs*, April 2, 2018.
- ³⁶ The Jackson-Vanik Amendment, Sec 401 of the Trade Act of 1974, prohibits the U.S. from granting MFN to certain countries, except by annual presidential waiver. For this reason, Congress was required to amend Sec 401 in order to grant China permanent MFN in order for the U.S. to gain the benefits associated with China's accession to the WTO. If the U.S. had failed to grant China PNTR following China's accession to the WTO, the WTO's "non-application clause would allow either party to refuse to apply WTO commitments to the other." Jayetta Z. Hecker, "China Trade: WTO Membership and Most-Favored Nation Status," Testimony Before the Subcommittee on Trade, Committee on Ways and Means, House of Representatives, GAO/T-NSIAD-98-209, p. 10.

- ³⁷ China viewed achieving PNTR (and thus escaping the uncertainties of annual review) an important benefit of U.S. support for China's WTO accession. Hongyi Harry Lai, "Behind China's World Trade Organization Agreement with the USA", *Third World Quarterly* 22, no. 2 (2001): p. 248.
- ³⁸ "Important consequence of the United States invoking WTO non-application is that if China becomes a member, it does not have to grant the United States all the trade commitments it makes to other WTO members, both in the negotiated accession package or in the underlying WTO agreements. Because U.S. businesses compete with business from other WTO members for China's markets, this could potentially put U.S. business interests at a considerable competitive disadvantage. For example, the United States may not benefit from Chinese concessions regarding services, such as the right to establish distribution channels in China. While the United States would continue to benefit from Chinese commitments made in bilateral agreements concluded with the United States, the commitments are not as extensive as those in the WTO agreements." JayEtta Z. Hecker, "China Trade: WTO Membership and Most-Favored Nation Status," Testimony Before the Subcommittee on Trade, Committee on Ways and Means, House of Representatives, GAO/T-NSIAD-98-209, p. 11.
- ³⁹ "The big winners from the 2009 safeguard tariffs were alternative foreign exporters, primarily located in Asia and Mexico, selling low-end tires to the United States. Domestic tire producers were secondary beneficiaries." Gary Clyde Hufbauer and Sean Lowery, "U.S. Tire Tariffs: Saving Few Jobs at High Cost," Policy Brief No. PB12-9, Peterson Institute of International Economics, April 2012, <https://www.piie.com/system/files/documents/pb12-9.pdf>. See also Philip Levy, "Was Letting China Into the WTO a Mistake?" *Foreign Affairs*, April 2, 2018.
- ⁴⁰ See JayEtta Z. Hecker, "China Trade: WTO Membership and Most-Favored Nation Status," Testimony Before the Subcommittee on Trade, Committee on Ways and Means, House of Representatives, GAO/T-NSIAD-98-209, p. 7.
- ⁴¹ See Sylvan Lane, "Trump Faces Dwindling Leverage With China," *The Hill*, September 15, 2019, <https://thehill.com/policy/finance/461357-trump-faces-dwindling-leverage-with-china>. Others argue that the leverage is overstated, and Xi's need to appear strong domestically is a more important factor than the impact on the Chinese economy. JayEtta Z. Hecker, "China Trade: WTO Membership and Most-Favored Nation Status," Testimony Before the Subcommittee on Trade, Committee on Ways and Means, House of Representatives, GAO/T-NSIAD-98-209, p. 7.
- ⁴² See Nancy Bernkopf Tucker, "The Taiwan Factor in the Vote on PNTR for China and its WTO Accession," *NBR Analysis* 11, No. 2 (July 2000): 33-45.
- ⁴³ See Joseph Fewsmith, "China and the WTO: The Politics Behind the Agreement," *NBR Analysis* 10, No. 5 (December 1999): 227. Fewsmith's article provides a valuable account of the Chinese deliberations over the negotiations with the U.S. in connection with the WTO.
- ⁴⁴ There is some support for the belief that China would have had to make even greater concessions if it had waited to conclude the WTO negotiations rather than agreeing in 1999. See Lai, p. 249.
- ⁴⁵ See Joseph Fewsmith, "China and the WTO: the Politics Behind the Agreement," *NBR Analysis* 10, No. 5 (December 1999): 218-227.
- ⁴⁶ For example, Lighthizer argues that the U.S. effectively gave up the option of Section 301 actions in favor of the WTO dispute resolution mechanism. "By contrast to Section 301—which was a powerful tool with which to influence our trading partners—the dispute settlement process is simply not designed to deal with a country like China." Robert E. Lighthizer, "Testimony Before the U.S.-China Economic and Security Review Commission: Evaluating China's Role in the World Trade Organization Over the Past Decade," June 9, 2010, pp. 23-24.
- ⁴⁷ See, for example, Bob Davis, "When the World Opened the Gates of China," *Wall Street Journal*, July 27, 2018, <https://www.wsj.com/articles/when-the-world-opened-the-gates-of-china-1532701482>. Indeed, in the fifteen years before its WTO entry, U.S. imports from China grew at a faster rate than in the fifteen years after, albeit from a much lower base.
- ⁴⁸ The desire to accelerate reform was a major impetus for Jiang Zemin and Zhu Rongzhi's determination to get a WTO agreement. See Lai, p. 249-250.
- ⁴⁹ For this reason, former Democratic Congressman David Bonior, a strong critic of the WTO agreement, later stated: "I don't know that [a defeat for the WTO agreement] would have made a difference." Bob Davis, "When the World Opened the Gates of China," *Wall Street Journal*, July 27, 2018, <https://www.wsj.com/articles/when-the-world-opened-the-gates-of-china-1532701482>.
- ⁵⁰ For a detailed account of the crisis, as well as background on the competing claims, see Michael Green et al., "Case 3: Scarborough Shoal Standoff (2012)" in *Countering Coercion in Maritime Asia*, Center for Strategic and International Studies (Lanham, Rowman and Littlefield, 2017).
- ⁵¹ See, for example, Greg Poling and Eric Sayers, "Time to make Good on the U.S.-Philippine Alliance," *War on the Rocks*, January 21, 2019, <https://warontherocks.com/2019/01/time-to-make-good-on-the-u-s-philippine-alliance/>.
- ⁵² In this case, like all of the disputed sovereignty claims in the area, the United States has declined to take sides while insisting on a peaceful resolution of the disputes and upholding freedom of navigation under applicable international law.
- ⁵³ See J. Michael Cole, "The Third Taiwan Strait Crisis: The Forgotten Showdown Between China and America," *The National Interest*, March 10, 2017. "[I]njury to Chinese pride ... convinced Beijing of the need to modernize its military. The result was an intensive program of double-digit investment, foreign acquisitions ... and indigenous resourcing to turn the PLA into a force capable of imposing Beijing's will within its immediate neighborhood and eventually beyond."
- ⁵⁴ See Richard Baum, "From 'Strategic Partners' to 'Strategic Competitors': George W. Bush and the Politics of U.S. China Policy," *Journal of East Asia Policy Studies* 1 No. 2 (August 2001): 191-220.

- ⁵⁵ See for example, Robert D. Blackwill and Ashley J. Tellis, *Revising U.S. Grand Strategy Toward China*, Council on Foreign Relations Special Report No. 72, March 2015, p. 4: “a series of administrations have continued to implement policies that have actually enabled the rise of new competitors, such as China.”
- ⁵⁶ Alastair Iain Johnston, “The Failures of the ‘Failure of Engagement’ with China,” *The Washington Quarterly* 42, No. 2 (Summer 2019): 99-114.
- ⁵⁷ See Robert Kaiser and Steve Mufson, “Blue Team Draws a Hard Line on Beijing,” *Washington Post*, February 22, 2000, p. A1. See also Richard Baum, “From ‘Strategic Partners’ to ‘Strategic Competitors’: George W. Bush and the Politics of U.S. China Policy,” *Journal of East Asia Policy Studies* 1, No. 2 (August 2001): 199-200.
- ⁵⁸ The view was not limited to politicians. University of Pennsylvania Professor Arthur Waldron advocated a similar approach: “I agree with people who think that regime change is key to a really stable peace.” Robert Kaiser and Steve Mufson, “Blue Team Draws a Hard Line on Beijing,” *Washington Post*, February 22, 2000, p. A1.
- ⁵⁹ Robert D. Blackwill and Ashley J. Tellis, *Revising U.S. Grand Strategy Toward China*, Council on Foreign Relations Special Report No. 72, March 2015, p. 4. See Ana Swanson, “A New Red Scare is Reshaping Washington,” *New York Times*, July 20, 2019.
- ⁶⁰ For the classic argument about the importance of accommodation among great powers, see Hans J. Morgenthau, *Politics among Nations: The Struggle for Power and Peace* (New York: Alfred A. Knopf, 1948).
- ⁶¹ See Report of the Select Committee on U.S. National Security and Military/Commercial Concerns with the People’s Republic of China, H.R. Rept 105-851, <https://www.govinfo.gov/content/pkg/GPO-CRPT-105hrpt851/pdf/GPO-CRPT-105hrpt851.pdf>. In the wake of the report, Congress enacted a number of new restrictions on the transfer of satellite and missile-related technology to China. See Congressional Research Service, “98-485—China: Possible Missile Technology Transfers Under U.S. Satellite Export Policy—Actions and Chronology,” CRS Report 98-485 F, updated October 6, 2003.
- ⁶² U.S.-PRC Joint Communiqué, August 17, 1982: “the United States Government states that it does not seek to carry out a long-term policy of arms sales to Taiwan, that its arms sales to Taiwan will not exceed, either in qualitative or in quantitative terms, the level of those supplied in recent years since the establishment of diplomatic relations between the United States and China, and that it intends to reduce gradually its sales of arms to Taiwan, leading over a period of time to a final resolution.”
- ⁶³ Charles L. Glaser, “Time for a U.S.-China Grand Bargain,” Policy Brief, Belfer Center for Science and International Affairs, Harvard Kennedy School, July 2015.
- ⁶⁴ Charles Glaser’s take on the analogy: “The 1938 Munich agreement gave accommodation a bad name. But under certain circumstances, territorial concessions can help a state protect vital interests. . . . [T]he U.S. commitment to Taiwan feeds Chinese concerns about motives in the region and fuels competition over the sea lines of communication (SLOCs) in East Asia. Charles L. Glaser, “Time for a U.S.-China Grand Bargain,” Policy Brief, Belfer Center for Science and International Affairs, Harvard Kennedy School, July 2015. Hugh White offers a similar argument. Hugh White, *The China Choice: Why We Should Share Power* (Oxford, UK: Oxford University Press, 2013).
- ⁶⁵ Kori Schake, *Safe Passage: The Transition from British to American Hegemony* (Cambridge, MA: Harvard University Press, 2017).
- ⁶⁶ Robert B. Zoellick, “Whither China: From Membership to Responsibility,” Remarks to the National Committee on U.S.-China Relations, September 21, 2005. “It is time to take our policy beyond opening doors to China’s membership in the international system: We need to urge China to become a responsible stakeholder in that system.”
- ⁶⁷ U.S.-China Joint Statement, Beijing, November 17, 2009.
- ⁶⁸ During the press conference after the Sunnylands meeting, President Xi stated, “we had an in-depth, sincere and candid discussion . . . on our joint work to build a new model of major country relations.” Obama then described progress on improving U.S.-China military-to-military communication and observed “that’s an example of concrete progress that can advance this new model of relations between the United States and China.” “Remarks by President Obama and President Xi Jinping of the People’s Republic of China After Bilateral Meeting,” June 8, 2013, <https://obamawhitehouse.archives.gov/the-press-office/2013/06/08/remarks-president-obama-and-president-xi-jinping-peoples-republic-china->. In a subsequent speech at Georgetown, National Security Advisor Susan Rice stated, “When it comes to China, we seek to operationalize a new model of major power relations.” “Remarks as Prepared for Delivery by National Security Advisor Susan E. Rice,” November 21, 2013, <https://obamawhitehouse.archives.gov/the-press-office/2013/11/21/remarks-prepared-delivery-national-security-advisor-susan-e-rice>. Soon after, however, the Obama administration stopped using the phrase.
- ⁶⁹ In game theory terms, the parties believe the highest “payoff” is from prevailing, and competing and losing is better than compromise.
- ⁷⁰ Jeffrey Bader, *Obama and China’s Rise: An Insider Account of America’s Asia Strategy* (Washington, DC: Brookings Institution Press, 2012), 79-80.
- ⁷¹ See Minnie Chan, “We don’t want to replace U.S., says Dai Bingguo,” *South China Morning Post*, December 8, 2010, <https://www.scmp.com/article/732710/we-dont-want-replace-us-says-dai-bingguo>. (Dai at the time was a state councilor, the highest ranking foreign policy official.) “The notion that China wants to replace the United States and dominate the world is a myth.” The article quotes Professor Shi Yinhong, a well-connected international scholar, noting that Dai’s comments indicated that Beijing “was trying to amend some senior officials’ ‘improper commentaries’ on Sino-U.S. issues.” For the full version of Dai’s remarks, see Dai Bingguo, “Stick to the Path of Peaceful Development,” *Beijing Review*, No. 51 (December 23, 2010), http://www.bjreview.com.cn/document/txt/2010-12/24/content_320851.htm.

⁷² Although the phrase appears to have originated under Hu Jintao, (see Hideya Kurata, “Xi Jinping’s ‘New Model of Major-Power Relations’ and South Korea,” https://www2.jiia.or.jp/en/pdf/digital_library/china/160331_Hideya_Kurata.pdf; Ren Xiao, “Modeling a ‘New Type of Major Power Relations,’” ASAN Open Forum, October 4, 2013, <http://www.theasanforum.org/tag/new-type-of-great-power-relations/>) it is most closely associated with Xi. For a rich history of the concept, see Jinghan Zeng, “Constructing a ‘New Type of Great Power Relations’: The State of Debate in China (1998-2014),” *The British Journal of International Relations* 12, No. 2 (2016): 422-442. China’s leader now appears to have moved beyond the expression. See David Wertime, “China Quietly Abandoning Bid for ‘New Model of Great Power Relations’ With U.S.” *Foreign Policy*, March 2, 2017, <https://foreignpolicy.com/2017/03/02/china-quietly-abandoning-bid-for-new-model-of-great-power-relations-with-u-s/>.

⁷³ Ernest R. May and Philip D. Zelikow, *Dealing with Dictators: Dilemmas of U.S. Diplomacy and Intelligence Analysis* (Cambridge, MA: MIT Press, 2006).

⁷⁴ Dennis Hevesi, “Ernest May, International Relations Expert, Dies at 80,” *New York Times*, June 6, 2009.

⁷⁵ Ernest R. May, *Imperial Democracy* (Chicago: Imprint Publications, 1991), 270.

The challenges President Trump decided to take on in the Indo-Pacific extend beyond what any single country can address alone.

–MICHAEL PILLSBURY

The Trump Administration's Indo-Pacific Strategy

Michael Pillsbury

President Donald J. Trump laid the basis for his strategy toward China when he wrote about the challenge of China in a book published in 2000, *The America We Deserve*. In a parallel manner, Ronald Reagan had formed detailed ideas about how to deal with the Soviet Union at least two decades before he was elected president. Victorious presidential candidates are not necessarily blank pages on which their national security advisers can write freely. Both Reagan and Trump changed their advisers many times, perhaps seeking a team more in line with their deeply held strategies.

In early December 2016, I first came to understand Mr. Trump's thinking about China as a member of the Presidential Transition Team on the 14th floor of Trump Tower in New York. Chinese delegations began to visit Trump Tower, and several of Mr. Trump's friends, including Henry Kissinger, offered to carry messages to China's President Xi Jinping. The president-elect announced his choice of a new ambassador to China within hours of his election, and the media reported Iowa's long-serving governor Terry Branstad was considered a "friend" of Xi Jinping for decades since Xi's visit to Iowa. The Chinese indicated a desire to meet President Trump as early as possible and hinted a visit to Mar-a-Lago would be welcome, even if Xi did not play golf. Wilbur Ross contributed ideas to the Transition Team and revealed to us he had made 84 trips to China. He soon took the lead on China trade and economic issues.

Mr. Trump made it clear that he had an intense interest in China and that he would essentially serve as what a diplomat might call the "desk officer" for his China policy. He approved several recommendations about China during the transition, including to observe what he later called "our" one China policy, to terminate the Security and Economic Dialogue process originally created by Treasury Secretary Hank Paulson and replace it with four dialogues among 2+2 Cabinet secretaries and to focus on getting a deal to end Chinese unfair trade practices, theft of U.S. intellectual property, forced technology transfer, and in particular reduce the \$500 billion trade deficit about which he had spoken passionately during the campaign.

Other transition recommendations he endorsed were to foster a personal relationship with President Xi by at least monthly telephone calls often an hour or more in length, to seek Xi's help in toughening sanctions on the DPRK at the UN Security Council and to maintain overall policy continuity on China. This included continuing the traditional duties of the 2,300 employees of the U.S. Embassy in Beijing, with nearly fifty federal agencies located there and extending President Obama's NSC senior director for Asia in his post before naming him U.S. ambassador to Vietnam. The president authorized the proposal of his new Defense Secretary Jim Mattis to expand military exchanges with China, including for Mattis to make the first visit to Beijing in his life. Indeed, by December 2017, one of the most far-reaching objectives of the National Defense Strategy was to set the military relationship between the United States and China on a long-term path of extensive communication.

In my view, the three most important recommendations that the president-elect endorsed were to be sure that China's economy did not surpass America on his watch, to challenge China's misconduct at the WTO by instructing our ambassador there to criticize China bluntly and demand reforms, and to seek a whole-of-government approach

in which all federal agencies would focus on working with allies and partners building a “free and open Indo-Pacific” region. This concept came to be known as the Indo-Pacific Strategy. The president instructed nearly a dozen agencies and departments to coordinate in a larger regional context and to seek support from allies and partners.

In the thirty months since the transition, President Trump first unveiled these concepts at different moments. For example, on November 10, 2017, at the APEC Summit in Vietnam he stated, “The story of the Indo-Pacific in recent decades is the story of what is possible when people take ownership of their future.... This region has emerged as a beautiful constellation of nations, each its own bright star, satellites to none.” However, he never gave a major speech on his China policy. This permitted his critics to complain he must see China as an enemy or be seeking a global confrontation with China. Yet when any fair-minded observer examines the four main grand strategies described in Graham Allison’s *Destined for War*, it is clear President Trump did not choose “accommodate,” or “undermine” or “negotiate a long peace” or “redefine the relationship,” but rather a unique blend of elements drawn from all four of them. Indeed, by mid-2019, President Trump would propose three-way arms control talks with China and Russia. Draft congressional legislation soon proposed that New START not be extended in 2021 unless China joined the talks, too.

The conspiracy-minded hawks in Beijing I describe in *The Hundred Year Marathon* have their own assessment of President Trump’s strategy toward China. They have become obsessed with the Indo-Pacific Strategy, a whole-of-government commitment that was first spelled out in detail at the Indo-Pacific Business Forum in 2018, as Secretary of State Mike Pompeo, Secretary of Commerce Wilbur Ross, U.S. Agency for International Development Administrator Mark Green, and other cabinet-level officials launched new initiatives to expand U.S. public and private investment in Indo-Pacific infrastructure, energy markets, and digital economy. Secretary Pompeo announced the establishment of new development finance partnerships with Japan, Australia, Canada, and the European Union, supported by significant new resources and authorities in the Better Utilization of Investments Leading to Development Act, or the BUILD Act, which President Trump signed into law in October 2018. The following month, Vice President Michael Pence announced efforts to coordinate with allies and partners, including efforts across the spectrum of federal agencies for: diplomatic initiatives, governance capacity building, economic cooperation and commercial advocacy, and military cooperation. Chinese hawks did not seem to notice or believe that the United States does not oppose Chinese investment activities as long as they respect sovereignty and the rule of law, use responsible financing practices, and operate in a transparent and economically sustainable manner.

The challenges President Trump decided to take on in the Indo-Pacific extend beyond what any single country can address alone. Therefore, he decided to cooperate with like-minded allies and partners to address common challenges. Unfortunately, that is not how Beijing’s hawks saw it.

Prior to his November 2017 trip to Asia, President Trump decided to strengthen our five military Asian alliances with Japan, South Korea, Australia, the Philippines, and Thailand. He also took steps to expand partnerships with Singapore, Taiwan, New Zealand, and Mongolia. After meeting with Prime Minister Modi, he decided to operationalize our Major Defense Partnership with India, while pursuing emerging partnerships with Sri Lanka, the Maldives, Bangladesh, and Nepal. He is also continuing to strengthen security relationships with partners in Southeast Asia, including Vietnam, Indonesia, and Malaysia, and sustaining engagements with Brunei.

Japan

In Japan, the government of Japan has already provided more than \$2 billion of a \$3.1 billion commitment for construction of facilities for the U.S. Marine Corps realignment. The U.S. government will fund the balance of construction, estimated at \$8.6 billion, and is working toward an outcome that enhances our Indo-Pacific posture.

Republic of Korea (ROK)

South Korea has earned President Trump's praise in part because it spends over 2 percent of its gross domestic product on defense and increasing foreign military procurements from the United States, such as the KF-16 and PATRIOT battery upgrades, AH-64E Apaches, the F-15K, RQ-4 Global Hawk variants, and the F-35A Joint Strike Fighter. Seoul also has future procurement plans for the P-8, advanced munitions, upgrades to PAC-3 missiles, and F-16 fighters—all of which will increase interoperability with the United States.

Significant improvements in U.S. force posture during 2018 include adding essential munitions, BMD systems, and pre-positioned wartime stocks. The United States continues to work with the ROK to create an interoperable BMD architecture that addresses the ballistic missile threat from North Korea.

In 2018, USFK and United Nations Command Headquarters relocated both commands from U.S. Army Garrison Yongsan to U.S. Army Garrison Humphreys in Pyeongtaek, joining U.S. Eighth Army and 2nd Infantry Division in new state-of-the-art facilities on the largest DoD facility outside of the continental United States. By consolidating capability in Pyeongtaek, on facilities built mostly with ROK funds, we maximize our ability to uphold U.S. security commitments, return large portions of downtown Seoul to the Korean people for economic development, and improve the quality of life for our service members and their families.

Australia

Both the United States and Australia are strengthening security in the Indo-Pacific through more deliberate coordination of the policies and priorities underlying regional engagements by promoting interoperability to address new threats, increasing focus on the Pacific Islands, and leveraging the U.S.-Australia force posture initiatives and the unique exercising and training opportunities created in the process.

In 2014, the United States and Australia signed the Force Posture Agreement, a twenty-five-year-plus agreement governing our Force Posture Initiatives and providing our forces more opportunities to work bilaterally and in trilateral and regional activities, in areas including maritime capacity building and humanitarian assistance and disaster relief.

There are two Force Posture Initiatives in northern Australia: 1) the Enhanced Air Cooperation, improving interoperability through longer duration, and more sophisticated training; and 2) Marine Rotational Forces-Darwin, an annual rotational presence of up to 2,500 U.S. Marines. The Force Posture Initiatives promote a combined capability to respond to crises and contingencies, strengthen interoperability, and further engagement with regional partners.

In 2018, the U.S. Marine Rotational Forces-Darwin completed its seventh rotation, training with forces from Australia and twelve other regional countries and deploying as part of Australia's Indo-Pacific Endeavor—a flotilla that conducted security cooperation activities in Southeast Asia and the Pacific Islands.

Philippines

We have 280 bilateral defense activities planned with the Philippines in 2019, and the Philippines hosts the most bilateral exercises in the USINDOPACOM area of responsibility. This robust annual cooperation ensures our forces will maintain a sufficient level of interoperability to respond in times of crisis.

President Trump met in Manila with the president and the armed forces of the Philippines and praised its fifteen-year modernization plan to upgrade its capabilities for territorial defense. The main areas of emphasis are maritime security, ISR, and aviation. In December 2018, then-Secretary James Mattis, with authority delegated by

the president, returned the Bells of Balangiga to the Philippines. The Bells were seized during the U.S.-Philippine War in 1901 and are venerated as religious artifacts by the people of the Philippines.

The United States holds some ninety named military exercises in the Indo-Pacific each year, with the vast majority of these exercises being conducted jointly or combined with our allies and partners. These forces and exercises cooperate with militaries across the region in a range of activities from real-time disaster relief to the full spectrum of conventional warfare skills to deter our adversaries.

There are now five Enhanced Defense Cooperation Agreement (EDCA) Agreed Locations arrayed throughout the archipelago: Antonio Bautista Air Base, Basa Air Base, Fort Magsaysay Military Reservation, Lumbia Air Base, and Mactan Benito Ebuen Air Base. The first projects under the agreement were completed in 2018 and an additional twelve projects have been approved for implementation for 2019 and 2020. These investments provide force posture enhancements, improve our future readiness, and improve the operational flexibility of the alliance during contingencies.

In March 2019, Secretary of State Pompeo reaffirmed our commitment to the Mutual Defense Treaty, providing assurances that, “as the South China Sea is part of the Pacific, any armed attack on Philippine forces, aircraft, or public vessels in the South China Sea will trigger mutual defense obligations under Article IV of our Mutual Defense Treaty.”

The United States and the Philippines continue to find new ways to meet our shared goals. For example, at the invitation of the government of the Philippines, we concluded a bilateral air exercise at Basa Air Base that incorporated fighter aircraft of the Armed Forces of the Philippines and the U.S. Air Force.

Thailand

Thailand plays a key geostrategic role in the Indo-Pacific region. The access provided to Utapao Royal Thai Naval Air Station and the associated deep-water port at Sattahip is a critical enabler for U.S. force projection. The Royal Thai Army intends to update its Brigade Combat Team construct centered on the U.S. Stryker vehicle.

Singapore

Singapore provides access to U.S. Navy ships as well as U.S. military aircraft, including most recently littoral combat ships and P-8 Poseidon aircraft, whose presence has contributed to the security and stability of Southeast Asia and continues to ensure a free and open Indo-Pacific.

Singapore was the first and only Asian country to contribute assets and personnel to the Global Coalition to Defeat ISIS and has participated in Operation Gallant Phoenix since May 2017. Singapore has commanded Combined Task Force 151 in the Gulf of Aden five times.

New Zealand

New Zealand plays a critical role as a regional leader promoting stability, building capacity, and responding to crises and contingencies in the Pacific Islands, such as natural disasters. In 2018, New Zealand announced the “Pacific Reset,” its new whole-of-government policy to engage in the Pacific Islands, building capacity and resilience in response to a range of threats. By collectively stepping up in partnership with Pacific Island nations and other like-minded allies and partners, New Zealand’s Pacific Reset directly complements American efforts in the Indo-Pacific.

President Trump seeks opportunities to broaden and strengthen partnerships with India, Sri Lanka, the Maldives, Bangladesh, and Nepal to respond to shared regional challenges.

India

In June 2016, the United States designated India a “Major Defense Partner,” a status unique to India. The designation seeks to elevate the U.S. defense partnership with India to a level commensurate with that of the United States’ closest allies and partners. The establishment of the U.S.-India 2+2 Ministerial Dialogue in September 2018 also serves as a tangible demonstration of our commitment to promoting the shared principles of a free and open Indo-Pacific.

President Trump has authorized a whole-of-government approach to pursue a range of initiatives with India to enable cooperation, strengthen our interoperability, and establish a strong foundation for defense trade, technology sharing, industrial collaboration, and broader cooperation on defense innovation. The signing of the Communications, Compatibility and Security Agreement in 2018 represents a significant development in our military-to-military relationship, facilitating greater interoperability and real-time secure information-sharing. DoD and the Indian Ministry of Defence are increasing the scope, complexity, and frequency of our military exercises. Later this year, the United States and India will conduct our first tri-service exercise, and we continue to collaborate on maritime security and domain awareness, HA/DR, counter-piracy, counter-terrorism, and other transnational issues.

India has purchased approximately \$16 billion in U.S. defense equipment since 2008. Through the Defense Technology and Trade Initiative, we are increasing cooperation in defense technology, building industry-to-industry ties, and identifying opportunities for the co-development and co-production of defense systems for the sustainment and modernization of military forces.

Sri Lanka

Since 2015, DoD has strengthened its relationship with Sri Lanka and increased military engagements significantly, particularly with the Sri Lankan Navy. In 2017, we conducted the first port visit in thirty years by a U.S. aircraft carrier—the USS NIMITZ Carrier Strike Group—and the first ever bilateral Cooperation Afloat Readiness and Training (CARAT) Exercise. In 2019, we increased cooperation on mutual logistics arrangements in support of Indian Ocean security and disaster response.

Maldives

Following the recent democratic transition in the Maldives, the United States started to explore avenues to expand security cooperation, with particular emphasis on providing capacity-building opportunities to the Maldives National Defence Forces and Maldivian Coast Guard. Key areas of focus include maritime domain awareness (MDA)—to enable Maldivian forces the ability to monitor and patrol its sovereign maritime area and contribute to regional efforts to protect sea lines of communication.

Through the implementation of the National Defense Strategy in the Indo-Pacific, the United States is prioritizing new relationships with Vietnam, Indonesia, and Malaysia—key players in ASEAN.

Vietnam

The U.S.-Vietnam defense relationship has grown dramatically over the past several years, as symbolized by the historic March 2018 visit of a U.S. aircraft carrier for the first time since the Vietnam War.

President Trump seeks to improve Vietnamese defense capabilities by providing security assistance, including Scan Eagle Unmanned Aerial Vehicles, T-6 trainer aircraft, a former U.S. Coast Guard high-endurance cutter, and small patrol boats and their associated training and maintenance facilities. The U.S. military also engages in numerous annual training exchanges and activities to enhance bilateral cooperation and interoperability with the Vietnamese Army, Air Force, Navy, and Coast Guard.

Indonesia

Through the U.S.-Indonesia Comprehensive Partnership, the United States and Indonesia conduct an active exercise program that enhances our respective capacity and interoperability based on common platforms such as F-16 fighters and Apache attack helicopters.

Indonesia is a major recipient of IMET funds in the Indo-Pacific, which are used to enhance the military professionalization of the Army, Navy, Air Force, and Coast Guard.

Malaysia

Under President Trump, we conduct more than 100 defense engagements with Malaysia annually, including exercises and subject matter expert exchanges, and we partner on common objectives such as maritime security and counter-terrorism. We improve our interoperability through combined air, maritime, and amphibious training in multiple locations across the country.

The Malaysian armed forces have demonstrated the professionalism, capacity, and resolve to contribute to regional security and international U.N. missions. We will continue to work closely with Malaysia to advance these and similar efforts that support a free and open Indo-Pacific.

Brunei

The Bruneian government has welcomed the growth of military ties with the United States and like-minded nations, including with respect to enhancing MDA. In 2018, in addition to the Brunei Navy's participation in the RIM OF THE PACIFIC Exercise and holding our annual bilateral CARAT Exercise, the Royal Brunei Land Forces and U.S. Army conducted their first bilateral exercise—PAHLAWAN WARRIOR—in Brunei. This year, the United States co-hosted with Brunei a multilateral Cooperation Against Transnational Threats workshop.

President Trump in 2018 began to revitalize our engagement in the Pacific. The Pacific Islands represent a region distinct from other regions in the Indo-Pacific because of the relatively small size of states, unique geography, and challenges to promote economic prosperity, and U.S. security guarantees to the Freely Associated States. We believe strongly in respect for a safe, secure, prosperous, and free and open Indo-Pacific that must preserve small states' sovereignty, as signified by the 2018 Boe Declaration.

Three of the Pacific Islands have militaries: Papua New Guinea, Fiji, and Tonga. The United States works with each to support improved capability within partner armed forces and, consistent with a partner-centric approach, often in support of efforts from allies and partners such as Australia and New Zealand.

Allies such as the United Kingdom and France play a critical role in maintaining a free and open Indo-Pacific. In addition to military capability and regional presence, these allies contribute vital support to upholding free and open principles in the region and globally.

For example, the United Kingdom has increased deployments and operations in the region since 2017, contributed to the coordinated, multinational initiatives to enforce UN Security Council sanctions on North Korea, and performed its first naval operation aimed at asserting navigational rights and freedoms in the South China Sea in 2018 with the transit of its frigate HMS SUTHERLAND and amphibious transport HMS ALBION, followed by the transit of its frigate HMS ARGYLL in 2019. The United Kingdom shares our holistic view of the region as the “Indo-Pacific.”

The United States and France have restarted the Indo-Pacific Security Dialogue and the U.S. took notice of the deployment of the aircraft carrier FNS CHARLES DE GAULLE to the Indo-Pacific in 2019, accompanied for portions of its deployment by ships from other NATO countries, Australia, and the United States. Paris published its strategy on France and Security in the Indo-Pacific.

The president has been personally involved in developing a trilateral partnership with Japan and Australia. Together, we are cooperating in tangible ways to enhance security across the region and increase our interoperability, in part, by augmenting our exercises and training; increasing information sharing; and building capabilities. For example, we are taking what would otherwise be separate or bilateral capacity-building initiatives in Southeast Asia and ensuring that they not only complement one another, but are also tailored to assist in building up more comprehensively capable partners. This grouping is also effectively improving our interoperability by trilateralizing and multilateralizing key military exercises, including COPE NORTH GUAM and SOUTHERN JACKAROO.

The United States, India, and Japan also enjoy a robust trilateral partnership. The annual naval exercise, which began as a U.S.-India exercise, has included Japan as a participating partner since 2014. The exercise has increased our ability to operate trilaterally, including via real-time information sharing, and has increased in complexity over time to incorporate surface, amphibious, and air components. Underpinning this cooperation is the State Department-led trilateral dialogue, which completed its 9th iteration in April 2018. This dialogue enhances trilateral cooperation in the areas of connectivity and infrastructure development, counter-proliferation, counterterrorism, maritime security and domain awareness, and disaster relief. The first-ever trilateral meeting between the leaders of the United States, India, and Japan took place in November 2018 at the G20 meeting and again at the G20 meeting in Osaka.

The United States continues to support ASEAN centrality in the regional security architecture, and the U.S. free and open Indo-Pacific strategy seeks to further empower it.

Singapore’s Information Fusion Centre (IFC) is also an example of how countries in the region are collaborating to facilitate information sharing and enhance maritime security. Since its inception in 2009, Singapore’s IFC has served as a maritime information hub for the region, contributing actionable information to regional and global navies and coast guards to cue timely operational responses to maritime threats such as piracy and drug smuggling. The IFC has hosted over 100 international liaison officers from over twenty countries.

Last December, the United States also welcomed the inauguration of India’s maritime IFC, which will function as a regional platform for the exchange of information in the maritime domain among partner nations. Likewise, Sri Lanka, whose strategic location in the Indian Ocean through which 70 percent of maritime traffic passes, has outlined a vision to become a regional hub for logistics and commerce. Supporting this vision, the U.S. Navy recently initiated a series of temporary cargo transfer initiatives enabling non-lethal resupply of passing naval vessels in Sri Lanka.

My impression is that President Trump's team is open to suggestions about how and where to make mid-course corrections in their strategy toward China. The Indo-Pacific Strategy that I have detailed, of course, is only a part of the overall approach. Still, America's annual two-way trade with the region is \$2.3 trillion, with U.S. foreign direct investment of \$1.3 trillion in the region—more than China's, Japan's, and South Korea's combined.

The Indo-Pacific contributes two-thirds of global growth in gross domestic product (GDP) and accounts for 60 percent of global GDP. This region includes the world's largest economies—the United States, China, and Japan—and six of the world's fastest growing economies—India, Cambodia, Laos, Burma, Nepal, and the Philippines. A quarter of U.S. exports go to the Indo-Pacific, and exports to China and India have more than doubled over the past decade. And as we meet in Aspen, Secretary Pompeo will spend three days with ASEAN defense ministers at the security forum in Bangkok before visiting Australia for an annual meeting of the U.S. and Australian foreign and defense ministers. Newly sworn-in Defense Secretary Mark Esper will join him in Sydney for those talks. On his return, Pompeo will become the first sitting secretary of state to visit Micronesia, meeting leaders from the Pacific Islands that have compact associations with the United States, including Palau and the Marshall Islands.

Michael Pillsbury is the Senior Fellow and Director for Chinese Strategy at the Hudson Institute. He is a distinguished defense policy adviser, former high-ranking government official, and author of numerous books and reports on China. During the Reagan administration, Dr. Pillsbury was Assistant Under Secretary of Defense for Policy Planning and responsible for implementation of the program of covert aid known as the Reagan Doctrine. In 1975-76, while an analyst at the RAND Corporation, Dr. Pillsbury published articles in *Foreign Policy* and *International Security* recommending that the United States establish intelligence and military ties with China. The proposal, publicly commended by Ronald Reagan, Henry Kissinger, and James Schlesinger, later became U.S. policy during the Carter and Reagan administrations. Dr. Pillsbury served on the staff of four U.S. Senate Committees from 1978-1984 and 1986-1991. As a staff member, Dr. Pillsbury drafted the Senate Labor Committee version of the legislation that enacted the US Institute of Peace in 1984. He also assisted in drafting the legislation to create the National Endowment for Democracy and the annual requirement for a DoD report on Chinese military power. In 1992, under President George H.W. Bush, Dr. Pillsbury was Special Assistant for Asian Affairs in the Office of the Secretary of Defense, reporting to Andrew W. Marshall, Director of Net Assessment. He is a member of the Council on Foreign Relations and the International Institute for Strategic Studies. Dr. Pillsbury is the author of *China Debates the Future Security Environment* (NDU Press, 2000), *The Hundred-Year Marathon: China's Secret Strategy to Replace America as the Global Superpower*, and editor of *Chinese Views of Future Warfare* (NDU Press, 1998). Dr. Pillsbury was educated at Stanford University (B.A. in history with honors in social thought) and Columbia University (M.A., Ph.D.).

The Trump administration has rethought and reset U.S. policy toward China in important new ways. What remains now is recalibration. This means reintroducing and reinforcing the notion of U.S. engagement—both with China and with the broader international community.

—ELIZABETH ECONOMY

Reimagining Engagement

Elizabeth Economy

Introduction

This year, 2019, marks 40 years since the establishment of diplomatic relations between the United States and China. Bilateral trade and investment between the two countries has grown exponentially from \$2 billion in 1980 to almost \$750 billion in 2018; student exchange and tourism numbers have soared; and peace has been maintained in the Asia-Pacific. Yet in the past several years, the U.S.-China relationship has entered a new, increasingly contentious period that is marked more by overt confrontation and competition than by coordination and cooperation.

This deterioration reflects the collapse of two implicit understandings that have underpinned the bilateral relationship for the past four decades: first, that both Beijing and Washington would minimize near-term disputes around areas of conflict, such as trade, Taiwan, and human rights, to preserve a façade of accord; and second, that they would operate within a paradigm of “constructive engagement,” in which the United States would encourage China’s integration into the liberal international order, and that this process, coupled with the rise of the middle class, would accelerate the process of economic and political liberalization within China.¹

The reality of China’s politics today, however, has caused Washington to rethink this strategy. The promise of continued reform and opening up at home has been replaced by a return to greater political control and state intervention in the economy. In addition, Beijing’s foreign policy initiatives routinely challenge the values inherent in the liberal international order, as well as U.S. leadership in the Asia-Pacific and beyond. Washington is no longer willing to maintain the illusion of progress in hopes of future substantive cooperation, and China is no longer willing to be tutored by the United States on how to reform at home and engage abroad.

In Washington, the result of this new understanding is a policy characterized less by “engage, but hedge” than by “compete, counter, and contain.” It is an approach that accurately recognizes the range and seriousness of the new challenges China poses and establishes some important defensive strategies but fails to advance an effective counter-narrative and the policies to support it. What is needed now is to reimagine engagement in an era of U.S.-China competition by 1) advancing a positive and proactive U.S. message and set of policies on the global stage to counter China’s attack on the liberal international order; 2) strengthening the economic pillar of U.S. global engagement; 3) leveraging U.S. allies and partners; 4) developing the political, economic, and security resources at home to compete with China over the medium to long term; and 5) establishing new areas and approaches to common action with China to minimize the risk of spiraling into a Cold War or hot conflict.

Engagement Through the Decades²

For the United States, engaging China has been a consistent theme of the bilateral relationship since well before the establishment of diplomatic relations in 1979. And for much of that time, engaging China equated to changing China. As early as the 1950s, U.S. Secretary of State John Foster Dulles delivered a series of speeches in which he

articulated the view that the United States should work to engender a peaceful evolution in Communist countries toward democracy—through support for opposition forces, cultural subversion, and information warfare.³ Along these same lines, even before becoming president, Richard Nixon laid out his vision for China in a 1967 *Foreign Affairs* article: “We simply cannot afford to leave China forever outside the family of nations, there to nurture its fantasies, cherish its hates and threaten its neighbors. The world cannot be safe until China changes. Thus our aim, to the extent that we can influence events, should be to induce change.”⁴ And President Carter, while arguing that the United States and China should make their differences “sources not of fear, but of healthy curiosity; not as a source of divisiveness, but of mutual benefit,” nonetheless believed that U.S. foreign policy should be rooted in its moral values.⁵

In one form or another, U.S. administrations expressed a desire for China to reform and a belief that the United States could contribute to that process. There was a clear link between Dulles’ notion of peaceful evolution and Nixon’s commitment to bring China into the international system, which informed later administrations’ approaches to the same question. President Clinton, for example, in arguing for China’s entry into the World Trade Organization (WTO) claimed, “Of course the path that China takes to the future is a choice China will make. We cannot control that choice; we can only influence it. But we must recognize that we do have complete control over what we do. We can work to pull China in the right direction or we can turn our backs and almost certainly push it in the wrong direction. The WTO agreement will move China in the right direction. It will advance the goals America has worked for in China.”⁶

Robert Zoellick, who served as deputy secretary of state during George W. Bush’s administration, delivered perhaps the fullest articulation of engagement’s ultimate objectives in his keynote address at the National Committee on U.S.-China Relations’ 2005 gala. Zoellick outlined a set of emerging challenges posed by China’s rise—a lack of transparency in supporting bad actors on the global stage, a failure to protect foreign intellectual property, a mounting U.S.-China bilateral trade deficit, and a potential for China’s desire for “predominance of power” in Asia to cause conflict. The solution to these problems rested not only in addressing China’s behavior on the international stage but also in transforming China’s political system at home: “Our goal ... is to help others find their own voice, attain their own freedom, and make their own way. ... Closed politics cannot be a permanent feature of Chinese society. It is simply not sustainable. China needs a peaceful political transition to make its government responsible and accountable to its people.”⁷

China, for its part, participated in, and at times appeared transformed by, this process of engagement. The country’s economy flourished as it gradually opened to greater levels of foreign investment. Multinationals reinforced the importance of intellectual property rights protection and introduced practices around corporate social responsibility. Chinese civil society also expanded dramatically throughout the 1990s and 2000s, as partnerships were forged between domestic nongovernmental organizations and their foreign counterparts. By the mid-2000s, foreign NGOs and foundations provided well over half of the funding for China’s rapidly developing environmental NGO movement.⁸ And virtually every leader of a major Chinese environmental NGO had received training from a U.S. partner organization. The National Endowment for Democracy (NED) supported Chinese political activists, exposing them to the world of election campaigns and monitoring; in 2010-2011, a prominent Chinese NGO, supported by the Open Society and NED, openly educated Chinese citizens on how to run independent political campaigns. And the United States served as a source of inspiration and financial and organizational support for the Chinese labor, women’s, and LGBTQ activists: one leading Chinese blogger mentioned privately, for example, that the legal recognition of same-sex marriage in the United States had a profoundly positive impact on the LGBTQ movement in China. Most strikingly, the internet served to amplify new political voices, such as billionaire bloggers who boasted ten million followers and more, and confidently opined on sensitive topics such as the need for political reform. Internet-fueled demonstrations topped 180,000 in 2010, as Chinese people took to the streets to rally against pollution, corruption, and labor violations, among other issues.

In addition, as a number of studies have documented, in areas as wide-ranging as trade, public health, and the environment, China welcomed the international community's capacity-building efforts, sending its officials for training and modeling its domestic laws on those of the United States or other advanced economies.⁹ Partnership between the United States and China, while limited, also contributed to addressing global challenges, such as the 2014 Ebola crisis in West Africa, and breathed new life into the international climate change negotiation process in 2016.

Moreover, the Chinese government actively sought ways to reassure the United States and other countries that as its economic and military power increased, it would not pursue a path of military dominance nor seek to upend the established world order. Throughout the mid-2000s, the words of former senior Chinese Communist Party (CCP) official Zheng Bijian concerning China's peaceful rise were widely cited as evidence supporting Beijing's desire to maintain the status quo in the international system.¹⁰ Of course, there were discordant voices that questioned the utility of the peaceful rise concept. Some Chinese believed that it improperly limited Beijing's choices with regard to Taiwan; force, they argued, should not be off the table as a means of resolving the question of Taiwan's status. Others considered it "demeaning" that China would attempt to subordinate its interests to placate the United States.¹¹

At the same time, where Chinese and U.S. interests clearly diverged, the two countries often developed alternative but parallel narratives. The clearest example has been the effort by Beijing and Washington to manage their differences around the status of Taiwan. Even as President Carter abrogated diplomatic recognition of Taiwan in favor of formal ties with mainland China, he ensured that the United States and Taiwan would maintain cultural, commercial, and other "unofficial relations," and Congress passed the Taiwan Relations Act that called for the United States to provide for the adequate defense of Taiwan. And in 1984, when Ronald Reagan traveled to Beijing and met with Premier Zhao Ziyang, the official Chinese record of the visit acknowledged that President Reagan "stressed his intention to continue arms sales to Taiwan and was an ardent defender of Taiwan's independence" but nonetheless noted that the president "listened with great care to a nine point Chinese plan for absorbing the island state."¹² On the most sensitive issues, Chinese television simply deleted Reagan's references to the need for democracy and belief in God.¹³

The Game Changers

Beijing began to question the value of engagement as defined largely by the United States as early as 2008. The global financial crisis and seeming collapse of the U.S. economy marked a turning point for many Chinese, who no longer considered the United States' system as worthy of emulation. As Vice Premier Wang Qishan told U.S. Treasury Secretary Hank Paulson: "You were my teacher, but look at your system, Hank, we aren't sure we should be learning from you anymore."¹⁴ At least one leading Chinese economic official called publicly for the world to consider a new global currency to replace the dollar as the world's reserve currency.¹⁵ China's peaceful rise narrative also lost currency during this time, replaced by a more forceful set of foreign policy voices that began to envision China as the dominant player in the Asia-Pacific. In part in response to this new-found Chinese assertiveness, the Obama administration in 2011 also articulated a more forward-leaning presence in the Asia-Pacific, outlining a new U.S. strategy—the pivot or rebalance—that envisaged a greater degree of U.S. military, economic, and political engagement in the region.¹⁶ This competitive process accelerated significantly, however, with the advent of Xi Jinping as general secretary of the CCP in 2012 and the election of Donald Trump as president of the United States in 2016.

After four decades of managed conflict, Chinese President Xi Jinping and U.S. President Donald Trump have introduced a new dynamic into the U.S.-China relationship. There is little interest in papering over differences, developing parallel narratives, or subsuming conflict in the near term in the hopes of promoting cooperation over

the longer term. “Engagement” as a U.S. strategy for inducing change in Chinese behavior at home or abroad is no longer discussed seriously. And even as this new, more competitive bilateral relationship emerges, the foundations for managing it have not been established.

One of China’s leading scholars of the United States, Wang Jisi, places responsibility for the change in the U.S.-China relationship’s dynamics squarely on China. In an October 2018 interview, he commented: “For over 200 years, the United States has never changed its strategic goals for its relationship with China: free flow of goods and capital, and free flow of information and values. Chinese have always had reservations or imposed boycotts to oppose these two goals. We should criticize and have reason to criticize the United States, but we should realize that China’s own actions have changed Sino-US relations and US perception of China. ... If we are looking for the cause, it was the change in Chinese policy that led to adjustments in US policy towards China. US policy has changed because China changed.”¹⁷

Certainly Xi Jinping has transformed China’s domestic and foreign policy landscape. He has introduced regressive and repressive policies at home, consolidating power into his own hands and reasserting the Communist Party’s authority into everyday Chinese political and economic life. He has limited opportunities for the international community to influence Chinese political and economic development. Increasing numbers of foreign websites are blocked; foreign television content has been slashed; the free flow of information via the internet is increasingly constrained as Beijing widens the scope for what it considers threatening to national security; and in the wake of the January 1, 2017, Law on the Management of the Activities of Overseas Nongovernmental Organizations within Mainland China, the number of foreign NGOs operating in China has fallen from more than 7,000 to just 600. The Made in China 2025 industrialization policy constrains opportunities for multinationals to compete on a level playing field in ten areas of advanced technology. In Sichuan province, for example, the local government has passed a regulation preventing hospitals from being reimbursed for operations and procedures that use fifteen types of devices unless those devices are Chinese-manufactured.¹⁸ Political and civil liberties have diminished significantly with the introduction of a massive surveillance apparatus and the social credit system. This social control manifests itself in its most extreme form in Xinjiang Autonomous Region, where millions of Uighur Muslims are subjected to racial and ethnic profiling, denied religious and civil liberties, and forcibly interned in labor and reeducation camps.

Xi also has adopted a far more ambitious foreign policy that seeks to enhance China’s role on the global stage and to challenge traditional U.S. interests in important new ways:

- Over the past six years, Xi has moved from staking claims around sovereignty in the South China Sea, Hong Kong, and Taiwan to realizing them through coercive economic, political, and military actions. Many of these actions threaten freedom of navigation and overflight, the political and economic security of Hong Kong and Taiwan citizens, and regional stability and security.
- China’s Belt and Road Initiative (BRI), which began in 2013 primarily as an effort to export Chinese overcapacity and connect interior Chinese cities to external markets, has evolved into a far more expansive endeavor with significant implications for the future geopolitical landscape.
 - Through its deployment of both Chinese hard and digital infrastructure, Beijing is setting global standards in equipment and technology for the 21st century.
 - Beijing’s control of at least seventy-six ports in thirty-four countries provides it with new opportunities for economic coercion as well as military expansion. According to one senior military official, China plans to establish scores of overseas bases in the future.

- o Xi Jinping also has suggested that the “China model” might offer a different path for countries disenchanted with the Western model of market democracy. In 2018, Beijing conducted two- and three-week courses on censorship and surveillance for officials from dozens of BRI countries and sent officials to countries such as Uganda and Tanzania to train their counterparts on how to control the media and manage civil society. Overall, China has exported its surveillance system to eighteen countries and assisted thirty-six countries in developing the capacity to repress free speech.
- Xi Jinping has exploited the openness of other societies, including the United States, to advance PRC political and economic interests. The CCP uses Confucius Institutes, Chinese Students and Scholars Associations, and stakes in media companies to project a benign view of Chinese activities and limit dissenting views. It also actively deploys cyber tools, as well as students, scholars, and businesspeople, to engage in intellectual property theft from university labs and corporations.
- Finally, Xi Jinping has called for China to lead in reforming global governance and making international norms and institutions more directly reflect Chinese values and interests. Such reform may be positive, such as the establishment of the Asian Infrastructure Investment Bank, which operates according to existing international norms. In other arenas, however, Beijing uses international institutions to advance PRC policies, such as inserting the BRI into UN resolutions or proposing arrangements in human rights and internet governance that are antithetical to U.S. values and interests. And China’s promotion of a “community of common destiny” is at the heart a call for the end of the U.S.-led system of alliances.

Yet, the traditional understandings of U.S.-China relations did not begin to unravel fully until the election of Donald Trump. President Trump’s approach to China and his approach to the United States’ role on the global stage have undermined the relationship’s foundations. On the one hand, President Trump places little value on the U.S. role in upholding the liberal international order’s institutions. He has withdrawn the United States from the Paris Climate Accord, the International Postal Union, and the United Nations Human Rights Council, and he has threatened to withdraw from the WTO. He views multilateral institutions more as constraints on U.S. power than as vehicles for advancing U.S. interests through global cooperation. As a result, he does not seek to bring China into these or other international institutions.

At the same time, the Trump administration has rejected any pretense of papering over differences with China or maintaining alternative narratives in order to preserve stability in the relationship. It has pushed back against Chinese aggression in the South China Sea through regular Freedom of Navigation Operations, moved to address unfair Chinese trade practices by imposing tariffs on Chinese exports, called out Beijing’s poor governance practices around the BRI, sought censure in the United Nations for Chinese human rights abuses in Xinjiang, adopted legislation to protect sensitive U.S. technology, and enhanced U.S. support of Taiwan, among other measures. These policies have complicated Beijing’s efforts, and some have yielded noticeable success. Calling China out for its weak governance standards around the Belt and Road Initiative, for example, has transformed global discourse around Chinese investment practices and forced Beijing to rethink its practices. Importantly, many Chinese intellectuals and entrepreneurs privately state that they appreciate the Trump administration’s tough policies because they are the only bulwark against an ever-more ambitious and repressive Xi Jinping. And within the United States, the focus on human rights abuses in Xinjiang has prompted universities to reconsider research partnerships with Chinese companies involved in surveillance in Xinjiang and U.S. corporations to reconsider their investments in the region.

Yet, there are also significant drawbacks to the Trump administration’s approach:

- President Trump’s bilateral approach to China (notwithstanding the efforts of many in his administration to work in a more multilateral context) ignores the strength that derives from working with U.S. allies and allows China to paint a picture of the United States as weak, isolated, and attempting to contain China.

- The lack of consistency in the Trump administration’s narrative—for example, suggesting at times that it will trade out Taiwan or relax its policy on Huawei in exchange for a better trade deal—undermines U.S. credibility in China and among U.S. allies.
- Publicly badgering other countries to bar Huawei from future 5G networks contributes to nationalistic impulses in China, sets up a lose-lose proposition for allies, and makes the United States appear weak and fearful in the face of advancing Chinese technological capabilities.
- The tariffs levied by the Trump administration on Chinese exports and efforts to decouple the two economies have resulted overwhelmingly in greater hardship as opposed to benefits for U.S. companies, workers, and consumers.
- The broad-based attack on Chinese students, scholars, and researchers in the United States contributes to a McCarthy-like political atmosphere and almost certainly will result in the United States losing support from some of the world’s most talented minds.
- The failure of the Trump administration to identify areas of common purpose with China costs the United States the opportunity to support those in China most committed to a positive relationship with the United States and to advance reform in China, as well as the chance to make meaningful progress in addressing global challenges.

Engagement 2.0

The Trump administration has rethought and reset U.S. policy toward China in important new ways. What remains now is recalibration. This means reintroducing and reinforcing the notion of U.S. engagement—both with China and with the broader international community. Engagement cannot, however, simply reflect previous understandings. It must be reimaged within the context of current Chinese and American interests and capabilities. To begin with, Washington should:

1) Transform the narrative around U.S. policy toward China.

The United States should move away from the current reactive and defensive posture of “confronting and containing China” to adopt a more proactive and positive approach of “contributing to advance global prosperity and security.” China today poses significant threats to U.S. interests across all domains and at all levels of governance—global, regional, and national. It is not surprising that, at least in the first years of the Trump administration, the White House found itself in a highly reactive posture. However, President Trump’s narrower conception of when and how the United States will lead, his rejection of international institutions to manage underlying challenges in security and trade, and his “America First” rhetoric, all diminish U.S. leadership on the global stage. And when coupled with a persistently confrontational and containment-oriented approach to China, the administration appears weak and defensive. Without a positive global narrative—a U.S. vision for global prosperity and security, and policies to support that vision—Beijing’s efforts will continue to gain traction because there is no alternative.

As an important first step, President Trump should fully embrace the concept of a free and open Indo-Pacific (FOIP). In his speech before the APEC Forum CEO Summit in November 2017, he called for a free and open Indo-Pacific, rooted in a rules-based order that embodied the principles of free and fair trade, freedom of navigation and overflight, and human rights and good governance (rule of law, transparency, and official accountability).

FOIP offers several advantages: it reflects U.S. values and interests, and it provides a direct rebuttal to Beijing’s narrative of state-directed economic growth, political repression, and expansive military aspirations. Particularly important, FOIP effectively characterizes competition as not between China and the United States but instead

between two sets of values, one of which is broadly shared among the vast majority of politically stable and economically successful countries in the world. FOIP should not exclude China; it should welcome Beijing's participation on equal terms. And like China's welcoming of all countries into BRI, the United States should welcome all countries supportive of its principles into FOIP.

FOIP must also be populated with meaningful initiatives. The 2018 Asia Reassurance Initiative Act (ARIA) reflects many of the necessary building blocks of a forward-leaning and positive U.S. strategy toward China and the Indo-Pacific. These include support for projects that help build democratic institutions in the region's developing economies, that enhance the defense capabilities of U.S. partners in the region, and that promote cooperative investment, such as the U.S.-Australia-Japan-New Zealand project to electrify 70 percent of Papua New Guinea by 2030.

2) *Advance a more robust U.S. economic presence globally.*

The United States operates at a deficit relative to China because much of the Asia-Pacific region—and the world—believes that “the United States is essential for security, but China is indispensable for economic prosperity.” China's growing global economic footprint provides it with significant leverage in its pursuit of political and military influence, both within other countries and in the arena of global governance. To counteract this situation, the Trump administration needs to change both the form and substance of its global economic engagement.

To begin with, the administration should underscore the actual level and impact of U.S. investment globally. While China is the largest trading partner for most countries in the world, it is not the largest investor in any region in the world. In 2017, for example, U.S. firms invested more in Africa than China (as they do most years). Moreover, in Southeast Asia, Japan and the European Union are more significant sources of investment than China. Such facts are little known but provide an important counterpoint to the narrative that China is the only development game in town.

The administration should also launch a smart and sustainable cities initiative within the context of FOIP, beginning with the U.S.-ASEAN Smart Cities Partnership announced by Vice President Pence in November 2018 in Singapore. With the newly established U.S. International Development Finance Corporation (IDFC), the administration has the wherewithal to develop and sustain such an initiative. Under the IDFC's auspices, the Trump administration should encourage the identification and financing of five to ten high-profile smart city projects in developing Asia and Africa. These projects, likely in partnership with multinationals from other countries, would underscore the U.S.'s natural leadership in sustainable cities, while at the same time competing and/or cooperating with China based on principles of openness and transparency.

In advancing the United States as a leading generator of economic prosperity globally, Washington must also re-engage in trade negotiations with the Asia-Pacific region. The ARIA embraces U.S. bilateral and multilateral trade negotiations as a cornerstone of U.S. engagement in the Asia-Pacific. Congress should hold hearings around the potential of rejoining the Trans-Pacific Partnership, now the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), and around the feasibility of a U.S.-ASEAN free trade agreement. In the meantime, Congress should ensure that any trade agreements signed are aligned with the terms of the CPTPP.

3) *Leverage U.S. allies and partners.*

One of America's greatest strengths in its relationship with China is its allies. Many countries in Europe and Asia share the United States' interest in finding an effective set of policies to manage Xi Jinping's more walled-off domestic environment and ambitious foreign policy. In spring 2018 Pew polls, a twenty-five-country median of 63

percent said they preferred a world in which the U.S. was the leading power, while only 19 percent favored China (although President Trump, himself, fared worse in the polls than Xi Jinping).

The United States should seek to coordinate and cooperate with allies and partners, whenever possible, to amplify its influence over Chinese government policy. Such partnerships will not be one-size-fits-all. Different issues will engage different countries. For example, on the security front, China's military expansionism in the South China Sea and claim to sovereignty over Taiwan pose a significant threat to peace and stability in the Asia-Pacific. In the South China Sea, France sailed through the disputed Spratly Islands and the UK joined the United States in joint drills. The United States should similarly seek such support among its Asian and European allies for upholding the basic principle of Taiwanese sovereignty and its freedom to develop without fear of Chinese coercion; one possible avenue of engagement would be supporting Taiwan's participation in FOIP capacity-building projects in Asia's developing economies.

The White House has worked with the European Union and other partners to bring pressure to bear on China on the human rights crisis in Xinjiang. Moving forward, as the White House considers application of the Global Magnitsky Act sanctions on Xinjiang's Party Secretary Chen Quanguo, as well as other targets for economic sanction, it should reach out to EU counterparts to assess their interest in adopting similar legislation.

Washington should also refrain from framing every issue in the context of a bilateral competition between the United States and China. A country's decision to join or not the Asian Infrastructure Investment Bank or BRI, for example, should not be understood as a choice between the United States or China. Instead, Washington should reserve such pressure only for the highest-stake issues while focusing on advancing its own positive narrative and ensuring that U.S.-supported institutions are robust enough to meet global needs.

4) *Strengthen U.S. political and economic resilience.*

The ability for the United States to engage and compete effectively with its allies and partners, as well as China, is rooted in the resilience of its own domestic political and economic institutions. This means investing at home to ensure competitiveness abroad.¹⁹ The United States already lags well behind China in some critical areas of hard and digital infrastructure, such as high-speed rail, mobile payments, and 5G capabilities. As the United States confronts policies such as Made in China 2025, the first line of defense must be to strengthen its own innovation capacity. As numerous organizations and reports have advised, this means the development of a medium- and long-term strategic plan; investment in innovation and the policy framework to encourage adoption of new technologies; and sound policies around workforce capabilities, including education, training, and immigration.

China's efforts to exploit U.S. openness for its own advantage, however, necessitate additional thinking around political and economic resilience. American educational institutions, think tanks, media, and corporations are all potential targets for subtle forms of inappropriate Chinese influence, such as that exerted by Confucius Institutes (CIs) on university campuses, or outright malign interference, such as intellectual property theft.

In the concern to address these potential threats as quickly as possible, however, there is the danger of adopting too blunt a set of policy tools or advancing too broad a mandate. The current debate around Confucius Institutes provides a case in point. As the Trump administration considers measures designed to force universities to close their CIs, it should weigh the potential consequences, trade-offs, and alternatives of such measures. For example, without Confucius Institute funding, fewer Americans will study Chinese, thereby placing the United States at a disadvantage in its long-term effort to understand and compete with China.

To avoid such an outcome, the administration could agree that if a university shuts down its Confucius Institute, it is guaranteed government funding for Chinese language instruction; or it could encourage universities to renegotiate their CI contracts such that the Chinese government pays for instruction, but the teachers and

curriculum are selected by the universities; or it could engage in reciprocity by insisting that the Chinese government allow similar U.S.-type language and cultural centers on Chinese university campuses. All these options avoid the worst possible outcome, which is to undermine U.S. long-term competitiveness by curtailing opportunities for Chinese language study.

In helping U.S. institutions and communities respond to the potential threats posed by China's various influence operations, the White House should begin by consulting with the relevant actors through informal consultations to ensure that both the administration and the affected communities share an understanding of the threat and appropriate response. The measures that the White House adopts around Chinese investment in U.S. technology companies, the role of Chinese students and professors in university labs, Confucius Institutes, and visas for visiting Chinese scholars, among other concerns, will be more effective if they are developed in conjunction with the people they affect most directly.

5) Establish common ground and purpose with China.

U.S. engagement with China is essential for addressing global challenges as well as for understanding China's strategic thinking and priorities. Particularly at a time of heightened bilateral tensions, Washington should not ignore opportunities for traditional forms of U.S.-China engagement. For example, Brookings scholar Ryan Hass has suggested reviving the practice of "no surprises"—negotiated between Washington and Beijing in 2013—to reduce the risk that either side would misinterpret the other's actions. In October 2018, American and Chinese warships came dangerously close to a collision in the South China Sea. As Hass points out, the reinvigoration of long-standing risk reduction exchanges would reduce the possibility that miscalculation would lead to rapid escalation.²⁰

The administration could also use reciprocity as a springboard to greater cooperation. Previous administrations have long viewed reciprocity as precipitating a race to the bottom. However, in the current context, it can play an important role in leveling the playing field before seeking to enhance cooperation. For example, the Trump administration has moved to withhold visas from a number of Chinese scholars on the grounds that they are advising security or military entities at home (and perhaps in retaliation for Beijing's historically capricious visa policy toward U.S. China scholars). Now that the administration has reset the terms of engagement, however, it has the opportunity to use this new leverage to pressure Beijing to reform its visa policy and open the door to freer exchange of U.S. and Chinese scholars and journalists.

The United States should also give careful consideration to cooperation when a positive initiative arises from China. In some cases, a Chinese-led effort may impose unacceptable terms: for example, Beijing's proposal for a "community of shared destiny" holds within it the dissolution of the U.S.-led alliance system. In other instances, such as that of the Chinese-led Asian Infrastructure Investment Bank, the United States should support Beijing's initiative because it reflects precisely the objective of forty years of U.S. constructive engagement: China's adherence to the norms of the liberal international order.

Conclusion

As China and the United States battle over Huawei, cyber-economic espionage, and the potential threats posed by scientific exchange, it is difficult not to be nostalgic for the moment thirty-five years ago, when President Ronald Reagan articulated a vision for U.S.-China partnership radically different from the one possible in the current context: "Today, I bring you a message from my countrymen. As China moves forward in this new path, America welcomes the opportunity to walk by your side.... The relaxing of export controls reflects my determination that China be treated as a friendly non-allied nation and that the United States be fully prepared to cooperate in your

modernization ... to share the knowledge that is America's key technology—management and science skills to develop a nation."²¹

Yet, acknowledging that the bilateral relationship is not what proponents of engagement envisioned is not the same as arguing, as some prominent U.S. analysts have, that engagement has failed.²² It is true that China is not a thriving liberal democracy nor a reliable partner for the United States. But engagement has failed only if we believe a set of mistaken assumptions: that the United States had the power to determine how China would turn out, that China and Chinese society have not been positively affected by the country's integration into the international community, and that the Xi government is the end of the road for China's political and economic evolution. Engagement is not a panacea, but it is also not a dirty word. It just needs to be reimagined to reflect a new reality.

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¹ The assumption that China would liberalize politically was advanced openly in the United States but not in China.

² This section was adapted from Elizabeth Economy, "US-China Relations at 40: Normalization Meets the New Normal," *The Diplomat* (January 1, 2019), <https://thediplomat.com/2018/12/us-china-relations-at-40/>.

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While still reflecting on the lessons of the past, it is time for U.S. strategists to focus their arguments on the future, leaving the history to the historians.

—ELY RATNER

Toward a New China Debate: The Strategic Logic of Blunting China’s Illiberal Order

Ely Ratner

U.S. policy toward China is undergoing a period of profound disruption. As the old consensus continues to fray, this paper interrogates key fissures in the debate and, in doing so, makes the case for an alternative strategy.

The rationale for deconstructing the debate is simple: preexisting concepts and labels are increasingly ill-suited to the China challenge now confronting the United States. Policy options don’t fall neatly into familiar camps, nor do they easily map on a linear continuum from dovish and accommodating to hawkish and hardline. Moreover, traditional concepts such as “engagement” and “containment” have become so polemical that they no longer serve as useful anchors for debate. In their place, novel paradigms and schools of thought will have to emerge.

To that end, Part I of this paper assesses the current discourse on China policy, including what’s holding it back and how to advance it. I argue that Washington needs to move beyond two prevailing disagreements that are increasingly counterproductive: debating the past and over-focusing on President Trump. Instead, I offer three principal lines of inquiry that are essential to developing an effective strategy going forward: the stakes in the U.S.-China competition, the factors shaping China’s trajectory, and the subsequent choices for the United States.

Part II applies this framework and argues that America’s near-term strategy should be centered on preventing China from consolidating an expansive and illiberal order in Asia and beyond. It describes the enormous stakes for the United States and assesses why an illiberal China-led order is possible—even likely—in the absence of a concerted effort by the United States to arrest it. I outline the logic of such a strategy, address the main counterarguments, and describe the necessary requirements for successful implementation.

Part I: Deconstructing the Debate

The need for reassessment

U.S. policy after the Cold War was predicated on steering China’s development and shaping the regional environment such that Beijing would ultimately decide not to challenge U.S. dominance in Asia. This approach was guided by the promise that economic modernization and interdependence would lead to political and market reforms internally while also creating overwhelming incentives for China to integrate into the prevailing international order. At the same time, given uncertainties about China’s intentions, the United States and its allies developed military capabilities and partnerships to deter Chinese aggression and dissuade Beijing from aspiring to regional hegemony. At its core, it was a strategy designed to prevent a China challenge from ever surfacing in the first place. There were ongoing debates in Washington about which element merited greater emphasis, but the combination of “engagement” and “balancing” served as consensus U.S. strategy for decades.

This approach was valid as long as there were indications that it was working—or at least sufficient ambiguity and uncertainty about China’s trajectory. Such was arguably the case throughout most of the 1990s and early 2000s, when China adhered to a fairly cautious and conservative foreign policy. But that era has ended. Contrary to U.S. hopes, China is becoming more authoritarian, the Communist Party is tightening its grip on the economy, and its foreign policies are increasingly ambitious and assertive in seeking to undermine and displace core features of U.S. leadership in Asia and the liberal international order more broadly.¹

Stuck in the wrong debates

The glaring disconnect between America’s aspirations and the reality of today’s China has instigated a vibrant discussion over U.S. policy. Currently, however, much of the debate is mired in two distinct topics that, while important, ultimately serve as a distraction to the central question of the future of U.S. policy toward China.

The first regards the past: Why did America “get China wrong,” and could things have turned out differently? There’s no doubt that a better understanding of the past can inform how we might proceed going forward. That being said, it is increasingly counterproductive to continue slugging it out over whether U.S. policy makers actually believed China was going to democratize, or whether China’s path would have been fundamentally altered if America had taken a different tack after the Tiananmen Square massacre or following China’s accession to the World Trade Organization. These backward-looking debates in the China policy community have grown unnecessarily (although perhaps unavoidably) personal, partisan, and acrimonious.² While still reflecting on the lessons of the past, it is time for U.S. strategists to focus their arguments on the future, leaving the history to the historians.

A second prevalent debate has revolved around the Trump administration’s approach to China. Current policy is unquestionably relevant to presidential politics, day-to-day tactics, and critical assessments of the likely starting point for what comes next. But over-privileging the centrality of President Trump has at least two substantial drawbacks. First, the emergent period of U.S.-China competition is deeper and more structural than a principal focus on Trump would suggest. What we are witnessing today is not an episodic downturn or cyclical trough in the U.S.-China relationship, nor is the current rise in tensions primarily due to President Trump or his administration. Instead, China’s changing power position, its perceptions of geopolitical opportunity and American decline, and Xi Jinping’s own predilections all arose around the same time that Washington started experiencing heightened economic disillusionment and greater security concerns toward China.³ Some version of this more intensified competition would have occurred without Donald Trump and will endure after his presidency; it is true that Trump may have accelerated certain trends, but U.S.-China competition is not a Trump phenomenon.

Second, although the Trump administration’s National Security Strategy and National Defense Strategy both focused on strategic competition with China as a top priority for the United States, core features of the Trump administration’s foreign and domestic policies (for example, on alliances, international and regional institutions, nonproliferation, climate change, trade, human rights, and immigration) do not reflect a government committed to enhancing American competitiveness or sustaining U.S. power and leadership in the world.⁴ Instead, the Trump administration’s China policy is best described as confrontational without being competitive.

This matters diagnostically because the internal contradictions and weaknesses of Trump’s approach to China are mostly distinct from the administration’s proposed shift toward strategic competition. Put another way, it is (at best) misguided to argue against a more competitive U.S. strategy by pointing to the shortcomings of President Trump. Nor is it valid to suggest that support for a more competitive approach is in any way an endorsement of President Trump’s China policy. In general, reducing the focus on Donald Trump will improve the quality of the debate on China.

Interrogating the key contours of debate

Provided we can move beyond pitched arguments about the past and pointed critiques of President Trump, there are essential and emergent debates that should inform the next phase of U.S. strategy. Here I offer three central lines of inquiry that provide the analytical foundations for a revised approach to the China challenge:

1. **What are the stakes?** Any reconsideration of U.S. policy should begin by asking why China matters to the United States and the American people. We should be explicit about what, exactly, is the nature of the challenge—on what issues, to what extent, and in what ways is China’s rise an opportunity or threat to vital U.S. interests. Embedded in these questions are our visions of potential futures, and the likelihood of arriving at them depending on the direction of U.S. policy. This sets the predicate for deciding what goals should serve as the lodestar of U.S. strategy, whether avoiding a war with China, maximizing commercial opportunities, collectively solving global problems, pushing back on Beijing, or something else entirely. A clear-eyed description of the stakes in the U.S.-China relationship can also help to frame how we think about the tradeoffs between these goals, and more generally between cooperation and competition. Finally, differing perspectives of the stakes further shape the urgency with which we think U.S. policy makers should devote attention and resources to managing the China question, including its relative prioritization as compared to other pressing domestic and international issues.
2. **What will shape China’s trajectory?** Undergirding any strategy are a series of assumptions about what drives China’s behavior. There is still a wide array of views about whether China is a revisionist power aiming to displace the United States or instead just a regional power seeking greater voice and a seat at the table. Related are assessments of China’s future power and the degree to which internal and external factors will accelerate or constrain its development: Is China’s rise immutable, or will internal weaknesses stall its ascent? Will other major powers oppose or make peace with China’s expanding influence, and how will Washington’s actions shape those decisions? When all is said and done, we ought to have a clear view on what we think will be the most important factors that shape the scale and scope of the China challenge.
3. **What are America’s options?** How the United States responds to the China challenge must be grounded in questions of power and politics. Strategies should be based on realistic assessments about the future of American power—economic and military, both alone and in concert with allies and partners. It is also essential to be explicit about the costs and risks associated with various approaches. Beyond the Beltway, others will have a vote in the nature and effectiveness of U.S. strategy, including friendly capitals, potential adversaries, and, most important, the American people. If there’s one thing that most analysts can agree upon, it’s that the United States should work with like-minded countries to advance its interests. But who are the necessary allies and partners and on what issues, how much can really be expected of them, and how formal and institutionalized must these relationships be? Finally, levels of political will at home and abroad must be factored in. In particular, we should take a hard look at the domestic political viability of any U.S. strategy toward China.

Different answers to these questions, in different constellations, can provide a starting point for new policy approaches to China. In the following section, I apply this framework and argue that a thorough assessment of these foundational questions should lead the United States to a near-term strategy focused on blunting the development of an expansive and illiberal China-led order.

Part II: Reconstructing a New Strategy: The Logic of Blunting China's Illiberal Order

The stakes: Envisioning China-led order

The United States and China are now locked in a geopolitical competition that is structural and deepening. How this contest evolves will determine the rules, norms, and institutions that govern international relations in the coming decades. Should the United States fail to rise to the China challenge, the world will likely see the emergence of an illiberal and expansive Chinese sphere of influence. This is not to suggest that Beijing should be denied a voice or sway commensurate with its position as a major power—but there's a substantial difference between greater Chinese power (even China being the most powerful country in the region) and a situation in which Beijing exerts illiberal hegemonic control over Asia and beyond.

It is incomplete to view U.S.-China dynamics as a disparate set of competitive domains. Instead, we should be principally concerned about the aggregate and mutually reinforcing consequences of a China-led order if Beijing gains dominant control of vital regions and functional domains. Core features of this order would include the People's Liberation Army administering the South and East China Sea; regional countries sufficiently coerced into not questioning or challenging China's preferences on military, economic, and diplomatic matters; the de facto unification of Taiwan; Beijing with agenda-setting power over regional institutions; a China-centric economic order in which Beijing sets trade and investment rules in its favor; and the gradual spread of authoritarianism in the developing world, reinforced by the proliferation of China's high-tech surveillance state.⁵

For the United States, an illiberal China-led order would translate into weaker U.S. alliances, fewer security partners, and a military forced to operate at greater distances; U.S. firms without access to leading markets and disadvantaged by unique technology standards, investment rules, and trading blocs; U.S. participation in inert international and regional institutions unable to resist Chinese coercion; and a secular decline in democracy and individual freedoms around the world. Many of these effects are already occurring globally and particularly in Asia, the center of gravity in the competition. Arresting and reversing these trends stands among the most urgent and important tasks in U.S. foreign policy.

China's trajectory: On China's intentions, future power, internal constraints, counterbalancing coalitions, and the role of the United States

This paper posits that China will not be easily steered away from pursuing an expansive and illiberal order. This is primarily due to the inflexible exigencies of the ruling regime rather than an assessment of whether grand strategists in Beijing harbor revisionist intentions or hegemonic designs. Beijing's most problematic behavior tends to stem from the Communist Party's efforts to make the world safe for China's state-led economy and its authoritarian political system. The widening divergence between Washington and Beijing is further exacerbated by the fact that China has expanding interests and ever-greater capabilities to protect and defend those interests around the globe, thereby increasing the degree to which it is willing and able to wield influence in world politics. Short of an exogenous shock, we should not expect Beijing to substantially alter its current course.

Nevertheless, that leaves the question of whether forces in and around China will come to constrain its illiberal impulses. The test case of the last three decades suggests that integration into the global economy will not be enough. Unfortunately, the liberal internationalist project did not lead to sufficient convergence, and political and economic engagement did not adequately produce or empower liberals inside China. The oft-heard statement in Washington that China has been the greatest beneficiary of the liberal international order is both debatable and irrelevant. Many of the liberal elements of that order are threatening to the Communist Party, which is using its newfound power and influence to revise key aspects of the prevailing system.

Other potential roadblocks to the maturation of an illiberal China-led order include its domestic and structural weaknesses. These myriad challenges include a slowing economy, rising debt, increasing labor costs, environmental degradation, social unrest, unfavorable demographics, an aging population, poor social services, and more. Two points, however, should give us pause before assuming that China will get stuck in its own quicksand before Beijing can consolidate an illiberal order. First, even if these structural factors eventually do come home to roost, China will have opportunities between now and then to make substantial and irreversible changes in its favor. Second, China has already amassed significant power such that Beijing is likely to be a major actor on the global stage under almost any circumstance; from here on out, China will have significant throw-weight even if its economy and military develop at much slower rates.

If not China's internal problems, then external constraints are often assumed to preclude a China-led order. It is an empirical fact that most countries in Asia do not want to live under a Chinese sphere of influence. A frequent, but misguided, extension of this argument is that a counterbalancing coalition will necessarily develop to staunch Beijing's reach. But this is by no means assured. Absent the United States providing a viable alternative, regional states would have to assume potentially unaffordable and unacceptable risk in standing up to China. Rather than binding together, major powers including Australia, India, and Japan would more likely pursue fortress strategies in which they harden their defenses and more acutely protect their core interests. This would all come at the expense of their broader foreign policy goals, including challenging China on nonessential matters and in nonessential regions.

These pressures to bandwagon with China would be reinforced by domestic political dynamics in foreign capitals. Beijing would be able to wield outsized carrots and sticks using an array of economic, military, and diplomatic tools. Combined with greater Chinese control of data, information, and media, there would be fewer domestic constituencies in Asia calling for a tougher stance toward China.

The cardinal implication here is that the role of the United States is paramount: the region will either hang together with the United States or hang separately without it. Beijing recognizes this as well, which is why so many facets of China's strategy are aimed at reducing U.S. power and influence, and weakening U.S. ties to Asia. Any version of a consolidated China-led order would require the United States to fail to compete effectively. In other words, the path to an illiberal Chinese sphere of influence would have to be paved by the failure or unwillingness of the United States to prevent it. China cannot readily dominate key regions or functional domains if Washington is focused and committed to defending its overseas values and interests.

America's options: On blunting China's illiberal order and questions of allies and political viability

For the next phase of U.S. China strategy, the United States should be squarely focused on preventing the consolidation of an expansive and illiberal Chinese sphere of influence. Notably, this is distinct from attempting to reassert U.S. primacy or predominance, goals that are increasingly out of reach. Instead, it is imperative that the United States stop China's advances toward exerting exclusive and dominant control over key geographic regions and functional domains, including technology, finance, trade and investment, diplomacy, security, governance, and information. If the United States can achieve the minimum threshold of sustaining conventional deterrence, then the military dimensions of the contest will be neither central nor determinative.

Arresting and reversing momentum toward China-led order will require four interrelated lines of effort (the specific policies associated with each are beyond the scope of this paper). First, the United States will have to strengthen American competitiveness by bolstering the foundations of U.S. power and influence. This means investing at home to make the United States run faster instead of just trying to slow China down. Second, the United States will have to directly contest the most pernicious forms of Communist Party illiberalism, both internal and external to China. Third, Washington will have to rally allies and partners. This can be achieved by

recommitting to America's role in the world, leading by the power of its example, providing viable alternatives to China-led order, cooperating with China when it is in America's interest, and bolstering the ability of states to resist Chinese coercion individually and collectively. Fourth and finally, the United States will have to rebuild the regional order in Asia with a fresh set of rules, norms, and institutions that better reflect the realities and demands of the twenty-first century. Importantly, none of these lines of effort will be sufficient in and of themselves. All will be required simultaneously, meaning Washington cannot focus exclusively on American renewal, combating Chinese illiberalism, building partnerships, or revising the regional order. The United States must do all at once.

Settling into a long-term competition with China will require considerable attention and resources. It's therefore worth asking whether Washington should instead seek to satisfy Beijing's ambitions at acceptable cost to the United States. If you believe the United States is capable of mounting a more competitive strategy (as I do), then your answer should be: no, now is not the time to try and strike a grand bargain with Beijing. The dominant perception among China's leaders and throughout the region is that America is unreliable, uncommitted, and in decline. Trying to settle the competition on favorable terms in this context is not only unlikely to succeed, it would require bargaining from a position of weakness. This might be the most important strategic argument herein: a more stable and cooperative U.S.-China relationship will only be possible if the United States is able to arrest and reverse the current momentum toward China-led order. The United States should therefore seek to establish a new strategic equilibrium only once it has successfully reasserted U.S. power and influence in ways that disabuse Beijing and the region about the inevitability of U.S. decline and a Sino-centric future.

This speaks directly to the question of whether the United States can gather and lead the allies and partners necessary to prevent an illiberal Chinese sphere of influence. America alone will not be enough. Present-day dynamics only go so far in helping us answer this question. After all, we should not be surprised that capitals—many of which are heavily dependent on China economically—are wavering in their desire to work with an American side they view as unpredictable and waning. Instead, we should hope and expect that enhanced American competitiveness will increase the degree to which countries see the United States as a viable and attractive alternative to China-led order. Perceptions of the future, including America's position in Asia and the world, are of central importance.

It is often said that countries do not want to choose between the United States and China. The reality is that countries make dozens of choices every day between the United States and China—and, on balance, we want more of those choices to be in our favor. Fortunately, a strategy predicated on blocking an illiberal China-led order does not envisage Cold War-style blocs or an Asian NATO, nor does it require a fundamental choice between Washington and Beijing. Instead, the United States can be an advocate for greater foreign policy autonomy and economic independence, free from Chinese coercion. This is a more appealing offer than asking countries to sign on to an anti-China coalition.

There is no getting around the fact that, in the near term, a more competitive U.S. approach will affect Beijing's willingness to cooperate with Washington on bilateral and global issues. However, several caveats are in order. First, competition does not preclude cooperation. Sustained political engagement and savvy diplomacy should be able to yield collaboration in areas of overlapping interest, including climate change. Second, China is not going to haphazardly act against its own national interests, which will limit the degree that it uses issues like North Korea to spite the United States. Third, as previously argued, the only path toward a truly cooperative relationship will require a period of heightened tensions in which the United States arrests and reverses China's momentum toward building an illiberal order.

There is no question that Washington should harbor positive aspirations beyond a forever competition defined by blunting China-led order. At the same time, there is by necessity a sequencing that has to occur in U.S. strategy. A more stable and cooperative U.S.-China relationship—or even a steady-state managed competition—will only

be possible if the United States, in concert with allies and partners, is able to arrest and reverse the current trend toward an expansive Chinese sphere of influence. Otherwise, the necessary conditions simply will not exist for a new strategic equilibrium. In this sense, competition and cooperation are not distinct or even alternative choices—failure to stem the emergence of an illiberal China-led order will close off cooperation and invite any number of negative outcomes, including confrontation and conflict.

This leaves the exceedingly important question of whether such a strategy is politically viable in the United States. Building and sustaining a consensus on China will be of utmost importance to America’s long-term success. At present, U.S. public opinion is not particularly galvanized by the China competition, which may not change until there’s a crisis or catalyzing event. Nevertheless, there is growing bipartisan support for a more competitive U.S. response. It is imperative that this endures both between and within the major political parties. Political fissures on China will have at least three negative consequences: inhibiting the ability of the U.S. government to focus attention and resources on the China challenge; undermining the necessary confidence of U.S. allies and partners; and creating openings for Beijing to divide and conquer within the U.S. political system. To succeed, the China challenge will have to be a top (if not the singular) organizing principle of U.S. foreign policy.

To that end, political leaders will have to be clear with the American people about the costs associated with sustained competition with China but also about the extraordinary risks of inaction. Increasingly apparent are the synergies between U.S.-China competition and American renewal. Right now, it is both good politics and good strategy for the United States to do what is necessary to compete with China, including making transformational investments in technology and innovation, education, and infrastructure; rebuilding American leadership and partnerships around the world, including to defend against China’s predatory economic practices; and doubling down on U.S. values at home and abroad. Let’s hope that the United States soon proves that it has the will and wisdom to pursue such an approach.

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¹ Kurt Campbell and Ely Ratner, “The China Reckoning: How Beijing Defied American Expectations,” *Foreign Affairs* (March/April 2018), <https://www.foreignaffairs.com/articles/china/2018-02-13/china-reckoning>.

² For example, see M. Taylor Fravel, J. Stapleton Roy, Michael D. Swaine, Susan A. Thornton, and Ezra Vogel, “China Is Not an Enemy,” *Washington Post*, July 3, 2019, https://www.washingtonpost.com/opinions/making-china-a-us-enemy-is-counterproductive/2019/07/02/647d49d0-9bfa-11e9-b27f-ed2942f73d70_story.html; John Pomfret, “Why the United States Doesn’t Need to Return to a Gentler China Policy,” *The Washington Post*, July 9, 2019, <https://www.washingtonpost.com/opinions/2019/07/09/why-united-states-doesnt-need-return-gentler-china-policy/>; James E. Fanell, “Stay the Course on China: An Open Letter to President Trump,” *The Journal of Political Risk*, July 18, 2019, <http://www.jpolorisk.com/stay-the-course-on-china-an-open-letter-to-president-trump/>.

³ Ely Ratner, “There Is No Grand Bargain with China: Why Trump and Xi Can’t Meet Each Other Halfway,” *Foreign Affairs*, November 27, 2018, <https://www.foreignaffairs.com/articles/china/2018-11-27/there-no-grand-bargain-china>.

⁴ “National Security Strategy of the United States of America,” December 2017, <https://www.whitehouse.gov/wp-content/uploads/2017/12/NSS-Final-12-18-2017-0905-2.pdf>; “Summary of the 2018 National Defense Strategy of the United States of America,” January 2018, <https://dod.defense.gov/Portals/1/Documents/pubs/2018-National-Defense-Strategy-Summary.pdf>.

⁵ Ely Ratner, “Blunting China’s Illiberal Order: The Vital Role of Congress in U.S. Strategic Competition with China,” Testimony before the Senate Armed Services Committee, January 29, 2019, https://www.armed-services.senate.gov/imo/media/doc/Ratner_01-29-19.pdf.

This is not another Cold War. The more other powers use China-U.S. contention to increase their influence and power, the more common ground China and the U.S. will find on issues peripheral to their interests.

–SHIVSHANKAR MENON

The Case for Allies: Coordinating a Response to China

Shivshankar Menon

Two claims and a conclusion are today often presented as three simple and obvious truths: worse U.S.-China relations are here to stay; China's rise and behavior worries and provokes her neighbors and rising or established powers; and, therefore, the U.S. should work with her allies and these powers to manage, balance, or contain China. There is sufficient truth in these statements for them to have become, in a very short period, today's conventional wisdom.

But is it really just so? This paper attempts to provoke a discussion and add a dose of realism to the calculus by considering each of these statements and their implications.

1. U.S.-China Contention Is Here to Stay

It is probably true that worse U.S.-China relations are here to stay for the foreseeable future, or at least for as long as anything lasts in international relations. For the U.S. to accept a peer competitor in the world or to abandon the Asia-Pacific to Chinese dominance would require a fundamental shift of epic proportions in U.S. grand strategy and a disregard for the new bipartisan consensus in the U.S. At the same time, regime survival and the fate of individual leaders in China hinges on the attainment of the "China Dream" to make China great again. China cannot accept the changes to its economic, industrial, intellectual property, and manufacturing policies that the U.S. seeks, and that China sees as constraining or preventing its rise.

But this conclusion needs to be moderated by the following considerations:

- There appears to be a fundamental rethinking of U.S. strategy underway. President Trump has often expressed a willingness to accept Russian and Chinese interests in their regions if he can show victories in his transactional trade agenda. In his dealings with the North Korean nuclear issue, by calling for better relations with Russia, and by telling South Korea and Japan to go nuclear and take care of their own security rather than rely on the U.S., President Trump suggested a fundamental shift in U.S. thinking that could accommodate Chinese and Russian ambitions. There is of course no unanimity on this even within the Trump administration, but the ambiguity causes allies to rethink their options.
- The U.S. and China are economically codependent to an extent rarely seen between a superpower and a great power. For major U.S. tech and aeronautical companies, China represents a major share of their profits, and U.S. manufacturing is heavily dependent on cheap Chinese intermediate goods. If China cannot do without the products of U.S. high tech industry, neither can the U.S. do without Chinese manufacturing.
- The U.S. and China have common interests, such as preventing the rearmament of Japan, the nuclear weaponization of the Korean Peninsula, and the emergence of a third or fourth pole or peer competitor. Both expect to act as global leaders, where the gap between them and the rest will only widen in the foreseeable future. If they are right, the elements of a binary world order are in place, but a binary order very different from the Cold War for multiple reasons.

- At the same time, the power gap between the two most powerful states on earth and the rest is not what it was after WWII or during the Cold War. As a consequence, U.S.-China agreements are less effective than they were in the 1970s and 1980s at managing issues in the Asia-Pacific. For instance, both China and the U.S. profess an interest in denuclearization of the Korean Peninsula, but they are unable and unlikely to achieve this. Both Chinese and U.S. scholars downplay or ignore the fact that power is more evenly distributed in the global system than before and that other powers have risen thanks to globalization. Two decades of globalization have made them all more linked and dependent on the world economically, technologically, and politically. As those rising powers seek to protect their expanded interests, they seek partners in the system.

So, while temporary trade deals to limit the U.S. trade deficit are possible, they are unlikely to change the fundamental competitive dynamic of the strategic relationship. Equally, U.S.-China relations will continue to contain several cooperative elements. This is not another Cold War. The more other powers use China-U.S. contention to increase their influence and power, the more common ground China and the U.S. will find on issues peripheral to their interests.

2. China's Rise Worries Her Neighbors and Other Powers

Yes, but ...

- Their reaction is to hedge, balance, and bandwagon, all at the same time, rather than to contain or ally against China's rise. None of them want to choose between the U.S. and China. India, Japan, Australia, Vietnam, and others in China's periphery have all strengthened their defense, security, and intelligence cooperation with the U.S. and between themselves. But they have all tried to do so without affecting their ties with China. (That China has not been clever enough to use this is a different matter and a weakness in China's diplomacy.) The hesitant and nebulous nature of the Quad in both its incarnations, 2007-8 and after 2015, is proof of their sensitivity to their ties with China. U.S. allies and partners see a world where power is shifting and where technology and globalization are accelerating the change. The dual uncertainty about Chinese and U.S. behavior is what leads them to their current reactions.
- In the last two decades, China has replaced the U.S. as the most important trading and economic partner of the Asian region, with the exceptions of Bhutan and Afghanistan. China's Belt and Road Initiative (BRI), and the response of most countries including U.S. allies, is proof of the limits to what China's neighbors, other rising powers, and even established U.S. allies are willing to do in response to China's recent behavior.
- Asian states are only reacting to the new situation that they see around them. Asia is now economically multipolar. The military balance is overwhelmingly in favor of the U.S. but has been tilted against other Asian powers by China's military modernization and buildup over the last two decades. Asia is also heavily nuclearized and is likely to be even more so in the foreseeable future. Nuclear-armed states will act more independently. Extended deterrence in Asia is no longer as credible as before. Hence recent hedging and balancing between the U.S. and China by stronger Asian powers, and bandwagoning with China by weaker Asian powers.
- China's neighbors are increasingly working together on defense, security, and intelligence. This is not just a response to China, but a hedging occasioned by uncertainty about the future course of U.S. policy and recent shifts away from the post-Cold War U.S. role as the provider of global public goods.

In other words, life is complex; get used to it.

3. The U.S. Should Work with Allies and Partners to Craft a Response to China

Indeed, it should. But what sort of response?

First, we need clarity on the goal. Is it to isolate China, to contain China, or to change Chinese behavior?

Can China be isolated or contained? To my mind it is beyond any power's capability to contain or balance China today. Not even the sole superpower, the U.S., could do so alone. Nor is it certain that the present U.S. administration wishes to do so or has a clear strategic goal for where it wishes its relationship with China to be in five or ten years.

It is also moot whether the U.S. with its allies and partners could isolate or contain China in the Asia-Pacific and Eurasia. The Trump administration has hit upon the inconvenient and unacknowledged truth that we all wish to retain our beneficial economic and trade ties with China, improving them where we can while limiting the political and security impact of China's rise. We wish to have our cake and eat it too. China does not share this unrealistic expectation and is certainly not evolving in a direction that would make it possible.

There is, however, an important caveat. Such outcomes might come into play if China makes significant mistakes or chooses to change its behavior. Both are possible but unlikely, and we cannot plan on that expectation. By some accounts, China has already over-reached with the BRI, and the internal social and economic condition cannot sustain its ambitious and assertive regional and global goals. That remains to be seen. Nevertheless, it is hard to foresee China's external behavior changing unless the leadership sees change as serving the Chinese Communist Party's fundamental interest in continued single-party rule and regime stability.

Today, neither isolation nor containment is a reasonable goal for a response to China. Moderating Chinese behavior, on the other hand, is a practical goal. Our aim should remain to change and influence China's behavior where necessary while accommodating its legitimate interests where we can.

This is not an outcome that is likely to result from transactional negotiations, short-term deals, episodic pressure, or staged events. Nor will strategies so far announced or practiced by the U.S., its allies, or partners like India produce this result. None of them have been sufficiently resourced, implemented, or coordinated to be credible or effective—not the Quad, not the Free and Open Indo-Pacific (FOIP) strategy, nor any of the other catch phrases that are now making the rounds.

Besides, in a world where power is more evenly distributed, the U.S. needs allies, but more than allies it needs partners. Partners with congruent interests, or "aligned partners," are more valuable for they will do of their own accord what the U.S. wishes to see, will not depend on the U.S. for their security, and will enable the U.S. to work within the largest possible international coalition for its purposes. The U.S. should be working with allies who can pull their weight in a common purpose. Interestingly, the new authoritarians now in power in Asia, for all their faults, are at least predictable in their behavior as potential allies and partners.

An effective response to China's rise and recent behavior would include the following:

- It would go beyond the maritime strategy outlined for the Indo-Pacific to include the Asian continent and Eurasia. The FOIP strategy implicitly concedes the continent to China and leaves Russia and the states on the continent with no options but to work with China. Russia is a potential swing state and balancer that the West (except President Trump) seems to have discarded from its calculations.
- It would multilateralize parts of the present U.S. hub-and-spokes defense and security arrangements in the Asia-Pacific. Plurilateral arrangements would be politically easier for other countries to participate in.
- It would build issue-based coalitions of the willing on specific security issues: maritime security in the Indian Ocean region, freedom of navigation in the South China Sea, cybersecurity, crisis management, counter-terrorism, etc. Such diplomacy would also conform to the present balance of power in Asia.

- It would include China in the response to larger global challenges such as the global trading system, climate change, and non-proliferation of weapons of mass destruction, as none of them can be addressed without it.
- It would have in its strategy an economic and trade base. U.S. strategy in East and Southeast Asia in the 1980s and 1990s had that base and therefore succeeded beyond expectations. That situation is no longer true. There is still considerable economic potential to be tapped as part of a broader China strategy. Japan's investment and commitment to connectivity and other projects in Southeast Asia is more than the total Chinese commitments under the BRI. India, Australia, and Indonesia can do much more with other Asia-Pacific countries. It is the linkage and integration of defense, security, and other ties with economic links that gives Chinese policy in Myanmar, Korea, and elsewhere an edge today and provokes the reactions that we see.
- The framing of the response is important, particularly at a time of uncertainty caused by a shifting global power structure accelerated by globalization and technology. Referencing race with statements such as "Chinese are not Caucasian" or describing U.S.-China relations as a clash of civilizations is not helpful or conducive to the coalition politics required by the present situation.
- Most of all, the response requires diplomacy that is patient and persistent, is strategic and coherent, shapes the environment, understands others—including China—and harnesses them to further common interests.

4. Case in Point—India

India has been hailed every few years as "a central partner in U.S. efforts to balance rising Chinese power." This is not just a twenty-first century phenomenon. It began in the mid-twentieth century under the Eisenhower and Kennedy administrations. However, the surge in U.S.-India partnerships is typically followed by "India fatigue" in Washington and "Washington fatigue" in Delhi. We seem to be going through a similar dip today. Both sides have imposed tariffs on each others' goods. We have reduced India-U.S. relations to a unending set of demands, most of them tactical and some meaningless: list Masood Azhar as a terrorist in the UN, get India Nuclear Suppliers Group membership, restore the Generalized System of Preferences, restore H-1B visas, don't buy S-400s from Russia, don't buy Iranian oil, don't let Huawei in, buy U.S. fighter aircraft, impose zero tariffs on Harley Davidson motorcycles, don't enact new e-commerce rules, and so on. This is mostly petty stuff that fills a vacuum created by an absence of strategic thinking about the relationship.

The conventional explanation for this phenomenon is exaggerated expectations on both sides, which is partly true. India expects broad asymmetric investments in the relationship by the U.S., and the U.S. expects India to behave as a U.S. ally without adjusting their China, Pakistan, Iran, or Russia policies to suit India's interests. Nor is there recognition on either side of India's limited capabilities. There seems to be diminishing U.S. interest in seeing the relationship in anything other than transactional terms of deals done, money made, and things sold. India is not a big player in international trade, and the Trump administration's actions and threats will only ensure that it is even less so in the future. Protectionist sentiment, always high in the Bharatiya Janata Party and its supporters, will be vindicated and further drive this Indian government's policies. That is hardly the outcome that the U.S. (or India) should aim for if India is to work with the U.S. in response to China.

For me, the issues with significance for the future, on which India and the U.S. are yet to see eye to eye, are data, internet governance, and intellectual property rights. Today, Huawei is an issue between the two countries. Both government and private networks in India are already heavily dependent on Huawei technology and equipment—three-quarters of all private telecom service companies in India use cheaper and more efficient Huawei equipment. India could potentially remove Chinese equipment in government networks, as the UK says it will, but those

networks will still connect to other networks that do. A satisfactory solution to this problem requires both India and the U.S. to think beyond bans and sales.

A broader alignment between India and the U.S. is possible if the U.S. is willing to accept that “informal allies” like India need a different template. India too needs to limit its expectations of the U.S., as no single ally can put out fires in west Asia, Pakistan, the subcontinent, and Southeast Asia simultaneously. Today’s India-U.S. priority should be to build on commonalities and concentrate on what should be the single most important issue for both countries—a response to China.

This means that non-China-related issues (like Iran and Russian defense sales) should be detached from the India-U.S. relationship. Today, neither India nor the U.S. behave as though China is their overwhelming priority, as, say, the Soviet Union was for the U.S. during the Cold War. If China were its priority, India would not be cutting off all channels to Pakistan and engaging in low-level hostilities with it, and the U.S. would not be pushing Russia into a de facto alliance with China.

India could help the U.S. manage instability in Pakistan and Afghanistan and the Indian Ocean region. India should be a willing and significant contributor and participant in the issue-based coalitions mentioned above.

The India-U.S. goal should be an aligned partnership, not binary choices between allies and adversaries, while both work with China. The U.S. has multiple advantages over China, which could overcome the Indian elite’s traditional preference for pure “equidistance.” While this may not be the traditional U.S. way, it is probably a more realistic response to the present balance of power in Asia and a reflection of what our politics can carry. It would also require continuous diplomacy, a commodity that seems to be in short supply the world over.

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The competition for influence will be subtle, nuanced, and long term, with neither Washington nor Beijing likely to score a decisive victory that would irreversibly change the alignments of critical states.

–KURT CAMPBELL

How Asia Navigates the U.S.-China Rivalry

Kurt Campbell

Introduction

As the era of engagement comes to a close, the U.S.-China relationship has, with remarkable and dizzying speed, deteriorated to perhaps its lowest ebb since normalization in 1979. For the foreseeable future, the defining characteristic of the relationship is likely to be intensifying competition across a wide range of policy domains. Disputes over trade, technology, territorial waters, and China's political trajectory under Xi have merged to bring us to this point, producing an unstable and combustible relationship that Asia is now watching warily. For the region's states, a position of exquisite balance between the two vying superpowers is a pose that is difficult to sustain; nevertheless, when Asian states are asked whether they will choose the United States or China in this test of titans, the most common answer across the region is simply, "both."

To compound matters, not only have Sino-American relations become more contentious, but the very nature of policy making is changing in both capitals. Although these shifts are largely unrelated to the larger Sino-American tensions, they are nonetheless exacerbating them. President Xi has emerged as the lone arbiter of policy in China after systematically deconstructing the mostly moderating features of collective leadership. President Trump views the "operating system" that the United States has painstakingly labored to create and sustain over decades—weaving trade, diplomacy, defense, and fledgling institutions into a stabilizing framework—as less a sail that has propelled the United States forward but more an anchor that has pulled America down.

The sudden reemergence of intense geopolitical competition has left analysts harkening back to the last great power contest to make sense of the present one. References to a new "Cold War" are proliferating, but the associated intellectual residue of that bygone era actually harms U.S. efforts in Asia. Asia today is a far cry from Europe forty years ago, and it lacks neatly delineated lines that separate rival ideological blocs. Indeed, there is no discernable Berlin Wall or "Checkpoint Charlie." Asian countries are not monoliths, and the lines of demarcation run not along the borders but often through capitals and corporate boardrooms. Increasingly, Asia is a contested and blended region that remains deeply in flux. And even as Washington and Beijing increasingly pressure states to align with them on a variety of policies, Asian nations have taken opportunities to maneuver between them.

Rivalry and Autonomy in a Contested Asia

Although the emerging standoff between Washington and Beijing is far from the existential stakes and nuclear brinksmanship of the Cold War, there is little question that the bilateral relationship is increasingly rivalrous. In October 2018, U.S. Vice President Mike Pence gave a stinging indictment of China's behavior and declared that President Trump "will not back down" from the threat that Beijing poses. This stubborn approach is apparent across U.S. agencies: the Justice Department is prosecuting Chinese citizens accused of technology theft; the Committee on Foreign Investment in the United States (CFIUS) is scrutinizing Chinese investments in U.S. companies; and

the Defense Department is reorienting to address the new great power threat that China poses. On Capitol Hill, Democrats and Republicans who are bitterly divided on most issues nonetheless find common cause on China—with members of both parties occasionally criticizing the Trump administration for being too lenient, especially on issues related to the U.S. government's campaign against Chinese telecommunications provider Huawei. Against this backdrop is the continuing U.S.-China trade war, which probably puts a ceiling on the bilateral relationship. Despite multiple summits between President Trump and Chinese President Xi Jinping, and repeated lower-level negotiations, a fundamental, far-reaching trade deal seems unlikely.

On the other side of the Pacific, Chinese President Xi Jinping has taken China in a more confrontational direction, hastening the collision with U.S. interests and values. On the political level, he has made it clear that China will not pursue even moderate liberalization and will instead invest in perfecting the technologies behind a new and virulent digital authoritarianism. On the economic level, President Xi has recommitted China to its state-led industrial policy model and allowed intensified cyber-theft against U.S. companies. And at the security level, President Xi has accelerated China's blue-water modernization, constructed islands in the South China Sea, meddled consistently in the domestic politics of neighboring states, and used military coercion short of war against China's neighbors in territorial disputes—notably Vietnam and the Philippines. These are the actions of a more bold if not openly brash rising power, and they suggest that the pressures on the old model of Sino-American relations comes from both sides of the Pacific.

The intensifying Sino-American rivalry has revealed that Asia is in many ways an increasingly contested region with an uncertain political future, which has affected Asian autonomy in complex and sometimes paradoxical ways. On some issues, Asian states see an opportunity in playing Beijing and Washington off one another in an effort to extract better terms on infrastructure financing or security cooperation. But on other issues, Asian states have seen their freedom to maneuver sharply reduced as Washington and Beijing become more comfortable wielding pressure to force alignment with their priorities. Perhaps the clearest American cases are Washington's assertive campaign to persuade Asian states to exclude Huawei from building telecommunications infrastructure as well as its lobbying efforts against the Belt and Road Initiative and, even earlier, the Asia Infrastructure and Investment Bank (AIIB). For its part, China has aggressively lobbied countries throughout Southeast Asia to minimize collective efforts to challenge Beijing's claims in the South China Sea—essentially neutralizing the Association of Southeast Asian Nations (ASEAN) as an effective multilateral body along the way (“splitting us like a cord of wood” is how one senior Southeast Asian diplomat put it). Most recently, both the U.S. and China sought to mobilize competing coalitions of states to either condemn or defend China's camps in Xinjiang.

It is important to note that although both Washington and Beijing are dialing up the pressure on Asian states, they are often pursuing different approaches to do so. The United States' strategy is often more public and confrontational, loudly encouraging countries to join its efforts against China and sometimes linking key benefits (e.g., intelligence cooperation) to their choices. China's strategy is less public and arguably more sophisticated because it involves the multifaceted use of diplomatic channels, influence efforts, and quiet pressure through issue-linkage. Despite a more subtle overall approach, Beijing is in some cases becoming increasingly comfortable with open pressure. The detention of two Canadians—former diplomat Michael Kovrig and businessman Michael Spavor—over Ottawa's compliance with Washington's request to extradite Huawei Chief Financial Officer Meng Wanzhou is an example of Beijing's interest in more conspicuous punishment. So too is China's growing willingness to embrace coercive economic statecraft, including against South Korea, Canada, and nearly a dozen other states.

How have Asian states responded to the opportunities and constraints created by an intensifying U.S.-China rivalry? Asia is a diverse region comprised of over three billion people and a wide variety of differing political systems, historical backgrounds, cultural traditions, geostrategic circumstances, and economic structures—accordingly, there is no singular “Asian” response to cope with the arrival of a U.S.-China strategic rivalry.

Based on their responses, Asian states can be divided into roughly four broad, if somewhat imperfect, categories. The first category consists of the “balancers,” notably Japan, India, Australia, and Vietnam, all of whom have strong reservations about China. Despite seeking closer ties with the United States, these countries continue to hedge against U.S. unreliability through investments in themselves and ties with their neighbors. The second group consists of the “swing states” of maritime Southeast Asia. These states have fewer troubles with China than the “balancers” and are able to play Washington and Beijing off each other more effectively for better benefits. The third group consists of the “reluctant bandwagoners” of continental Southeast Asia. Despite a desire for greater autonomy, these states are constrained given China’s geographic proximity and are falling under its encompassing sphere of influence. The fourth set of states includes unique outliers like South Korea and the Philippines, whose approaches are more idiosyncratic given their respective political circumstances.

The Balancers—The Quad States and Vietnam

With the region caught between the United States and China, the balancers all share difficult relations with Beijing but match this with a refusal to surrender their interests to China even amid growing concerns over U.S. reliability. These states are the least likely to visibly bandwagon with Beijing and the most inclined to pursue balancing.

The Quad is Australia, India, Japan, and the United States and has occasionally met on the sidelines of major summits. Like an aging rock band, there have occasionally been long stretches between appearances. The Quad was not explicitly designed to balance China’s influence but is nonetheless seen as an anti-China grouping by Beijing. Vietnam is not a member of the Quad, but it is accumulating political influence in Southeast Asia and similarly views China’s power with skepticism and occasional alarm.

These states do not approach their alignments with Washington and Beijing entirely in a vacuum; historical context, cultural connections, and longstanding rivalries animate the fundamental decisions of each state. For instance, among a certain strain of Japanese nationalists, there is a sense of resentment toward the United States for its handling of Japan’s postwar status; toward China, there is a deep and growing anxiety about an Asia in which Japan would play a secondary role. For India, there is a compatible sense of suspicion and envy toward China, but for a certain group of prominent Indians, including the fading postcolonial Nehruvians and the rising Hindu nationalists, there remains a matching wariness toward the United States. For Australia, the dominant feature animating its attitudes toward global politics is its geographic and almost existential distance from the great powers. Toward China, Australia continues to have a strong commercial and, at times, romantic draw that is balanced by a deep historical regard for the United States based on culture and a shared history of standing together in every major conflict over the last century. Finally, the Vietnamese have a centuries-long history of complications and conflict with China that in some ways overshadows—but cannot fully dislodge—the more proximate and searing experience of war with the United States.

As uncomfortable as these states are with Sino-American rivalry, the situation has ushered in a period of remarkable maneuvering for Canberra, Delhi, Hanoi, and Tokyo. These states have sought to cultivate and flatter President Trump where possible and have avoided directly challenging him even when their own interests are threatened by new and unpredictable turns in U.S. policy. If there is one uniform “Asian” response, it is this tendency to tread carefully around President Trump. But given concerns about U.S. unreliability, these four have also worked to build ties with other similarly situated states—and especially each other—to proactively shape their strategic situations and at times have even pursued quiet outreach to China. A paradox of the Sino-American rivalry is that the middle powers have accumulated greater influence and room to maneuver, and their actions have likely temporarily stabilized some features of the region’s great power politics.

Japan

Perhaps more than any other leader, Japanese Prime Minister Shinzo Abe has developed a nuanced approach to the new strategic circumstances emanating from the U.S.-China rivalry.

The core of Prime Minister Abe's approach is to maintain close ties to the United States, including through deeply personal touches. For example, Prime Minister Abe eschewed traditional norms by meeting with then President-elect Trump in Trump Tower and gifting him a gold golf driver. (A senior Asian diplomat likened the search for extravagant gifts that President Trump might approve of to "laying baskets of fruit before the volcano.") Since this initial, unorthodox offering, Prime Minister Abe has visited with President Trump multiple times in his search to find areas of common cause, particularly on North Korea and China. The approach has had mixed success. President Trump has spent more time in relaxed settings with Prime Minister Abe than any other leader, but the Trump administration has also imposed tariffs on steel and aluminum imports from Japan and is considering far more consequential tariffs on auto parts as well, even over stiff Japanese protests.

Wary of overreliance on an unpredictable American president, another key component of Japan's approach has been to proactively shape the region's security and economic dynamics and boost its own independent capacity for action. This has even meant sustaining elements of pre-Trump American strategy—including resuscitating the Trans-Pacific Partnership (TPP) after the U.S. withdrawal—in the hope that the United States might slowly return to its previous patterns of engagement. It has also meant using institutions like the G20 to push for higher regulatory standards in infrastructure and technology in response to Beijing's Belt and Road Initiative. Japan has also sought to improve ties with other powers, including the other Quad states and Vietnam, by deepening cooperation across the full range of policy domains, especially security. Finally, in pursuit of greater freedom to maneuver, Japan has sought to bolster its own defense spending by pursuing more offensive capabilities (including aerial refueling and longer-range strike capacity). While some of these investments are complementary with current U.S. systems in the region, many of them are redundant, suggesting a desire to pursue more independent capacities over time.

A final component of Prime Minister Abe's regional strategy has been to pursue improved relations with China, including through breakthrough accords with President Xi that will strengthen bilateral ties between the two states. The two countries have discussed cooperation on some Belt and Road projects; meanwhile, Japanese trade with China grew substantially in 2017 and 2018 before stalling in 2019. Despite lingering security tensions, both countries see an advantage in a modest rapprochement given the uncertainty of their respective relations with the United States.

India

India's response to Sino-American rivalry shares some features with Japan's, but its circumstances are arguably more challenging given that it has no formal alliance with the United States and that it shares a long-contested border with China. Like Japan, India under Prime Minister Modi has embraced closer ties with the United States, tightened relations with other regional states, and pursued a broader improvement in its relationship to Beijing. And yet, New Delhi is removed from East Asia and its flashpoints. Consequently, India can afford to pursue a more nuanced position that primarily challenges Beijing most consequentially in continental South Asia and the Indian Ocean.

Like Prime Minister Abe, Prime Minister Modi believes that building a strong working relationship with President Trump is essential. After President Trump's election, Modi publicly embraced "Make America Great Again" as a slogan similar to his vision for "New India," and the two have met regularly since. Although this personal diplomacy has brought some success on issues ranging from defense cooperation to counterterrorism, as in Japan's case, personal touches did not prevent President Trump from terminating India's benefits under the Generalized System of Preferences (GSP) or tightening H-1B enforcement. At the same time, Indian policy in

Kashmir has led to criticism from Capitol Hill—though not the executive branch—that has further complicated the U.S.-India relationship and left some Hindu nationalists increasingly wary of the United States.

Prime Minister Modi shares with Prime Minister Abe a belief that U.S. unpredictability requires India to increasingly make its own way in the Indo-Pacific. Modi dramatically increased India's engagement with its neighbors—especially those that had courted Chinese influence and beneficence, such as Sri Lanka and the Maldives. Modi has similarly significantly increased defense ties with Southeast Asian states like Vietnam, Indonesia, and Malaysia, and he has rejoined the Quad while pursuing steadily growing cooperation with Japan and India on security and economic matters.

India has also pushed back on China's assertiveness more quietly but firmly than any other Asian country (with Vietnam close behind), though these efforts are confined almost entirely to its home region. Indian and Chinese forces wage an almost daily “grey zone” conflict on the Sino-Indian border. India refuses to back down from the skirmishes, and in 2017, the two sides came close to open conflict in an obscure region called Doklam. India has also pushed previously China-friendly governments in Sri Lanka and the Maldives to pursue greater political equidistance and has handsomely rewarded pro-Indian successors in both countries. And like Japan, India has sought to improve its own defense capabilities so that it might independently deter Chinese adventurism. Prime Minister Modi has increased defense spending, including by 6.6 percent in 2019, and has purchased a wide array of technology from states around the world. Finally, U.S. sanctions on Russia mean that purchases of Russian defense equipment risk incurring heavy sanctions; nevertheless, India has been unfazed by this possibility and proceeded to purchase essential Russian equipment, including its S-400 air defense system, which could complicate some defense cooperation with the United States.

India's regional focus, its concerns over American leadership, and its desire to avoid being pulled into a wider Sino-American rivalry has led it to also seek improved relations with Beijing. Perhaps the largest breakthrough in China-India ties came in April 2018 when Xi hosted Modi in Wuhan—an informal summit that allowed the countries to reset ties after a difficult 2017. The two leaders met in Bishkek on the sidelines of the Shanghai Cooperation Organization summit in June 2019 and again in Mamallapuram in October 2019.

Australia

Australia enjoys the advantages of distance when contemplating the contours of increased U.S.-China rivalry. On the one hand, China is a preferred export destination and an increasingly dominant player in the surrounding region. Recent revelations, however, over Chinese influence in Australian politics have complicated the larger relationship. On the other hand, Australia enjoys strong defense and intelligence cooperation with the United States, which has helped anchor the country to the West for the last century.

Canberra has sought to avoid any overt choice between the United States and China. Like India and Japan, Australia has sought a closer relationship with Washington—though with varying degrees of success. Most recently, and after his surprise election last year, Prime Minister Scott Morrison sought to establish a strong rapport with President Trump—a relationship that his predecessor, Malcolm Turnbull, struggled to develop after a rocky phone call shortly after Trump's inauguration. In September 2018, Prime Minister Morrison lauded President Trump as a “very practical leader,” praising the president's ability to connect with Americans who have not enjoyed the benefits of globalization. The flattery seems to have paid off, and President Trump invited Prime Minister Morrison for a state visit in September 2019, making Morrison the first Australian prime minister to receive the honor since 2006.

In contrast to India and Japan, Australia's relationship with China has been more profoundly and publicly intertwined with domestic politics, scandal, and concerns over Chinese influence operations. These issues retained

a relatively low profile until 2016-2017, when Australian Senator Sam Dastyari was found to have accepted contributions from and offered counter-surveillance advice to donors connected to China. Journalists began to document how Australia's relatively permissive election financing regime had allowed China to shape Australian politics, and in response, Australian legislators passed sweeping anti-influence laws—a rare example of a state with close economic ties standing up to Beijing's assertive behavior. Relations with China deteriorated shortly thereafter in public, with Beijing cutting Australian coal imports. Driven in large part by its concern over Chinese influence, Australia effectively banned Huawei from participation in the country's telecommunications systems.

Just as Japan and India have more purposefully engaged the region in the aftermath of intensifying rivalry, so too has Canberra—particularly with the Pacific Islands. Growing Australian concern over China's influence in these strategically located states has led Prime Minister Morrison to launch a multidimensional campaign to increase Australian engagement with them, especially given fears of a future Chinese military base there.

With less success than Japan and India, Australia has sought to improve its relationship with China following these disputes—including through a new multi-stakeholder effort to engage China across government and private domains. The imperative is largely economic: China's trade with Australia dwarfs the combined value of Australia's trade with the United States and Japan, and nearly one-third of all Australian exports go to China. Although these exports create a dependence on Beijing, the relationship is not entirely asymmetric because Beijing cannot easily locate other ready sources for crucial commodities to power its industrial engine.

Canberra has also sought to bolster its own defenses, pursued greater cooperation with Japan and India (including through the Quad), and pursued a multi-year effort to increase defense spending to 2 percent of its GDP by 2021.

Vietnam

Vietnam and China have a long and troubled history dating back centuries that manifested more recently in the Sino-Vietnamese War of 1979 and the ongoing skirmishes in the South China Sea. In 2014, protests over China's deployment of an oil rig in contested waters turned deadly, with Chinese and even Taiwanese factories inside Vietnam attacked by rioters.

Given these tensions, Vietnam has generally sought closer ties with the United States, and defense cooperation has expanded dramatically in recent years. Under President Nguyễn Phú Trọng's leadership, Hanoi has strengthened its relationship with President Trump, hosted the U.S. president's second summit with Kim Jong-un, and even opposed Huawei's participation in the country's telecommunications networks. And yet, Vietnam retains some ambivalence toward the United States, fearing that Washington's support for liberal values and human rights could at some point pose a more existential threat to the regime than China. That same wariness extends to the economic domain, where Vietnam is heavily reliant on the U.S. as an export market and investor and has benefited enormously from the U.S.-China trade war, which has rerouted supply chains to Vietnam, boosted the country's exports, and could add more than 2 percent to its GDP. Against that opportunity, the Trump administration's criticism about currency and trade could curtail what Vietnam sees as a unique economic moment.

To hedge against these risks, Vietnam has looked across the region. It has increased security ties with Japan and India and invested in its own defense capabilities. It has remained in the TPP despite the U.S. withdrawal, in part to diversify its economic options. And it has also pursued closer ties with China. Both countries have handled the July crisis in the South China Sea—during which a Chinese survey vessel joined by Chinese Coast Guard ships entered disputed waters—with a degree of restraint. Vietnam has pursued steadily closer defense exchanges and joint patrols with China's military, all of which is intended to improve bilateral ties.

The Swing States—Maritime Southeast Asia

In contrast to the balancers, the “swing states”—especially Malaysia, Singapore, Indonesia, and Brunei—all have fewer significant disputes with Beijing and maximal freedom to maneuver in the U.S.-China rivalry. Whereas the balancers are in many ways players in the strategic competition between the United States and China, the maritime states (as well as the continental states) are perhaps the object of Sino-American competition. Indeed, these states sit astride critical trade routes and boast vibrant or growing economies.

Though these states have all adopted different approaches for dealing with the U.S.-China rivalry, they have generally shared three common features. First, these “swing states” are essentially trading states, and their prosperity will depend not only on their security and the safety of the region’s waterways, but also on the relative openness of the regional and global economic system. Accordingly, states like Brunei, Singapore, and Malaysia continued on with TPP even after Washington left the negotiations. Like Japan, many of these countries hope that the United States may rejoin the pact. But even absent direct U.S. participation, the restored TPP (renamed the Comprehensive and Progressive Agreement for Trans-Pacific Partnership, or CPTPP) provides an opportunity for these countries to send a signal to China that they expect the continuation of a rules-based operating system, even if the United States is unwilling to fully support it for the moment.

Second, these states—notably Malaysia and Indonesia—are looking to avoid major disputes with China over their contested sovereignty claims in the South China Sea. While Beijing continues to militarize parts of the disputed waterways, the maritime states have sought to avoid conflict with China. Instead, they have relied on freedom of navigation patrols from the United States and other countries to send a message to China that these moves are destabilizing. As U.S.-China competition increases, these countries may need to make more overt decisions about what they are willing to sacrifice for these claims and how vocal they are willing to be.

Third, these states have been better able than most others to harness the opportunities that strategic rivalry offers. Despite concerns about China’s behavior in the South China Sea, they recognize that China is a vital trading partner as well as a critical investor through its Belt and Road Initiative (BRI), which President Xi himself announced during a 2013 visit to Indonesia as a way of solving Asian connectivity challenges. The BRI has at times seemed inexorable and relentless—backed by a notional USD 1 trillion in infrastructure financing—but it has often failed to live up to some of its lofty ambitions, as overpriced and substandard projects in places like Malaysia and Sri Lanka come to light. Problems of graft, low standards, high-interest loans, and poor follow-through have afflicted many BRI projects. Yet, these setbacks—especially within the context of U.S.-China rivalry—offer Southeast Asian maritime states some maneuverability in extracting concessions.

Most notably, Malaysian Prime Minister Mahathir bin Mohamad suspended the construction of the BRI-financed East Coast Rail Link shortly after coming to power last year. And yet, once Beijing agreed to a 30 percent reduction in the cost of the previously USD 20 billion rail line, Prime Minister Mahathir reversed his suspension. In April 2019, speaking at the BRI Forum in Beijing, Mahathir pledged his “full support” for the BRI.

Other states have been able to benefit from U.S. efforts, however modest, to match Beijing’s BRI. Washington’s infrastructure plan for the Indo-Pacific was unveiled in July 2018 and involves the Overseas Private Investment Corporation (OPIC), an agency that will support digital economy, energy, and infrastructure investments around the Indo-Pacific. Although these efforts and China’s BRI together offer states more choices, there is some evidence that some countries (e.g., Sri Lanka) are at times reluctant to accept assistance from one state for fear of angering the other.

The Reluctant Bandwagoners—Continental Southeast Asia

States in continental Southeast Asia have a limited ability to move outside of China's orbit, especially as they continue to play substantial roles in Beijing's BRI. Although they share with the region's maritime swing states a degree of concern about China's behavior and the growing competition between China and the United States, they are generally less developed and more dependent on China and therefore unable to as effectively navigate some of the opportunities that the current rivalry could provide. Some states, notably Cambodia and Laos, have fallen largely within China's sphere of influence, making concerted outreach to the United States challenging. Others, like Myanmar and Thailand, have greater independence but behave as if they do not, in part because tensions with the West over the treatment of minorities or democratic backsliding complicate their options. Taken together, the states increasingly appear to be bandwagoners, albeit reluctant ones.

Geography in particular has forced the continental states, even more so than the maritime states, to proceed cautiously as U.S.-China tension grows. For example, Chinese dams on the Mekong River have significantly disrupted Laos, Cambodia, and Vietnam's food security, with the Lower Mekong dam network reducing fish populations by almost 50 percent. As worrying as the situation already is now, these states realize that China's control of dams in the Tibetan Plateau and Yunnan make a rift with China politically unwise. Beijing will have the advantage of geography in any Southeast Asian influence competition with Washington.

Moreover, both Chinese private and public investment in continental Southeast Asia has made China a more attractive partner than the United States in many states. Through the BRI, Beijing has ambitious plans in the region that will strengthen its own influence networks and that could provide sorely needed connectivity. For example, Kunming-Singapore railway (also referred to as the Pan-Asia railway) would run through all of the continental states in Southeast Asia.

Finally, while many in the region view these states as hopelessly behind Chinese lines, they all desire more engagement from Washington. Continental ASEAN states traditionally welcome U.S. investment, especially amid concerns about the strings attached to Chinese funds, and have tried to shape the region's affairs when possible. This year, as the rotating chair of ASEAN, Thailand has sought to sharpen the institution's role in developing an Indo-Pacific strategy that would keep Southeast Asia in the center of the region's politics. Although these efforts are unlikely to be successful, they demonstrate a desire to cultivate more vivid strategic options.

The Outliers—South Korea and the Philippines

As in all complex circumstances, some countries in the region fail to fit neatly into clear categorizations. Both South Korea and the Philippines have approached the new strategic climate differently due to their respective political situations.

South Korea

Under President Moon Jae-in, South Korea's overriding focus has not been on the U.S.-China strategic rivalry—though some of the country's multinational firms may benefit from trade diversion away from China. The Blue House has instead been focused on how to effectively build bridges to North Korea. Because of Washington's influence over this issue, President Moon has had to prioritize maintaining a positive relationship with President Trump. President Moon helped convince President Trump to meet with North Korean leader Kim Jong-un. After the collapse of the second such summit with Kim in Vietnam, President Moon flew out to Washington to advocate against abandoning the fledgling diplomatic effort.

As with other Asian states, South Korea does share some concerns about U.S. reliability relating to President Trump's tough talk on trade and his insistence that South Korea pay a greater share of the costs for basing U.S. troops within the country. As part of its hedging strategy, and to improve its ability to handle North Korea, South Korea has looked to maintain good ties with Beijing even as the U.S.-China rivalry intensifies. At the start of his term, President Moon said that his government would not deploy an additional Terminal High Altitude Area Defense (THAAD) system or agree to an integrated missile defense network with the United States—concessions to Beijing that were intended to bolster South Korea's meager ties with China. But even after these soft attempts to hedge, diplomacy with China remained tense. For instance, despite Seoul's willingness to prevent another THAAD deployment, Beijing has continued to ban group tours to South Korea—one of the penalties that it initially imposed after President Moon's predecessor agreed to install a THAAD system.

The Philippines

Unlike other maritime Southeast Asian states that sought to avoid offending Washington or Beijing, Philippine President Rodrigo Duterte has vacillated between ingratiating President Xi and assuaging Washington—at times unnecessarily offending both. The country's foreign policy has appeared to be more a product of Duterte's mercurial, personality-based approach to diplomacy than any clear and consistent overriding strategic sense or logic in dealing with the U.S.-China rivalry.

In contrast to his rocky relationship with the Obama administration, President Duterte has praised President Trump, even serenading him with a Philippine love ballad during President Trump's November 2017 trip to the region. At the same time, he has denigrated U.S. alliances and aggressively courted China even to the point of risking Philippine interests. For example, although the Philippines initiated the United Nations Convention on the Law of the Sea (UNCLOS) arbitration case against China, which it won in 2016, President Duterte has downplayed his own country's claims in order to improve ties with Beijing. In June 2019, his government determined that China's sinking of a Philippine boat in Reed Bank, which endangered the lives of twenty-two crew members, was simply a maritime mishap and not worthy of a robust response.

Forced to Choose?

In the current stage of the U.S.-China rivalry, Asia remains a contested region that is in flux, with the lines of competition running as much within countries as between them. The competition for influence will be subtle, nuanced, and long term, with neither Washington nor Beijing likely to score a decisive victory that would irreversibly change the alignments of critical states.

For now, the balancers are likely to resist Beijing's assertiveness but carefully hedge against U.S. unreliability by working with each other, strengthening their independent capacities, and carefully managing relations with China. Southeast Asia's maritime swing states will continue to maneuver for advantage, while its continental bandwagoner states will struggle to balance their engagements between China and the United States. Finally, outlier states like South Korea and the Philippines will see their response to the U.S.-China rivalry driven by overriding domestic concerns or competing international priorities.

In the period ahead, the intensifying U.S.-China rivalry will affect every Asian country. There will be opportunities to extract concessions from Washington and Beijing, but in other cases, Washington and Beijing may endeavor to force a choice. It has long been a truism of the region's politics that Asian states would not choose a side; whether that precept continues in the next decade will be the driving question behind Asian politics for the period ahead.

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Never before in history has a rising power ascended so far, so fast, on so many different dimensions.

–GRAHAM ALLISON

The U.S.-China Strategic Competition: Clues from History

Graham Allison

Churchill observed that the further back one can look, the farther ahead one can see. To help the Aspen Strategy Group look ahead to prescriptions for the U.S. in the current strategic competition with China, the organizers asked me to look back at previous great power rivalries. Specifically, they assigned me two Applied History questions:

- “What are the lessons from history we should be aware of when two great powers collide?”
- “What should the U.S. learn from these to shape its policies on China?”

Since these questions are discussed at length in my book *Destined for War: Can America and China Escape Thucydides’s Trap?* (2017), the organizers asked me to provide a succinct summary of key takeaways from the book that may be helpful in analyzing the strategic-military dimension of this relationship today. This paper begins with that overview, followed by a brief analysis of the current strategic-military competition, and concludes with provocative questions.

Overview

In brief, consider five questions:

1. What is the Big Idea?
2. Tectonics: What has happened to the relative power of the U.S. and China since the unipolar moment at the end of the Cold War?
3. Are confrontation and competition inevitable?
4. Is war—real bloody war that could become World War III—inevitable?
5. While today’s Washington and Beijing are stumbling toward great power conflict, could statesmen find a way to escape Thucydides’s Trap?

Out of respect for the preferred form of communication in Washington today, I begin with a tweet-sized answer to each.

The big idea comes from Thucydides. Why has China’s aspiration for a “peaceful rise,” and previous American administrations’ hope that China would follow in the footsteps of Germany and Japan and take its place as a “responsible stakeholder” in an American-led international order, been upended? In a phrase, the answer is: Thucydides’s Trap. China is a meteoric rising power. The U.S. is a colossal ruling power. When a rising power threatens to displace a ruling power, alarm bells should sound: extreme danger ahead. In the last sixteen cases this has happened, twelve ended in war. As Henry Kissinger has argued, Thucydides’s Trap offers the best lens available for looking through the noise and news of the day to the underlying dynamic in the relationship between the U.S. and China.

What has happened to the relative power of the U.S. and China since the U.S. victory in the Cold War introduced what most of the American national security establishment thought would be a unipolar era? In two words: a tectonic shift. Never before in history has a rising power ascended so far, so fast, on so many different dimensions. Never before has a ruling power seen its relative position change so dramatically, so quickly.¹ To paraphrase former Czech President Václav Havel, things have happened so fast that we have not yet had time to be astonished.

Are confrontation and competition inevitable? Yes. As China realizes Xi Jinping's dream to "make China great again," it will inevitably encroach on positions and prerogatives Americans have come to believe are naturally our own. As Americans feel China growing into what we have come to think of as "our" space, they will become increasingly alarmed and push back. The hope that this is just a Trumpian detour is an illusion.

Is war—real bloody war—inevitable? No. To repeat: no. If American and Chinese leaders settle for statecraft as usual, they should expect history as usual—and that *could* mean war, even a Third World War. But if we recognize how catastrophic such a war could be, and understand how such rivalries have so often ended in war, strategists and statesmen can follow in the footsteps of predecessors who have risen above history as usual.

In the three years since my manuscript went to the publisher, I've been searching for a way to escape Thucydides's Trap. At this point, I've identified nine potential "avenues of escape"—none yet so compelling that I'm ready to fully embrace it. About one thing, however, I am certain. There is no monopoly of strategic wisdom on this issue in Washington or in Beijing—or in Cambridge!

Several more paragraphs of explanation and argument may be in order. Members of the Aspen Strategy Group hardly need to be reminded of Thucydides. As the founder of history and author of *The History of the Peloponnesian War*, Thucydides analyzed the causes of the war that destroyed the two great city-states of classical Greece. About that war, he wrote famously: "It was the rise of Athens and the fear that this instilled in Sparta that made war inevitable."

Thucydides's Trap is a term I coined a decade ago to make vivid Thucydides's insight. Thucydides's Trap is the dangerous dynamic that occurs when a rising power (like Athens, Germany a century ago, or China today) threatens to displace a ruling power (like Sparta, Great Britain, or the U.S. today). In these conditions, both parties become especially vulnerable to third-party provocations or even accidents. Remember 1914, when the assassination of an archduke sparked a fire that ended up burning down the houses of all the great states of Europe. In the dangerous Thucydidean dynamic, misperceptions are magnified, miscalculations multiplied, and risks of escalation amplified. Extraneous events that would otherwise be manageable compel one or the other to react, triggering a vicious cycle of reactions that can drag them into a war that neither wanted.

As Thucydides explains, this dangerous dynamic is driven by three factors: material reality, psychology, and politics. At the material level, China really is rising and encroaching on positions and prerogatives Americans have come to believe are naturally ours. Many Americans see this as an assault on who we are—since for us, USA means number one. Others are still "China deniers"—refusing to acknowledge that China could be number one in any race that matters.

Psychology combines perceptions and misperceptions with emotions and identity—often producing what Thucydides called "fear" in the ruling power and "arrogance" in the rising power. (And as the Greeks taught us, beyond fear lies paranoia; beyond arrogance, hubris.) As my colleague Joe Nye has pointed out, as rivals come to see the other as an enemy, this can become a cycle of self-fulfilling prophecies in which whatever either does is seen by the other as a hostile attempt to displace it or hold it down.²

Driver number three in this dynamic is politics. Within the struggle for leadership within each government, a fundamental axiom declares: never allow a significant political competitor to get to your right on a matter of national security. If he were looking for a poster child to illustrate this point, Thucydides could not find a better example than Washington today.

The dramatic shift in the tectonics of international power is a subject for a separate paper. Power is an elusive term, made even more so by the string of adjectives that have been attached to it. Yardsticks for measuring power invite debate. Nonetheless, for big picture purposes, three stubborn facts should suffice. National GDP creates the substructure of international power. America's share of global GDP has shrunk from half in 1950 to a quarter at the end of the Cold War in 1991; it is one-seventh today and is on a trajectory to be one-tenth by midcentury.³ In 1991, China barely appeared on any international league table. Since then, it has soared to overtake the U.S. in gross domestic product at purchasing power parity, or GDP (PPP)—a measurement that the Central Intelligence Agency (CIA) and International Monetary Fund (IMF) both regard as the single best yardstick for comparing national economies.⁴ The impact of this tectonic shift is felt in every dimension of every relationship—not just between the U.S. and China, but between each of them and their neighbors. Trade offers an instructive example. When China entered the World Trade Organization (WTO) in 2001, the major trading partner of each major Asian nation was the United States. Today, the predominant trading partner of each is who? China.⁵

In 2015, thanks to Senator Jack Reed, I was asked to make a presentation to the Senate Armed Services Committee to provide a larger context for the committee's review of the Obama administration's major initiative toward Asia. Under the banner of the "pivot" or "rebalance," Obama called for the U.S. to put less weight on our left foot (in the Middle East fighting wars) in order to put more weight on our right foot in Asia, where the future lies. While applauding the objective, to illustrate the impact of the tectonic shift, I suggested we imagine the U.S. and China as two kids on a playground sitting on opposite ends of a seesaw, each represented by the size of its GDP (PPP). As we were debating aspirations, we barely noticed that both feet had lifted off the ground.

Chart 1

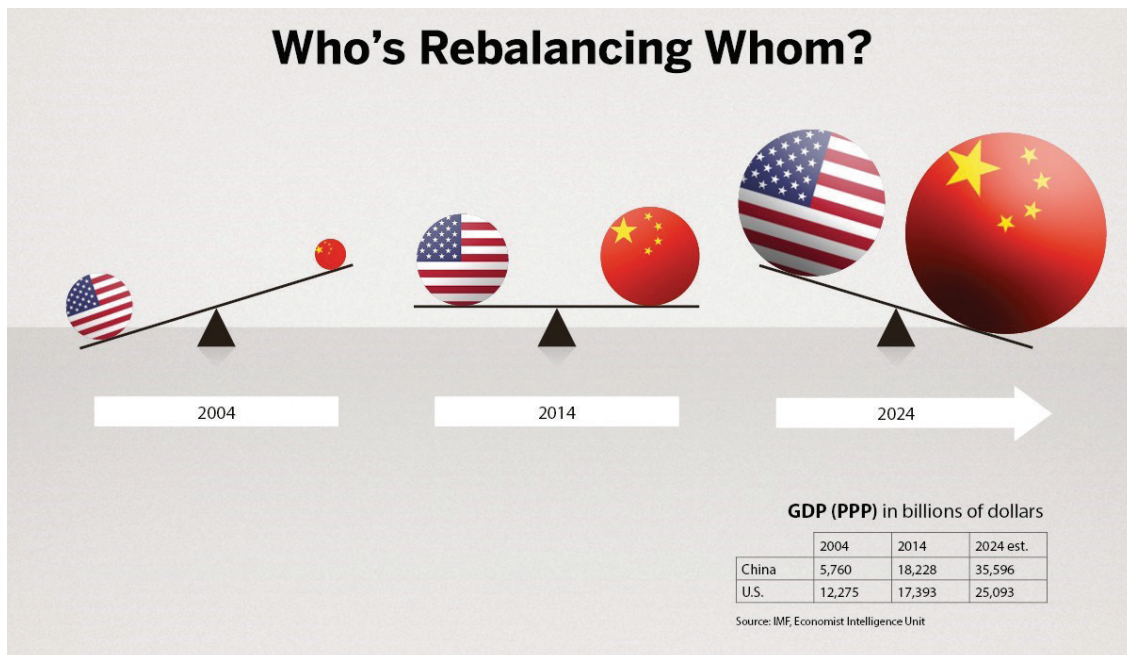


Chart 2 summarizes a quiz I give students in my course at Harvard (formerly with Joe Nye, now with David Sanger). It asks students: When could China become No. 1? The full quiz currently has eighty arenas; the short form asks about ten. Students write their best guesses in the righthand column—answering: 2025, 2040, or “not in my lifetime.”

Chart 2

Quiz: When Will China Become the World’s #1?	
Automaker	
Manufacturer	
Trading nation	
Largest middle class	
Most billionaires	
Solar power capacity	
Fastest supercomputer	
Artificial intelligence research	
Primary engine of global economic growth	
Economy (GDP)	
















We then show them Chart 3—with its heading: ALREADY.

Chart 3

Quiz: When Will China Become the World’s #1?	
ALREADY	
Automaker	2009
Manufacturer	2011
Trading nation	2012
Largest middle class	2015
Most billionaires	2016
Solar power capacity	2016
Fastest supercomputer	2010
Artificial intelligence research	2016
Primary engine of global economic growth	2010
Economy (GDP)	2014

Because the publishers insisted on pushing the question mark to the end of the subtitle of *Destined for War*, the most frequent misinterpretation of the argument accuses me of predicting that war with China is inevitable. To the contrary, the book argues that war is not inevitable. As it says, its purpose is not to predict the future but to prevent it.

Chart 4

No	Period	Ruling Power	Rising Power	Result
1	Late 15 th century	 Portugal	 Spain	No war
2	First half of 16 th century	 France	 Habsburgs	War
3	16 th and 17 th centuries	 Habsburgs	 Ottoman Empire	War
4	First half of 17 th century	 Habsburgs	 Sweden	War
5	Mid-to-late 17 th century	 Dutch Republic	 England	War
6	Late 17 th to mid-18 th centuries	 France	 Great Britain	War
7	Late 18 th and early 19 th centuries	 United Kingdom	 France	War
8	Mid-19 th century	 France and United Kingdom	 Russia	War
9	Mid-19 th century	 France	 Germany	War
10	Late 19 th and early 20 th centuries	 China and Russia	 Japan	War
11	Early-20 th century	 United Kingdom	 United States	No war
12	Early-20 th century	 United Kingdom <small>supported by France, Russia</small>	 Germany	War
13	Mid-20 th century	 Soviet Union, France, UK	 Germany	War
14	Mid-20 th century	 United States	 Japan	War
15	1940s–1980s	 United States	 Soviet Union	No war
16	1990s–present	 United Kingdom and France	 Germany	No war

Harvard's Thucydides's Trap Case File has reviewed the past 500 years for instances in which a rising power threatens to displace a major ruling power (Chart 4).⁶ To date, it has identified sixteen cases that meet the criteria. The purpose of the case file is not to develop a database for statistical analysis. Rather, it is to analyze historical analogues in order to illuminate a phenomenon: the dynamics in the rivalry between rising and ruling powers. Nonetheless, the fact that in four of these cases there was no war lends support for the view that if war occurs

between the U.S. and China in the year or decade ahead, their leaders will not be able to blame Thucydides or some iron law of history.

The penultimate chapter of the book is titled, “Twelve Clues for Peace.” Every one of the cases offers valuable clues for statesmen as they attempt to meet the current challenge. In particular, the peaceful rise of the U.S. at the end of the nineteenth and beginning of the twentieth century to challenge and then eclipse Great Britain (where the British learned to distinguish between “vital” and simply “vested” national interests), and the creation of a strategy for “Cold” War to defeat an Evil Empire (that found ways to constrain competition between two adversaries who aspired to bury each other) are instructive.

No presentation that fails to ask the “Marshall question” is complete. After listening to, or indeed making a compelling case for a proposition, George Marshall would often say, “Just one more question: How could I be wrong?” I can identify a dozen ways and am sure members of the group can think of more. Many forecast a significant slowdown in China’s extraordinary growth rate—and indeed, have been doing so annually for the past nineteen years. Of course, as Stein’s Law says: a trend that cannot continue indefinitely, won’t. But predicting that something will happen is much easier than saying when it will. Xi’s attempt to revitalize the Party as the Leninist Mandarin vanguard of 1.4 billion people may flounder. As Lee Kuan Yew told him directly, he’s trying to put twenty-first century apps on a twentieth century operating system. China’s military may behave recklessly and provoke a military confrontation that China loses—and that could lead to the overthrow of its new emperor. Xi could slip in his bathtub. And so forth. While U.S. planners must consider all reasonable contingencies, basing our strategy to meet the China challenge on the expectation that the Chinese economy or political system fails would be a mistake.

In most futures, avoiding a war both nations understand could erase each from the map will require extreme caution, cooperation in preventing crises, and preparation for managing crises that nonetheless occur. Leaders in both countries should reflect deeply on what happened in 1914. Minimum takeaways from the broader set of cases include adapting lessons cold warriors summarized under five Cs: caution, communication, constraints, compromise, and cooperation. Caution meant no surprises, especially in the others’ sphere of influence, like Khrushchev’s gamble in the Cuban missile crisis. To ensure timely, secure communication, they created the hotline. Constraints that JFK called the “precarious rules of the status quo” included no use of nuclear weapons, no bullets or bombs fired by uniformed combatants against the other, and arms control agreements that prevented or limited deployment of certain weapons. Compromise meant living for decades with otherwise unacceptable facts, like Soviet domination of captive nations. To address common threats like the spread of nuclear weapons, the U.S. and Soviet Union cooperated in creating the Treaty on the Non-Proliferation of Nuclear Weapons. In addition, the cases underline the importance of preventing third-party actions that could be deadly triggers, for example, in North Korea (where the U.S. and China are working closely together) and Taiwan (where both have taken actions that increase risks) and preparing for accidents or crises that nonetheless occur.

Military Competition in the Pacific

This is a big subject about which the details matter, making it difficult to avoid getting entangled in the weeds. The Defense Intelligence Agency’s 2019 *China Military Balance* offers a good 140-page summary of the details of China’s military program.⁷ For the purpose of our discussion, I have tried to climb up to the top of one of the 13,000-foot peaks around Aspen to try to identify the larger contours. Recognizing the risks from oversimplification, nonetheless, to stimulate the debate, I hazard twelve key judgments—beginning with the bottom line up front.

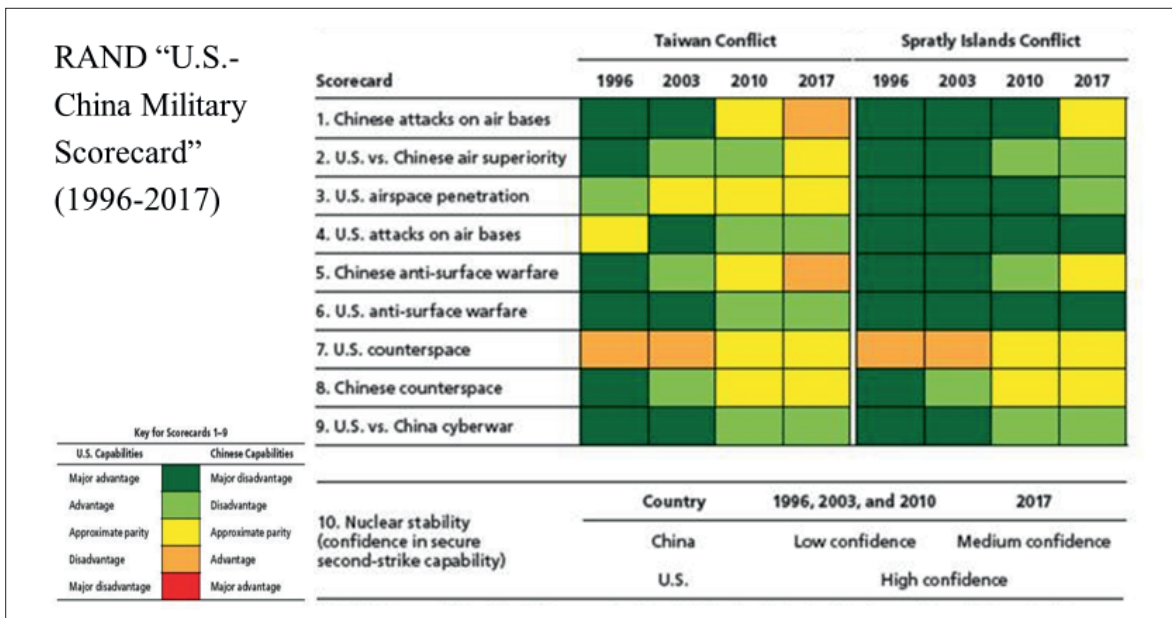
1. The acid test of military forces is how they perform in combat. Short of that, war games provide the next best indicator. Most of these war games are classified, and the most significant, the most highly so. Particularly when the results are not favorable for Blue, they are rarely publicized. Yet, one of the features of the American system is that former officials sometimes speak more candidly.

The March 2019 CNAS event on the military balance in the Pacific featured the recently retired Deputy Secretary of Defense Bob Work and one of DoD’s key defense planners, David Ochmanek. Summarizing a series of war games, their bottom line (in Ochmanek’s words): “When we fight China, Blue gets its ass handed to it.” Why? As he explains, “all five domains of warfare are contested from the outset of hostilities” (*emphasis added*). And it gets worse from there. In Work’s words: “In the first five days of the campaign, we are looking good. After the second five days, it’s not looking so hot. That is what the war games show over and over again.”⁸

And according to *The New York Times*, “in eighteen of the last eighteen Pentagon war games involving China in the Taiwan Strait, the U.S. lost.”⁹ These results raise questions about the utility of America’s recent combat experience, which has never been against a near-peer competitor or in a contested battlespace since WWII. As Work explained, in the past, “it didn’t really matter...We would’ve crushed them like cockroaches once we assembled the might of America.” But a conflict with China today would be different because “we have never gone up against an adversary with the same capabilities and scale.”¹⁰

2. The most authoritative public assessment of the operational balance is still the RAND “U.S.-China Military Scorecard.” As depicted in Chart 5, the report finds that by 2017, China will have an “advantage” or “approximate parity” in six of the nine areas of conventional capabilities in a conflict over Taiwan or the South China Sea. The report concludes that “Asia will witness a progressively receding frontier of U.S. dominance.”¹¹

Chart 5



RAND’s publications since have confirmed that the balance continues to tilt in China’s favor, especially in the Taiwan scenario. As one of RAND’s lead analysts, Jim Dobbins, explained in 2017, “the range and capabilities of Chinese air and sea defenses have continued to grow, making U.S. forward-basing more vulnerable and the direct defense of U.S. interest in the region potentially more costly.”¹²

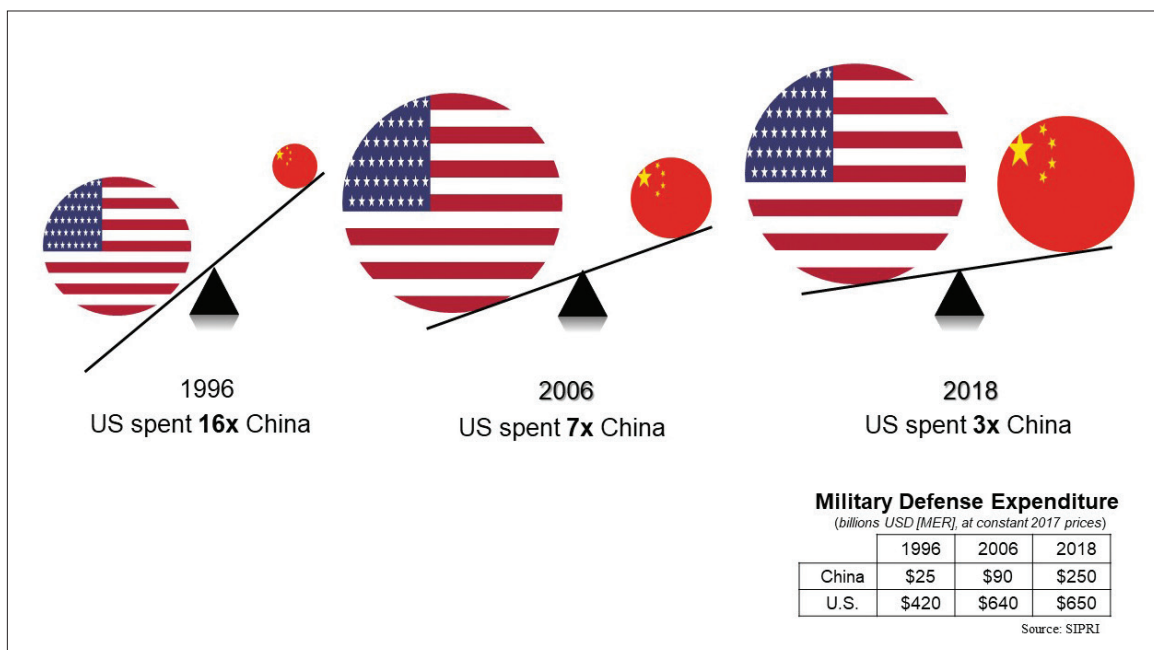
3. One major reason why is that for the U.S., a military conflict over Taiwan or in the South China Sea is a distant, regional contingency. As military planners say, Blue faces the “tyranny of distance.”¹³ For China, this would be war on its border or adjacent sea.

4. Even more significant are the stakes in Taiwan. For China, Taiwan is seen as an existential challenge. China’s constitution declares that Taiwan is an inseparable part of China. In Xi’s words: “We will never allow anyone, any organization, or any political party, at any time or in any form, to separate any part of Chinese territory from China.” China has done everything it can to communicate unambiguously that to prevent the loss of Taiwan, it is prepared to go to war—even though war with the U.S. risks escalation to nuclear war.

5. In preparing for contingencies in East Asia, the commander of the U.S. Pacific Command (PACOM)—now the U.S. Indo-Pacific Command (INDOPACOM)—wrestles for resources, troops, and ships with four other combatant commanders, which includes an area of responsibility (AOR) in which the U.S. has been actively fighting for almost two decades and a second AOR in which Russia is waging a low-level war with Ukraine. The U.S. defense budget is global, divided among commitments in Europe, the Middle East, and Asia. The People’s Republic of China’s (PRC) defense budget is local and concentrated in North East Asia.

6. But doesn’t U.S. defense spending dwarf that of China? While the answer is yes, the difference is less than many think: the gap has shrunk from 16-1 in 1996 to 3-1 today (Chart 6). Moreover, this is the difference when measured by the yardstick most favorable for the United States. If Chinese soldiers are priced at the rate they are paid in RMB, China’s defense budget is roughly equal to that of the U.S. Furthermore, China’s budget for domestic security is greater than its budget for external defense. When combined, even measured in MER (market exchange rate), China may be outspending the U.S.

Chart 6



7. Others having difficulty acknowledging these new realities emphasize that as a result of expenditures more than ten times those of China in the past two decades, the U.S. has acquired a military capital stock much larger than China’s. While correct, it is also true that this arsenal is heavily weighted toward legacy platforms (carriers, manned aircraft, heavy fighting vehicles) that are priorities for U.S. military services. These consist mostly of items that are as exquisitely expensive as Augustine’s law (the cost of weapons doubles every five years) predicted, most optimized for fighting in areas in which the U.S. enjoys uncontested dominance of air, space, surveillance, and cyber.¹⁴ This includes America’s remarkable surveillance networks and drones—but as we saw recently, when Iran

shot down a U.S. Global Hawk (that cost \$130 million) with an indigenous air defense missile (that cost \$100,000), these assets are more vulnerable than many recognize.

8. In contrast, China's investments in defense modernization have emphasized new technologies, asymmetric strategies, and "leapfrogging." More importantly, its investments have been designed to exploit U.S. vulnerabilities. China's conventional missile strategy provides an instructive example. China has deployed hundreds of short- and intermediate-range ballistic missiles to threaten U.S. and allied air bases in the region. They are also deploying "carrier-killer" shore-to-ship missiles that pose a credible threat to sink U.S. carriers or destroyers operating within 1,250 miles of its shore. And the new DF-26 missiles are estimated to have a 2,500-mile range that could push carriers further back. Although debate continues about the ability of China's surveillance and reconnaissance capabilities to target moving objects at such ranges, they have dramatically increased the cost of U.S. operations within the first island chain and made the U.S. think twice about operating aircraft out of Guam or Japan during a conflict. This has been achieved at a cost exchange ratio of approximately 1:10,000. China's developments in ballistic missiles, swarming drones, hypersonics, anti-satellite weapons, and AI tell a similar tale.

9. The view from INDOPACOM begins with a map.¹⁵ Its AOR has the largest swath of geography, the largest population, and the largest GDP of any American command. It operates from more than 250 regional bases. And most importantly, it has militarily significant allies, in particular Japan, Australia, and South Korea, as well as treaty relationships with a number of additional countries. (The difference between Chinese activity in the South China Sea and its caution in the East China Sea reflects its recognition of Japan's military capabilities.)

In contrast, China has only one militarily significant relationship: the entente with Putin's Russia that has emerged so rapidly since Xi came to power that many Western observers have missed it.¹⁶ The quality of cooperation between China and Russia has surpassed that of the U.S. and India. China's defense pact with North Korea is as much a liability as an asset. Moreover, the picture is clouded further by the fact that, if the U.S. found itself at war with China over Taiwan or in the South China Sea, it is unclear whether the U.S. will be joined by combatants from any of its Asian allies.

10. While Americans are rightly proud of what we declare the "finest fighting force the world has ever seen," more than one Chinese PLA interlocutor has asked me about Henry Kissinger's question: How many wars has the U.S. won since World War II?¹⁷

Americans score the Korean War as a "draw," since it ended in an armistice at the line that had divided the North from the South before the conflict began. Chinese put the Korean War in their "win" column—since from the point at which they entered the war in November 1950 as U.S. forces approached their border, they beat the Americans back to the divide that existed at the outset of hostilities. They point out that this was a China whose government had just barely consolidated control of the country after a long civil war, with a GDP less than one-fiftieth of the U.S. Moreover, they note that at the time, the U.S. was the unchallenged ruling superpower with a monopoly of nuclear weapons that had just five years earlier dropped atomic bombs on Hiroshima and Nagasaki to end World War II.¹⁸

11. The view from Beijing is another matter—and requires another paper authored by an expert on China's military who is fluent in Mandarin. Fortunately, this year's Aspen Strategy Group featured Mike Pillsbury, the Trump administration's favorite outside China expert, whose provocative and informative book *The Hundred-Year Marathon* addresses this topic.¹⁹ (For those interested in my perspective on the issue, Appendix 2 lists the first thirteen points from *Destined for War*.)

12. Finally, to address the organizers' question about strategic-military competition among great powers in the twenty-first century, we must grapple with a new reality that emerged in the nuclear era. If Ronald Reagan was right when he declared that "a nuclear war cannot be won and must therefore never be fought," then between nuclear superpowers (i.e., nations with robust reliable second-strike capabilities), the menu of viable strategic options cannot include nuclear attack.

In rivalries between nuclear superpowers in which neither has dominance on every rung up the escalation ladder from conventional war, the use of conventional military forces to attack the adversary also becomes almost unthinkable—for anything short of a threat to national survival. History saw these constraints emerge in the Cold War—beginning with the Berlin blockade of 1948; the U.S. government’s refusal to come to the rescue of Hungarian freedom fighters when they rose up in 1956 or Czech freedom fighters trying to escape Soviet domination in 1968; and analogous choices by successive presidents, including Bush 43 in Russia’s war with Georgia and Obama when Russia annexed Crimea.

Under conditions that create a robust nuclear stalemate in rivalries between nuclear superpowers: What then are military forces for? Of course, force can be used to coerce third parties and to assist third parties in fighting nuclear opponents in proxy wars like Vietnam. They can create facts on the ground that deter an opponent by requiring it to fire the first shot. But defense analysts have still not adequately engaged Bernard Brodie’s insight, stated bluntly just one year after Hiroshima in his book, *The Absolute Weapon*. In his words: “thus far the chief purpose of our military establishment has been to win wars. From now on its chief purpose must be to avert them.”²⁰

Concluding Questions

In conclusion, if the balance of military power in a conventional war over Taiwan has shifted decisively in China’s favor, are current understandings of U.S. commitments to Taiwan sustainable? Or is the gap between capability and the policy community’s understanding of commitments a classic case of “overstretch” and strategic “mismatch” that properly understood poses an unacceptable risk to Americans? Is this a prime candidate to become the Sarajevo of the twenty-first century: the third party incident that provides the spark that drags Thucydidean rivals into catastrophic war?

Second, if the proverbial Martian strategist makes a list of developments that impact the vital national interest of each nation and presents them under two headings—one in which the two nations’ interest conflict, the second where they converge—what would this grand master put under each heading?

Must U.S. and Chinese leaders recognize that technologies on a shrinking globe have made our two nations inseparable, if sometimes insufferable, Siamese twins? Have the nuclear arsenals of each created a condition of MAD (mutual assured destruction) that we cannot escape? Are the greenhouse gas emissions of each nation impacting the biosphere in which the other also lives in ways that could make it uninhabitable for citizens of either before the end of the twenty-first century? In a global economy where financial crises like 2008 happen periodically, are the two largest economies in the world dependent on each other to prevent recessions from becoming great depressions?²¹

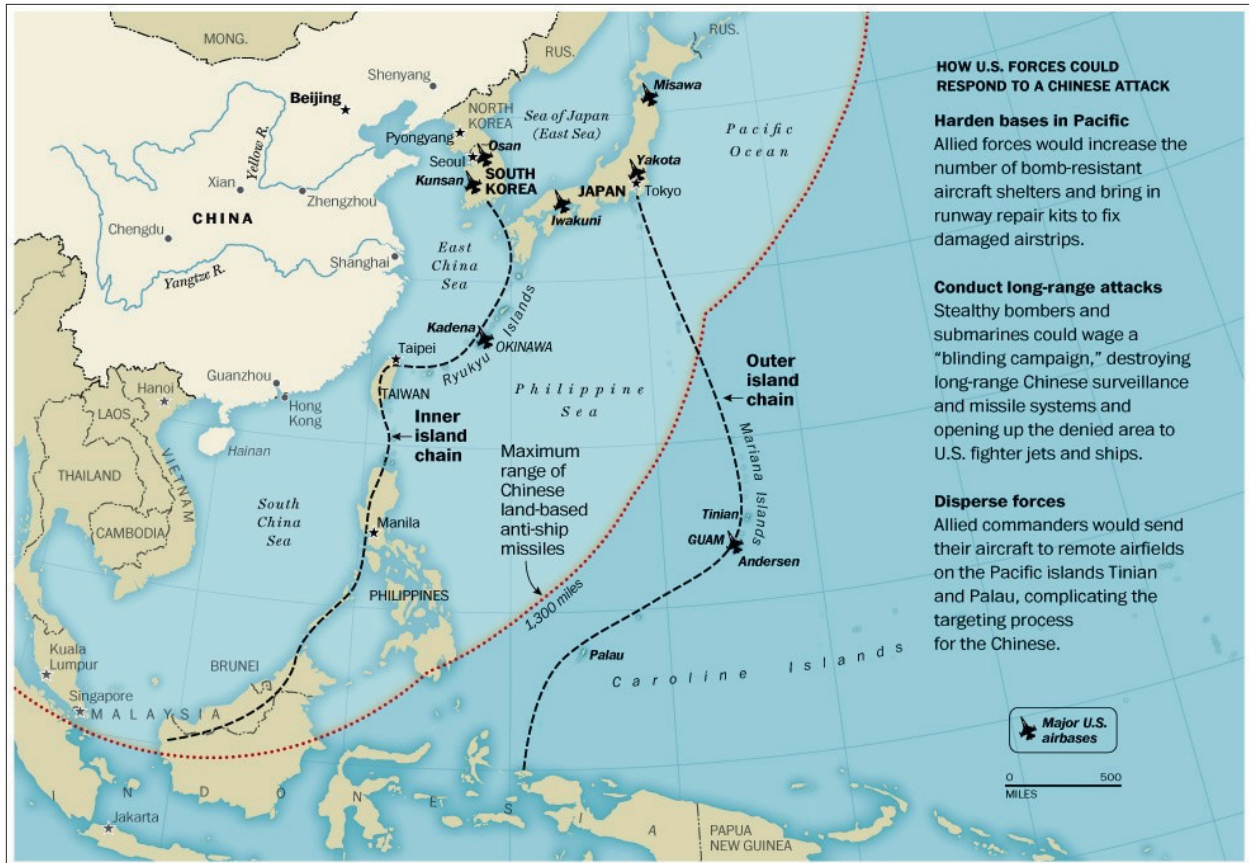
Has the time come to expand the lexicon of diplomacy beyond friend and foe by reaching back to a concept the Song Dynasty invented to stabilize its relationship with a northern Mongolian tribe, the Liao? The Treaty of Chanyuan in 1005 established a “rivalry partnership” in which the two parties competed ruthlessly in some arenas and cooperated intensely in others. Could this be combined with an insight President John F. Kennedy came to after having survived the Cuban missile crisis? Just months before being assassinated, he proposed a major revision of America’s strategy in the Cold War that required serious restraint by both nations in their competition to ensure their survival and to build what he called a “world safe for diversity.”²²

Finally, was Lee Kuan Yew right when he forecast that China was destined “to become the biggest player in the history of the world,” requiring the U.S. and others to construct an entirely new global balance of power?²³ Could the U.S. organize and lead a coalition of allied and aligned partners who together would create a correlation of forces to which this great China would have to adapt? Could the U.S. and China find a way, in Lee’s words, to “share the twenty-first century in Asia?”

Appendix I: Maps of Asia



Source: Heritage Foundation, 2018.



Source: Center for Strategic and Budgetary Assessment, 2012.

Appendix II: The View from Beijing

The most confident, competent, and consequential leader on the international stage today is China's president, Xi Jinping. *Destined for War* sketches a profile of the new emperor and his thinking based on my conversations with Lee Kuan Yew (whom like every Chinese leader since Deng Xiaoping, he called "mentor"), Henry Kissinger, former Australian Prime Minister Kevin Rudd, and others who collectively have spent hundreds of hours with Xi, supplemented by analyses from Western experts. A chapter entitled "What Xi's China Wants" summarizes Xi's ambition in one line: to make China great again—or in his words, "the great rejuvenation of the Chinese nation."

To that end, Xi has initiated four ambitious transformations of China's system: (1) revitalizing the Party to cleanse it of corruption, restore its sense of mission, and reestablish its authority in the eyes of the Chinese people; (2) reviving Chinese nationalism and patriotism to instill pride in being Chinese; (3) engineering a third economic revolution—recognizing that this requires politically painful structural reforms to sustain China's historically unsustainable rates of growth; and (4) reorganizing and rebuilding China's military. Any one of these initiatives would be more than enough for most heads of state to attempt in a decade. But Xi and his team have chosen to address all four at once, seeing them as critically interdependent.

While Michael Pillsbury's assertion that the Chinese military has long had a secret hundred-year marathon plan for global dominance has been disputed by other China scholars, a plain text reading of Xi's major speeches finds many points of resonance about China's ambitions. If we simply read Xi's 19th Party Congress speech, and the associated discussion with the key working groups (which are reported quite accurately by *Xinhua*, the official news agency of the Chinese government), it is possible to get the big picture. My thirteen takeaways are below.

1. China's military modernization is motivated by its desire to be able "to fight and win." In Xi's words, achieving the "great revival of the Chinese nation" requires a "unison between a prosperous country and strong military." The "Strong Army Dream" is essential to the "China Dream," and Xi has vowed that by the mid-twenty-first century, China's army will be "fully transformed into world-class forces."
2. While the unambiguous objective of Xi's reorganization and modernization of the military is to "fight and win," the goal is to win without fighting. In Chinese strategic lore, this doctrine can be traced to Sun Tzu, who first recognized "the highest victory is to defeat the enemy without ever fighting." Chinese strategists often seek victory not in a single decisive battle but through incremental moves designed to gradually improve their position; just like in the game of Go, where winning consists of surrounding one's opponent by creating a correlation of forces in which his only rational choice is to yield without a military fight.²⁴
3. Chinese leaders agree with Lee Kuan Yew's assessment that in the twenty-first century, "the economic balance of power will be more important than the military balance of power."²⁵ The evolution of relations between the Association of Southeast Asian Nations (ASEAN) members and the two economic superpowers offers an instructive example. While some Americans are now urging "game on," the most astute leaders in the region have concluded "game over." As Lee Kuan Yew put it, "China is sucking the Southeast Asian countries into its economic system because of its vast market and growing purchasing power. Japan and South Korea will inevitably be sucked in as well. It just absorbs countries without having to use force... China's growing economic sway will be very difficult to fight."
4. The implications of these developments for the relative position of China and the United States were captured memorably in a comment by one of America's wisest Asia hands—Stephen Bosworth, who had served as ambassador to both the Philippines and South Korea in the 1980s and 1990s. In 2009, when President Obama asked him to become his special envoy for North Korea, he returned from his first trip

across the region and reported that he could scarcely believe what he had seen. It was, he recalled, a “Rip Van Winkle experience.” In “olden days,” when a crisis or issue arose, the first question Asian leaders always asked was: What does Washington think? Today, when something happens, they ask first: What does Beijing think?²⁶

5. The priorities for which military force is relevant for as far as Xi can see are local and regional—not global. They begin with the security of the nation within its own borders—which in China’s thinking includes its renegade province of Taiwan. The principal threat to China’s reintegration of Taiwan is the U.S. The experience of 1996 seared into Chinese consciousness the cost of military inferiority. As the former co-chair of the Aspen Strategy Group, Brent Scowcroft, said at the time, after this humiliating experience of backing down, the Chinese military from that day forward would deploy weapons that assured this could never happen again. The buildup of DF-21 and DF-26 “carrier killer” missiles has in fact pushed the U.S. Navy back behind the first island chain and fundamentally altered planning for Taiwan contingencies.
6. Chinese leaders do not think “just like us.” Consider China’s nuclear arsenal. For decades after acquiring nuclear weapons, the Chinese lived with a nuclear deterrent that was vulnerable to an American disarming strike. Since they’ve deployed a reliable second-strike capability against the U.S., they have been satisfied with a “minimum deterrent.” In contrast to the American and Russian arsenals of many thousands of nuclear warheads, the International Institute for Strategic Studies estimates that China’s strategic force is at approximately 400 today. Somehow, their comparatively smaller arsenal has, in their view, been enough to achieve their objective (that is, to deter a nuclear attack upon them).
7. Chinese leaders’ thinking reflects China’s strategic culture and history (as they interpret it). They think long term rather than short term (can one imagine an American leader proposing to shelve an issue for a decade as Deng Xiaoping did with the islands in the East China Sea?); see challenges not in American terms as “problems to be solved,” but rather as evolving processes that began decades or a century ago; and give high priority to what they call *Shi*, the essence of which Pillsbury captures when he discusses it as the equivalent of the “force” in *Star Wars*. Or as I’ve suggested, Obama’s “arc of history,” or Bismarck’s “footsteps of God.”
8. Chinese believe that their government is as capable of setting long-term goals, developing coherent plans, establishing targets, and holding managers accountable for results as Jack Welch was for GE or Jeff Bezos is for Amazon today. Thus, Xi has laid out an ambitious plan with specific targets for 2020, 2025, 2030, and 2049.
9. The Chinese leadership believes that China’s time has arrived. When Teddy Roosevelt became president in 1901, he was supremely confident that he was leading the U.S. into what would be an American Century. One hears echoes of TR in Xi Jinping’s 19th Party Congress speech, where he claimed that “the Chinese nation, with an entirely new posture, now stands tall and firm in the East.”
10. China’s leaders see their rise as a restoration to their natural position of predominance in Asia. They see U.S. dominance of the Western Pacific as an accident of history—an anomaly that came with the tide of World War II but is now receding. They liken this to Britain, whose navy had dominated the Atlantic Ocean during the nineteenth century. With the rise of the United States, it withdrew, and China expects the U.S. to do likewise. As Lee Kuan Yew said when asked whether China is serious about displacing the U.S. in Asia in the foreseeable future: “Of course. Why not? How could they not aspire to be number one in Asia, and in time the world?”
11. Chinese leadership see the U.S. as the principal obstacle to their ambitions. As Kissinger has noted, every Chinese leader he has ever met with believes that America’s strategy is to “contain” China. In 2014, after

the Obama administration’s announcement of the “rebalance” to Asia, Kevin Rudd and Brent Scowcroft each came back from extensive conversations with Chinese leaders with a common assessment. According to both statesmen, China’s leaders believe that America’s grand strategy for dealing with China involves five “to’s”: to isolate China, to contain China, to diminish China, to internally divide China, and to sabotage China’s leadership.

12. Chinese leadership sees technology, and especially advanced technologies, as the driver of economic growth in the twenty-first century. Their Made in China 2025 program—which triggered severe criticism from the West and has thus been airbrushed out of official pronouncements—strives to take the lead in next-generation technology sectors, including information technology (such as AI and big data), high-end robotics, aerospace, maritime engineering, advanced rail, and biomedicine.
13. Analyzing U.S. behavior in the twenty-first century, China’s leaders have concluded that the world has entered what Xi calls a “new era.” They agree with former President Jimmy Carter’s observation that while the U.S. has wasted almost \$10 trillion in pointless wars in the Middle East, China has invested an equivalent in modern high-speed rail, airports, subways, and highways. While they heard Obama’s rhetoric about a “pivot” to Asia, they remain hopeful that the U.S. will be sucked deeper into the sands of the Middle East, even possible war with Iran.

The financial crisis and Great Recession that followed shattered Chinese belief that the financial “masters of the universe” knew what they were doing. President Trump’s assault on American alliances and treatment of long-standing allies has, as one Chinese colleague noted, done more to advance China’s objectives than China could have imagined.

During my October 2019 visit to Beijing, a Chinese intellectual (who is no longer in government) asked me, “Don’t American policy makers have a saying: ‘If your opponent is committing suicide, just don’t get in the way’?”

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- ¹ Except after a decisive defeat in war.
- ² Joseph S. Nye, Jr., “The Cooperative Rivalry of U.S.-China Relations,” *Project Syndicate*, November 6, 2018, <https://www.project-syndicate.org/commentary/china-america-relationship-cooperative-rivalry-by-joseph-s-nye-2018-11>.
- ³ “World Economic Outlook Data Mapper,” International Monetary Fund, October 2019; and “World Development Indicators Data Bank,” The World Bank, October 28, 2019, <https://datacatalog.worldbank.org/dataset/world-development-indicators>.
- ⁴ “References: Definition and Notes: GDP methodology,” CIA World Factbook, undated, accessed July 15, 2019, <https://www.cia.gov/library/publications/the-world-factbook/docs/notesanddefs.html>; and Tim Callen, “Purchasing Power Parity: Weights Matter,” International Monetary Fund, December 18, 2018, <https://www.imf.org/external/pubs/ft/fandd/basics/ppp.htm>. For the judgment of the world’s leading central banker, see Graham Allison, *Destined for War: Can American and China Escape Thucydides’s Trap?* (New York: Houghton Mifflin Harcourt, 2017), pp. 11-12.
- ⁵ “Direction of Trade Statistics,” International Monetary Fund, accessed July 15, 2019, <https://data.imf.org/?sk=9D6028D4-F14A-464C-A2F2-59B2CD424B85>.
- ⁶ Harvard Thucydides’s Trap Project, “Thucydides’s Trap Case File” (Cambridge, Mass: Belfer Center for Science and International Affairs: Harvard Kennedy School, 2017), <https://www.belfercenter.org/thucydides-trap/case-file>.
- ⁷ U.S. Defense Intelligence Agency, *China Military Power: Modernizing a Force to Fight and Win* (Washington, D.C.: U.S. Defense Intelligence Agency, DIA-02-1706-085, 2019), https://www.dia.mil/Portals/27/Documents/News/Military%20Power%20Publications/China_Military_Power_FINAL_5MB_20190103.pdf.
- ⁸ In Ochmanek’s assessment: “We lose a lot of people, we lose a lot of equipment, and we usually fail to achieve our objective of preventing aggression by the adversary.” Center for a New American Security, “How the U.S. Military Fights Wars Today and in the Future,” event transcript (Washington, D.C.: Center for a New American Security, March 7, 2019), <https://s3.amazonaws.com/files.cnas.org/documents/ANAWOW-Transcript-07MAR19.pdf?mtime=20190408162617>.
- ⁹ Nicholas Kristof, “This is How War with China Could Begin,” *New York Times*, September 4, 2019, <https://www.nytimes.com/2019/09/04/opinion/china-taiwan-war.html>.
- ¹⁰ See “How the U.S. Military Fights Wars Today and in the Future.”
- ¹¹ Eric Heginbotham et al., *The U.S.-China Military Scorecard: Forces, Geography, and the Evolving Balance of Power, 1996-2017* (Santa Monica, Calif: RAND Corporation, 2015), https://www.rand.org/content/dam/rand/pubs/research_reports/RR300/RR392/RAND_RR392.pdf.
- ¹² James Dobbins et al., *Conflict with China Revisited: Prospects, Consequences, and Strategies for Deterrence* (Santa Monica, Calif., RAND Corporation, 2017), https://www.rand.org/content/dam/rand/pubs/perspectives/PE200/PE248/RAND_PE248.pdf.
- ¹³ The first map in Appendix I is instructive on this point.
- ¹⁴ “Defense Spending in a Time of Austerity,” *The Economist*, August 26, 2010, <https://www.google.com/search?client=firefox-b-1-d&q=Defense+Spending+in+a+Time+of+Austerity>.
- ¹⁵ See the second map in Appendix I.
- ¹⁶ Graham Allison, “China and Russia: A Strategic Alliance in the Making,” *The National Interest*, December 14, 2018, <https://nationalinterest.org/feature/china-and-russia-strategic-alliance-making-38727>.
- ¹⁷ Graham Allison, *Destined for War*.
- ¹⁸ In this debate, I always remind Chinese interlocutors that as a result of the Korean War, China lost Taiwan for at least a generation.
- ¹⁹ For Pillsbury’s account, see Michael Pillsbury, *The Hundred-Year Marathon: China’s Secret Strategy to Replace America as the Global Superpower* (New York: Henry Holt and Co., 2016). For a rebuttal, see, e.g., Alastair Ian Johnston, “Shaky Foundations: The ‘Intellectual Architecture’ of Trump’s China Policy,” *Survival* Vol. 61, No. 2 (April-May 2019), pp. 189-202.
- ²⁰ Bernard Brodie, ed., *The Absolute Weapon: Atomic Power and World Order* (New York: Harcourt Brace Jovanovich, Inc., 1946).
- ²¹ Henry Paulson, “The U.S. and China at a Crossroads” (Chicago: Paulson Institute, November, 6, 2018), https://www.paulsoninstitute.org/press_release/remarks-by-henry-m-paulson-jr-on-the-united-states-and-china-at-a-crossroads/.
- ²² Graham Allison, “Could the United States and China Be Rivalry Partners?” *The National Interest*, July 7, 2019, <https://nationalinterest.org/feature/could-united-states-and-china-be-rivalry-partners-65661>.
- ²³ Graham Allison, Robert D. Blackwill, and Ali Wyne, *Lee Kuan Yew: The Grand Master’s Insights on China, the United States, and the World* (Cambridge, Mass.: The MIT Press, 2013).
- ²⁴ On this point, the Army War College’s David Lai instructively compares chess with its Chinese equivalent of Go. In chess, players seek to dominate the center and conquer the opponent. In Go, players seek to surround the opponent and compete for relative gain. Lai wisely concludes that “it is dangerous to play Go with a chess mindset.” David Lai, “Learning from the Stones: A Go Approach to Mastering China’s Strategic Concept, *Shi*” (Carlisle Barracks, Penn.: Strategic Studies Institute, U.S. Army War College, May 2004), pp. 5, 28.

²⁵ Graham Allison, *Destined for War*.

²⁶ Graham Allison, *Destined for War*.

The U.S.-China dynamic is the most consequential international relationship of this century. Advancing U.S. interests in this dynamic should be the focus of American strategy, not the tactics of the gray zone itself. However, U.S. success in any such China strategy will depend on its ability to deter, campaign through, and respond to the growing range of gray zone tactics China employs.

–KATHLEEN H. HICKS AND JOSEPH P. FEDERICI

Campaigning through China's Gray Zone Tactics

Kathleen H. Hicks and Joseph P. Federici

Introduction

President Xi Jinping's assertive foreign policy creates a generational challenge for the United States. In pursuing its goals—including maintaining Communist Party control domestically and securing China's great power status globally—China relies on a broad spectrum of tools, from diplomacy to military power. Notable within this range is a subset of approaches that fall somewhere between routine statecraft and open warfare—the gray zone. Although terminology for the gray zone phenomenon varies, analysts generally agree that savvy rivals like China are investing in ways to achieve their security goals that sidestep known thresholds for conflict escalation with the United States and its allies.¹ China, Russia, and others want to change or exploit the rules of international relations for their benefit, but they do not (yet?) want to face the United States in combat. This motivation, long present, can now be married to new means and opportunity provided by a confluence of trends, including the diffusion of traditional power, the domestic disarray of numerous democracies, and the birth of exploitable technology.

This paper briefly summarizes the main lines of Chinese gray zone activity, which fall into four broad categories: information operations, political and economic coercion, cyber and space operations, and the use of proxy forces. The paper then describes an interests-based U.S. campaign planning framework for deterring, campaigning through, and responding to gray zone challenges and concludes with specific actions the United States can take now to gain advantage in the face of Chinese gray zone actions.

China's Gray Zone Activities²

China's information operations are significant, if not as audacious as those of Russia. China's social credit and monitoring systems not only allow the government to monitor activity within China, but also provide the government information on the activities of Chinese citizens outside the country.³ Confucius Institutes, established by the Chinese Ministry of Education across the globe, appear to have a role in providing intelligence on Chinese critics and perhaps even hampering them.⁴ The director of national intelligence has cited China as one of several state actors active in influence operations during the 2018 U.S. midterm election cycle.⁵

China leverages economic sticks and carrots in conducting gray zone operations. Three cases exemplify China's use of punitive economic coercion in the Western Pacific. In 2010, China drastically curtailed the export of rare earth metals to Japan following a maritime dispute between the two countries.⁶ Amid their 2012 territorial dispute over Scarborough Shoal, China began increasing its inspection and even quarantine of fruit from the Philippines, and Chinese tour groups cancelled visits in large numbers.⁷ In 2016, China used restricted tourism as a weapon with South Korea in the wake of the United States deploying a THAAD missile defense battery to that nation.⁸ Chinese economic carrots have also been used to influence desired political behavior in the region. China's Belt and Road Initiative and Digital Silk Road are creating inducements in Asia that could convince states to "deter

confrontation or criticism of China's approach to or stance on sensitive issues."⁹ In Australia and New Zealand, there is credible evidence that the Chinese Communist Party's United Front Work Department is guiding efforts to fundraise on behalf of pro-Chinese politicians and political parties.¹⁰

China's influence operations and economic and political coercion extend well beyond Asia. Europe provides a compelling case. As Europe's economic dependency on China has grown, so too has concern about its potential side-effects for European democracy and security. Ballooning Chinese investment in European ports and other infrastructure, such as high-speed rail, is a prominent worry.¹¹ Evidence supports the conclusion that European companies looking to do business with China are being pressured into forced technology transfers, as has occurred in the United States.¹² EU members who heavily court Chinese investment, such as Italy, the first G7 nation to join the Belt and Road Initiative, encouraged the EU to water down screening measures on foreign direct investment.¹³ In the information realm, Chinese-funded journalism programs and think tanks are hiring prominent former European politicians, with an aim to project a positive image of China.¹⁴ Springer Nature, the German publisher of *Scientific American*, is reported to have pulled content seen as politically sensitive to the Chinese Communist Party.¹⁵

Cyber operations are a frequently used Chinese tactic in the gray zone. Chinese units such as APT10 regularly launch attacks against regional neighbors as well as American businesses and European entities. Cybersecurity experts have repeatedly detected activities originating from Chinese hacking groups that target foreign entities, including Japanese business lobbies, Taiwan's government ministries, and Singapore's health database.¹⁶ Targeted U.S. entities have included the U.S. Office of Personnel Management, military contractors, and universities.¹⁷ British officials have presented the European Union with evidence that a Chinese hacking group, Area 1 Security, infiltrated the EU's diplomatic communications system.¹⁸ Huawei's success in signing twenty-three contracts to supply 5G in Europe brings with it concern about China's ability to exploit the state-controlled enterprise's access for future security purposes.¹⁹

China is also exploiting space.²⁰ Through its testing program, China has demonstrated the ability to develop co-orbital anti-satellite weapons. Its directed energy program, electronic warfare capabilities, and cyber operations can also threaten U.S. and other space systems. In the absence of clear escalation thresholds, rules, and norms in space, the gray zone uses of these capabilities are easy to imagine. For instance, China could coerce the United States and its allies by degrading or threatening to degrade their commercial and/or government satellites. The Chinese have already placed jamming equipment on the Spratly Islands, which could be used to disrupt communications or satellites in the South China Sea region.²¹

Perhaps China's most aggressive gray zone activity has been its use of nominally civilian maritime militia to harass its neighbors and secure strategic positions in the South China Sea. These "little blue men" are supported by the Chinese Navy and Coast Guard in blocking access to disputed islands, harassing neighboring vessels, and collecting intelligence.²² China's recent island-building campaign in the South China Sea has continued despite international legal decisions, official complaints by its neighbors, and the presence of American military assets.²³ More and more Chinese weaponry and aircraft have begun to appear on these artificial islands, as China cements its strategic position in the South China Sea.²⁴ Complementing these maritime actions is China's declaration of an air defense identification zone over disputed waters in the East China Sea, albeit without enforcement to date.²⁵

U.S. Campaigning and the Gray Zone²⁶

The United States has been both late to recognize the patterns in rivals' gray zone tactics and often maladroit in responding. Four significant gaps stand out. First, the intelligence community's indicators and warning are not attuned to detecting gray zone activity. As such, the United States often does not realize a gray zone activity is being undertaken until it is too late. Second, even when activity is detected—as with China's artificial island

building in the South China Sea—the United States has been both slow and ad hoc in its responses. This is related to a third weakness: the failure to adopt a campaigning mindset aimed at succeeding in the strategic competition “war” rather than surviving the immediate crisis “battle.” Finally, U.S. responses to date have failed to leverage the full breadth of the nation’s multidimensional power potential, especially its public and private sources of soft power. U.S. civil society, the business community, and the public are often the targets of gray zone tactics, yet their active partnership has not been a priority in U.S. strategy.²⁷

There has been a temptation by some to attribute the above pitfalls to the nature of democratic society. Some even argue that democracies are destined to be outwitted by authoritarian regimes, such as Xi’s China, and thus must adopt autocrats’ tactics to survive. American history does not bear out this view. Conversely, the United States’ greatest relative strategic advantages over potential rivals derive directly from its attachment to the rule of law at home and abroad. The U.S. has work to do in demonstrating its continued commitment to these principles. It is this commitment that should be the basis upon which U.S. competitive strategy rests. Covert action, undertaken in accordance with U.S. laws and legislative oversight, will of course be an important component of U.S. national security strategy, but it is not and should never be the leading one.²⁸

The U.S.-China dynamic is the most consequential international relationship of this century. Advancing U.S. interests in this dynamic should be the focus of American strategy, not the tactics of the gray zone itself. However, U.S. success in any such China strategy will depend on its ability to deter, campaign through, and respond to the growing range of gray zone tactics China employs. Doing so will incorporate proactive and defensive elements; carrots and sticks; and allies and other third-party actors, including the private sector at home. Moreover, the U.S. approach must be dynamic—the context and Chinese actions will change, and the United States must be agile enough to shift faster. To avoid cycles of reactivity, the United States should frame its approach around advancing its own vital interests. These are its constitutionally derived democratic system and way of life, its economic vitality, and its ability to influence events overseas, such as through its alliances and partner networks. These interests are profoundly bipartisan in nature, enduring across multiple American presidential administrations and ideologies.²⁹

The next section provides specific examples of how the United States can improve its efforts to advance each of these interests in the face of Chinese gray zone tactics.³⁰

Protecting U.S. Constitutional Tenets

The institutions of American democracy are under assault. Since Russia interfered in the 2016 presidential election, U.S. intelligence officials have added China and Iran to the list of nations that sought influence in the 2018 midterm elections and are still seeking to influence the upcoming 2020 election. There is no reason to think the judicial branch will be protected from such foreign attacks.³¹ Although the security of our electoral mechanics is vital, the American public is an even greater target than its voting machines. To build resiliency at home and to attract allies and markets abroad, the United States should be building out civil society, increasing and incentivizing national service opportunities, improving civics education and media literacy training, and improving trust and communication between American businesses and federal, state, and local governments. Social media regulation is also warranted in order to improve transparency at the same time it respects First Amendment principles.³²

Promoting Economic Vitality

A more affirmative approach to multilateral trade would improve the U.S. competitive position amid Chinese economic coercion. The Trans-Pacific Partnership remains the primary missed opportunity for the United States in the Indo-Pacific region.³³ Foreign aid is another key lever that the United States is underusing. The passage of the BUILD Act in late 2018 was a step in the right direction, opening the pathway for greater U.S. organization

efforts in infrastructure funding in Southeast Asia to respond to China's Belt and Road Initiative.³⁴ The United States should put more resources behind the new U.S. International Development Finance Corporation, but the goal should not be for government spending to outmatch Chinese government investment in overseas infrastructure.³⁵ Instead, the United States can promote transparency in such investments and provide technical assistance to countries considering agreements with China. It can also support the infrastructure efforts of allies in the region, making common cause with the Japanese and Australians, as it did in Papua New Guinea on liquified natural gas, and via such regional initiatives as the Japanese-Indian growth corridor.³⁶ Such cooperation is vital not only on infrastructure, but also on cybersecurity. The United States could provide full support for the U.S. and the Association of Southeast Asian Nations' (ASEAN) Smart Cities Partnership to create alternatives to digital infrastructure monopolization by China.³⁷

At home, the United States can find a more fruitful middle ground between the light touch of the Obama administration and the securitization of the Trump administration to protect the American economy from Chinese intellectual property theft and cyberattack. Investing more federal research and development dollars into priority technology fields will help American innovators compete with Chinese state-owned enterprises and put the U.S. government in a position to employ their solutions.³⁸ Expanding H1-B visa opportunities for international STEM researchers to work in the United States will assist in the same way.³⁹ It is notable that Chinese universities are "counterprogramming" U.S. messaging by offering more scholarships for ASEAN students to study in China and relaxing its immigration rules on high-skilled workers (as of July 2019).⁴⁰ Strengthened domestic counterintelligence efforts and cybersecurity requirements tied to critical infrastructure sectors and federal grant receipt by states, localities, and businesses are also warranted.

Advance U.S. Influence Abroad

U.S. alliance and partner networks are a powerful asymmetric advantage for advancing American influence overseas. China knows alliances are a key U.S. center of gravity, and it is well positioned to take advantage of fissures as they open. One fissure benefiting China is the growing divide between the United States and its European allies. President Trump's harsh rhetoric around European defense spending has proven an unhelpful backdrop to subsequent U.S. government pushes for Europeans to deny or counter China's gray zone efforts.⁴¹ Many Europeans are disinclined to work with Washington on issues relating to China. Nowhere is this tension clearer than in the current debate over Huawei's efforts to build a 5G network in various parts of Europe.

The United States must gain greater strategic appreciation of the advantages alliances and partnerships can provide rather than dwell endlessly on their costs. Having frequent, high-level affirmations of U.S. security commitments, facilitating alternative economic partnership opportunities, working closely with ASEAN, prioritizing positive Japanese-South Korean relations in a U.S. regional strategy, and building on nascent quadrilateral security initiatives are all likely to advance U.S. influence and build resiliency against Chinese coercive tactics. The United States should also work closely with like-minded nations to build out norms of conduct in cyberspace and space, as well as continue its legitimate freedom of navigation operations in international seas and airspace, to make interests and potential conflict thresholds as clear as possible.

Advancing American influence overseas will fundamentally rest on the capability and capacity of the U.S. national security enterprise. Here, there is much that the nation can do to better compete with China as it employs gray zone tactics. Relatively static conventional military capability, threats of coercive action, the use of economic sanctions, and the direct diplomatic intervention of senior-most officials are the mainstays of current U.S. foreign policy. Moreover, in the past several years, the Trump administration has actively sought to defund many activities of the U.S. State Department.⁴² In the context of gray zone approaches, this strategy is especially self-limiting because it reinforces reliance on many of the tools that gray zone approaches are designed to skirt. This includes

thresholds for military action, legal definitions, and at times even attribution.⁴³ The United States should be seeking to strengthen strategic narrative and information operations; deepen its diplomatic and development capabilities, including a full complement of economic statecraft tools; generate more dynamic intelligence and warning; and ensure it has nimble and scalable military options.⁴⁴ A simple but critical first step would be to speed ambassadorial appointments while ensuring those appointed have requisite diplomatic qualifications.⁴⁵

Conclusion

Advancing U.S. interests in the presence of a rising and assertive China requires a comprehensive, interests-based national strategy executed through means ranging from routine diplomacy to preparations for combat. Realizing the potential of U.S. societal strengths and improving resiliency around its potential vulnerabilities aids the U.S. when in competition with an authoritarian state such as China.

As part of that strategy, the United States must better deter, campaign through, and respond to China's gray zone tactics. If China believes its gray zone actions pay off, they are unlikely to abate. U.S. foreign policy should not be optimized for gray zone interaction, but it must account for it.

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¹ The authors define gray zone approaches as follows: "Efforts intended to advance one's own security objectives at the expense of a rival using means beyond those associated with routine statecraft and below means associated with direct military conflict between rivals. In engaging in a gray zone approach, an actor seeks to avoid a threshold that results in open war." Kathleen H. Hicks, Alice Hunt Friend, et al., *By Other Means Part I: Campaigning in the Gray Zone* (Washington, DC: Center for Strategic and International Studies, July 2019), https://csis-prod.s3.amazonaws.com/s3fs-public/publication/Hicks_GrayZone_interior_v4_FULL_WEB_0.pdf.

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Openness in Asia is attainable without American primacy, but it is far from guaranteed.

–MIRA RAPP-HOOPER

From Primacy to Openness: U.S. Strategic Objectives in Asia

Mira Rapp-Hooper

The United States no longer possesses military-strategic primacy in Asia, and a combination of structural factors and Communist Party of China (CCP) regime intentions mean it is unlikely to recoup it soon. Despite this condition, much remains to be determined about the strategic landscape in Asia, and Washington retains significant ability to shape it. The United States reserves an abiding interest in ensuring that Asia is not dominated by a hostile hegemon in whole or in part and must hedge against this possibility by ensuring that China does not establish a closed regional sphere of influence. In the service of this strategic objective, the United States should seek to keep Asia open, preserving freedom of action for regional states, an open global commons, the free flow of information, and positive interstate cooperation. An open Asia will require a significant U.S. military presence and demands a credible defense strategy. It also calls for significantly improved coordination on sub-conventional threats among U.S. agencies and with foreign partners. Finally, it depends on economic, technological, and domestic investments, without which the United States cannot credibly preserve a viable balance of power. Openness in Asia is attainable without American primacy, but it is far from guaranteed.

Before proceeding, a definition of the term “primacy” is appropriate. Primacy is the condition of being the most powerful state in a global or regional system, including on military dimensions, albeit one against whom discrete military challenges may still be possible. Primacy implies that the leading state has no great power rivals within the system in question.¹ If a country lacks primacy in a given regional system, it definitionally does not possess it globally. Primacy is distinct from preeminence, however—a condition in which a state leads on most critical metrics of national power, even if one or more other states boasts significant capabilities in some areas.² A preeminent state may have near-peer rivals and be susceptible to their military challenges. To argue that American military-strategic primacy in Asia has passed is to acknowledge that China is a military-strategic rival within Asia, but not necessarily on a global level. The United States may (and likely will) remain the leading global power despite the loss of military primacy in Asia. It therefore remains globally preeminent.

The Demise of Pacific Primacy

A combination of structural factors and regime intentions mean that China is likely to be a significant military-strategic challenger to the United States for the next several decades. Barring a stark discontinuity with present trend lines, Washington will find it difficult or impossible to reestablish primacy in Asia in the near term.³ First, structural trends are likely to continue to support the growth of Chinese economic and military power in the region. Following decades of astounding development, China’s economy will probably sustain at respectable levels. Even if annual growth dips below 5 percent, China will still likely be the world’s largest economy by 2030.⁴ Beijing’s technology sector may also overtake the United States’ in both research and development spending and market size.⁵ Clear headwinds include its demographic cliff and labor force, as well as unknowns around its

incomplete economic transition to a consumption-based economy.⁶ Nonetheless, China can afford growth-related setbacks and still continue to encroach upon the United States' relative position in Asia.

For the last 25 years, moreover, China's military budget has grown with its GDP, rising from \$17 billion in 1990 to \$152 billion in 2017—a 900 percent increase.⁷ Beijing's development of anti-access/area denial (A2/AD) capabilities already calls into question the ability of the United States to mount a direct defense of its allies.⁸ Moreover, its recent Five-Year Program addresses weaknesses in command structures and force coordination⁹ while shifting priority away from ground forces and toward naval and air assets, which are likely to strengthen joint operations capabilities and overall military effectiveness.¹⁰ China is therefore already a leading military power in Asia and can rival the United States in the quantitative, local military balance, as well as below the traditional conflict threshold, even if it cannot accomplish either of these globally.¹¹ From a strict and definitional military perspective, then, American primacy in Asia has withered, and China's broader economic picture gives us no reason to expect an imminent reversal.

The CCP leadership, moreover, has made it abundantly clear that American regional military primacy is inimical to its strategic objectives. Since the 2008 financial crisis and Xi Jinping's 2012-2013 ascent, the CCP has been explicit about its goal of re-establishing regional hegemony in Asia and of climbing to the status of global superpower by mid-century.¹² The CCP's "Two Centenaries" may make China one of the most transparent great powers in history. Not only has it issued timestamps for its goals of regional hegemony and global power status, but it has identified some general requirements of those strategic conditions, including the attenuation of American power in Asia, a restoration of significant regional influence, and the reestablishment of control over disputed territories.¹³

Furthermore, as China's favorable trendlines have sustained and Xi has declared his strategic ambitions, the CCP has undeniably become more authoritarian at home. Xi's domestic accolades include an even stronger role for the government in the Chinese economy, the systematic internment of ethnic minorities, the manufacture of a sophisticated surveillance state with a closed internet at its core, and the abolition of the notion of collective leadership in favor of Xi's permanent installation.¹⁴ American analysts cannot presume that China's propitious tailwinds will blow in a linear fashion or that they are irreversible. Yet, the United States does not itself possess the ability to upend China's growth trajectory, military spending, stated strategic objectives, or current preference for authoritarianism. For the time being, then, American strategists must devise an approach that allows the United States to live with and protect vital interests from an authoritarian near-peer in Asia.

Undesirability of this condition notwithstanding, the strategic picture in Asia is more fluid than structural trends or CCP goals would suggest. Xi's declared objectives of regional hegemony and global power status hardly guarantee that Beijing will achieve them or elucidate the form they will take if it does. Xi's goal of cross-Straits reunification, for example, may be accomplished in two radically different ways, and along a timeline that will remain malleable.¹⁵ Regional and global power status may also be defined in a variety of ways, and we should expect the exertions of a twenty-first-century great power to look different than those of its nineteenth-century peers. We do not anticipate the CCP will engage in outright territorial conquest to reassert its role in Asia, for example, with the possible exception of Taiwan. It is much more likely to attempt to secure its vision for twenty-first-century power through economic, technological, and sub-conventional approaches, and its choice of means will be at least somewhat responsive to the international environment. The exact form that China's regional influence takes is far from determined.

This is all the more true because rising powers have a reliable history of risk aversion. Precisely because they seek to reach global heights, ascending states often eschew forms of belligerence that would catalyze countervailing coalitions or derail their rise.¹⁶ While he has adopted an assertive foreign policy, Xi has also demonstrated risk aversion, preferring to advance China's aims where little or no general U.S. deterrence is present, as with his South China Sea campaign or the westward push with the Belt and Road Initiative.¹⁷ When Washington has

sought to establish immediate deterrence in the face of Beijing's advances, these have proven effective, as with the establishment of a clear declaratory policy around the Senkaku Islands in 2013-2014 and a stark warning about Scarborough Shoal in 2016.¹⁸ Indeed, the vagaries of and risk aversion embedded in Beijing's stated objectives bestow the United States with valuable advantages—namely, the ability to deter and defend against some of China's most significant advances, so long as it can define its own vital interests and accept some risk. The loss of American military primacy in Asia, therefore, does not portend an Asia dominated by hostile Chinese power. Washington will retain the ability to secure its vital interests in Asia and, to some extent, to shape China's own conception of its regional objectives.

Strategic Objective: Openness in Asia

While the United States cannot avoid a stronger China able to exert significant regional influence, it can nonetheless secure its longstanding political, security, and economic interests in the region and avert the conditions that would most directly threaten them. Since the late nineteenth century, the United States has sought to prevent a hostile hegemon from dominating Eurasia, as this condition would impede commercial interests and potentially expose the U.S. homeland to military threats.¹⁹ Potential domination may come in novel forms, but the same objective remains worthy today. The United States should seek to avert the hostile domination of Asia.

We cannot envision the precise form it will take, but Xi Jinping is seeking some form of a sphere of influence in Asia.²⁰ And while a state's domestic regime preferences do not neatly predict its regional behavior, Xi's affection for a closed Chinese information environment already has a foreign policy analogue.²¹ Other international governance attempts may have similar features. For several years, strategists have argued that the United States must oppose a Chinese regional sphere—a geographic area in which China exercises predominate influence in military, diplomatic, or economic terms.²² Chinese influence in parts of Southeast or Central Asia, however, is not a *prima facie* threat to American interests. Nonetheless, U.S. strategy must hedge against the possibility that China's regional aspirations are fundamentally irreconcilable with its own objectives.

Washington should seek to prevent China from establishing a *closed* sphere of influence—a bloc that would allow it to dominate part or all of Asia in a manner that displaces U.S. political, economic, or military power. An exclusive zone could leave the United States unable to access vital markets and strip it of its forward defensive position, thereby threatening U.S. prosperity and national security and, by extension, domestic freedom. This grave condition would occur if China co-opted the political, economic, or military independence of other states, preventing them from making free choices through coercion. Closure of the global commons could have similarly grievous effects.

The positive objective of U.S. strategy should therefore be an open Asia.²³ Openness characterizes both American strategic priorities in the region as well as the types of interactions the United States should seek to facilitate in their service. An open Asia is one in which regional states have political and economic freedom of action and are able to make independent strategic decisions without being forced into blocs or camps that could result in their hierarchical dominance. Under this concept, Asia's commons must also remain open, essential as they are to international commerce. Openness favors sustained interstate cooperation, beneficial trade, and the free flow of information across borders. It also calls for transparent international governance, even among those states that are not themselves full-fledged democracies.

An openness-based strategy seeks to prevent shuttered economic, political, and security spheres in Asia by helping regional states preserve their flexibility and independence and doing the same in the skies and sea lanes. It rejects the notion that regional states should “choose” between the United States and China and instead incentivizes them to eschew great power dominance in favor of agency. At a time when the CCP seeks a more

closed Chinese society, commons, and domestic and international information space, the United States should strive to preserve the region's dynamism and fluidity. An openness-based strategy acknowledges that the United States will not retain strategic primacy in Asia. It also recognizes that Washington does not require unequivocal regional dominance to prevent China from establishing a hierarchy of its own.

Securing Openness

Openness in Asia will not be easily obtained. It will require the United States to focus consistently on Asia as its primary foreign policy theater, allocate substantial military resources to the region, develop a viable island chain defense strategy, improve its coordination against sub-conventional threats within U.S. agencies and with foreign partners, and invest in regional openness economically, technologically, and domestically. Despite a relatively more constrained position in Asia, the United States can secure openness, but its objective is far from guaranteed.

Regional openness requires a strong American military presence but does not demand military primacy. The United States and its allies must retain sufficient strength to deter China from making a bid that could result in its hierarchical dominance of any part of the region, to defend against it if it were to mount one, and to keep the global commons open.²⁴ These defensive requirements, in turn, mean that the United States absolutely must maintain its treaty alliances and forward position in Asia. Since the early Cold War, Washington has understood the First Island Chain archipelago to be its defensive front line, but China's anti-access/area denial (A2/AD) approach makes the direct defense of allies increasingly tenuous.²⁵ If it lacks the ability to defend and deter on behalf of its treaty allies, the United States will struggle to maintain the regional position that will allow it to meet its minimum deterrence requirements. Washington currently lacks a strategy for First Island Chain defense. A counter-A2/AD strategy that relies on land- and sea-based missiles may be the most feasible approach but will be politically taxing to enact.²⁶ Beyond an ally-focused defense strategy, military openness will be far easier to obtain if the United States can continue to strengthen its strategic position in Southeast Asia. It should buttress capacity-building efforts with Vietnam, Indonesia, and the Philippines; prioritize defense cooperation with India; and synchronize similar disparate efforts with Japan and Australia. Despite modest improvements, it must also increase significantly its Foreign Military Financing to the region.²⁷

Openness will not be guaranteed through military strategy alone. Indeed, China's regional and global objectives mean it should prefer to establish its sphere without triggering the conflict that could derail its rise. We should therefore expect China's regional expansion to continue to occur largely below the military threshold. American military-strategic objectives will therefore need to rely heavily on non-military tools. The 2018 National Defense Strategy (NDS) recognizes the persistence of so-called "grey zone" challenges, but the NDS does not articulate an approach to sub-conventional competition, nor does the Department of Defense's 2020 budget request refer to it at all.²⁸ By their nature, sub-conventional incursions occur outside of the traditional Pentagon purview and at the seams of other agencies, making them more difficult to address.²⁹

Whether incursions come in the form of maritime grabs, cyber intrusions, economic coercion, or information and influence campaigns, sub-conventional deterrence generally requires swift transparency, specific deterrent threats, clear messaging, and some tolerance for risk.³⁰ The United States has most of the diplomatic, intelligence, and economic tools it should want to more fully engage these types of threats, yet many of the relevant offices lack the ability to coordinate among themselves or with their foreign government counterparts.³¹ The United States cannot seek to deter or prevent all Chinese coercion, but it should focus on thwarting sub-conventional bids that may contribute to closed spheres, such as efforts to restrict freedom of navigation in the South China Sea, to shutter the regional information environment, or to imperil states' political independence. It will need to improve its interagency and international coordinating capacities to do so.

The promotion of openness as a strategic objective also has components that are entirely nonmilitary. Economic openness requires that the United States abandon reflexive protectionism and restore itself as a credible trading partner. Technological openness requires that Washington and its allies provide alternatives to closed and unreliable systems of information provision.³² It calls for the United States and others to promote new openness-based rules and regimes in under-governed spaces like the internet and cyberspace, lest China's preferences crystallize into new international norms.³³ It suggests that the same states should give infrastructure and development aid that promotes transparency, and to push China to meet those standards. Finally, all of the forgoing requires that the United States harness its own competitive capacity through strategic domestic investments in education, high-skills immigration, and government-backed research and development. Openness does not require primacy, but it does demand American innovation, dynamism, and the ability to marshal them for geostrategy.

Openness, Not Overreach

Just as important as the requirements for securing openness in Asia is a clear understanding of what the United States should not do if it wishes to achieve it. While Washington should devote a significant percentage of its considerable defense resources to Asia, it should not seek to recoup commanding military primacy in the region at the expense of other tools of foreign policy. Diplomatic, intelligence, and economic instruments and coordination among them are arguably more deserving of budgetary augmentation given how frequently they are likely to be used.³⁴

Moreover, the United States should not hope to match the exercise of Chinese power symmetrically, seeking to thwart it everywhere it springs. This is a recipe for national exhaustion and one that does not guarantee success even if it were possible. Rather than devise a Belt and Road analogue, for example, Washington and its partners should make available selective high-standards infrastructure opportunities. China's projects have already begun to generate countervailing effects of their own, and the mere existence of more open options restores a measure of political independence to the states in question. Likewise, the United States need not seek to undermine China's closer relationships with individual states, such as Laos and Cambodia. Some increase in Chinese influence in Southeast and Central Asia is impossible to prevent and does not necessarily result in problematic regional closure.

Third and finally, the United States will be unable to separate its strategic objectives in Asia from its domestic imperatives. Washington cannot offer openness-promoting digital and infrastructure alternatives if it is not fully exploiting its own innovative capacity, for example. While China's growing power presents a significant challenge to the United States and the region, it need only result in a closed Asia if the United States fails to sustain openness. Indeed, the United States' security and prosperity face peril if its own foreign policy erraticism persists in an environment of intense political polarization.³⁵ American global preeminence absent military primacy is sufficient to prevent a closed Chinese sphere in Asia: a strategically steady United States, however, is necessary.

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Are we destined for a forever-war between two technological giants, whose battleground will be network control, rather than geography?

–DAVID E. SANGER

Managing the Fifth Generation: America, China, and the Struggle for Technological Dominance

David E. Sanger¹

In February 2019, Secretary of State Mike Pompeo took a tour through Europe, issuing a dire warning to foreign officials every stop along his route.

In visits to Hungary and Poland, and later to Germany and Britain, he warned American allies that they faced a stark choice: They could reject the efforts of Chinese firms to build the next big thing in telecommunications networks (called 5G for “fifth generation”) inside their borders and stay firmly within the American defense camp. Or they could take the Chinese technology and low-cost financing that comes with it—and, he threatened, lose access to sensitive American intelligence and perhaps American military bases.²

For many of the countries he visited, Pompeo’s ultimatum seemed shocking: officials had been treating the building of new cellular networks largely as a procurement decision. While they had heard warnings that installing Chinese-made equipment in their networks could give Beijing a foothold to install “backdoors” that could allow intelligence agencies to read or divert digital traffic, the security issues had been considered background noise, not a festering national security crisis. Now, suddenly, the U.S. was presenting 5G as a loyalty test—a choice between staying in the Western alliance or placing at least one foot in the Chinese camp. The Trump administration was insisting that nations declare their allegiances.

Pompeo’s demands were followed by quiet visits from American intelligence officials armed with a slide deck laying out the specific dangers that Washington was worried about. They described the 5G hardware as the leading edge of a broader Chinese effort to gain influence everywhere from Latin America to Africa to the former Soviet states—including some of the newer members of NATO. Those efforts, they warned, ranged from overt to covert: subsidizing universities and libraries (as the United States did in the 1950s and 1960s), using the Belt and Road Initiative to create trade dependencies, and providing “donations” to politicians. But American officials contended the 5G initiative was the most insidious. Their argument boiled down to this: if Chinese firms—led by Huawei, China’s national telecommunications champion and the world’s second-largest cell phone maker after it edged ahead of Apple in 2018—were allowed to install the hardware and software of the next-generation networks, the Chinese government would gradually amass an unprecedented amount of control over a vast array of infrastructure. “It’s not just the communications,” one of the officials who conducted those classified briefings warned. “It would be the gas pipelines, the water supplies, the factory floors, the ‘smart cities’ of the future.” Under Chinese law, he argued, Huawei and other Chinese firms are required to comply with any request from Chinese intelligence services to create a “backdoor” into another nation’s communications networks. This would allow them to spy or—more ominously—use that power in time of conflict to turn off the networks of their clients.

It was a dire picture—but an entirely speculative one, as the Europeans and others argued in response. So far, there was scant evidence that China had used Huawei for nefarious purposes. So by early summer 2019, the battle

to keep Chinese-made technologies out of allied 5G networks was not going well for the United States. Much of Europe was hedging its bets, not willing to give up the subsidized, low bids that Chinese manufacturers were offering. Other countries, including close U.S. military allies such as Bahrain, home of the Fifth Fleet, were either planning to incorporate Huawei into at least part of their network or refraining from making a public decision. The Philippines, once a centerpiece of American air and naval power in the Pacific, outright balked, announcing it would go with the Chinese system. India—one of the largest telecommunications networks—was sending mixed signals. As of July 2019, only Australia had formally announced that it would ban Huawei components in its 5G networks—though New Zealand and Japan were moving that way. By the fall, no new countries had announced a ban. Instead, Huawei steadily picked up more 5G contracts around the globe, announcing sixty contracts by October—just over half of which were with carriers in Europe. (However, most were for cell towers and radio components of the networks, rather than the core switching systems that are of particular concern to military and intelligence officials.)

The argument between Washington and its allies over 5G had run headlong into the always-difficult balancing act inherent in simultaneously treating China as an economic partner, an intelligence adversary, an intellectual-property thief, and a potential military foe. But the 5G problem went deeper. At a moment when America's influence around the globe appears waning, allies were essentially looking into the crystal ball and trying to discern which of the world's two largest economies would be more critical to their future. While they acknowledged the risks of putting Chinese firms at the core of their national networks, they were weighing that risk against the potential for job creation and the fear of Chinese retaliation if they sided with Washington. ("We sell five million cars to China every year," a senior German official said amid this debate. "What happens to that the year after we ban Huawei?")

Even inside the Trump administration, there was no unanimity on the issue. While a cluster of powerful China hawks, led by Pompeo, made the case that banning Huawei was non-negotiable, Treasury Secretary Steve Mnuchin led a camp arguing that, just as the trade relationship could be managed, so could Huawei's presence in Western networks. President Trump vacillated. For much of the spring of 2019, he described 5G networks as an issue of national security and went so far as to impose a ban on exporting sensitive American technology to Chinese manufacturers. (Although U.S. companies promptly discovered loopholes in the ban that permitted them to sell some products.³) Then, in June, he partially lifted the ban, saying it was a trade issue. One of his own senior advisers conceded that he had no idea whether the president might trade away America's long-range security concerns for a trade deal that included a Chinese purchase of billions of dollars in American soybeans.

The result, not surprisingly, has been confusion among American firms and American allies. And the absence of a clear administration strategy has contributed to a fear that the United States is falling behind not only in 5G but in the technologies it will enable, from artificial intelligence to advanced robotics to autonomous vehicles. All are considered the next technological battleground with a rising China.

A Core Debate: 5G and the Future of the Internet

Beyond the specific debate about whether to let Chinese firms build the telecommunications infrastructure of the Western and Asian allies of the United States lies competing visions of what the internet will look like in a few years—and how China's central role in 5G technology may shape the internet's future.

Those in one camp see the 5G networks inevitably leading to the creation of a new Berlin Wall—elements of which are already partly in place. While the analogy draws from the Cold War, this wall would be virtual, not physical. It would stretch around the globe and essentially divide the world into two internets. On one side

would be the familiar anarchy of the Western version of the internet, awash in constant commerce, largely free speech, and the inevitable abuses and chaos that come with a vast, unregulated space. On the other would lie a Chinese-controlled “authoritarianet.” This second internet, in Pompeo’s words, would be “based on the principles of an authoritarian, Communist regime.” Inside the authoritarianet, content is controlled by the government, facial recognition is employed to tighten the ruling party’s control, and artificial intelligence is deployed to sniff out dissent. And its traffic may pass over Chinese-provided undersea cables, to which the United States and its allies would, presumably, have limited access. It would, in essence, replicate elements of what China has created at home: an increasingly self-reliant network that uses Chinese search engines that filter inquiries for political correctness, Chinese social networks, and Chinese mobile payment systems. The appeal to a rising class of authoritarian leaders, from Hungary to Bolivia, is obvious. For insecure leaders looking for a bargain, it will all come in a subsidized surveillance-and-control package.

The alternative to this back-to-the-Cold-War view belongs to techno-realists. They note that China’s control over a substantial portion of the world’s networks is inevitable, just as China’s rise is beyond America’s control. But in their view, the two-internet system is a flawed concept. While China has been more successful than most could have imagined at walling off its own population from outside influences, stretching that wall beyond China’s shores would interfere with Beijing’s own ability to trade around the world. In this view, dividing the world into two internets defeats the grand political achievement of the digital age: the benefits of tying together billions of global citizens.

So in this view, even if there are “sovereign” corners of the internet, the world will still have to exchange data among them at blazing speeds. And that means your data will traverse free and authoritarian internets, and secure and less secure environments. As Sue Gordon, then deputy director of national intelligence, put it bluntly: “You have to presume a dirty network,” and adjust accordingly. “We are going to have to figure out a way in a 5G world that we’re able to manage the risks in a diverse network that includes technology that we can’t trust.”⁴ Her meaning was clear: the nation that dominated the world of communications since Alexander Graham Bell, that built the internet and benefited from the fact that the most critical connections flowed through American territory, must accept the reality that we can no longer control our digital environment.

These two visions likely oversimplify how the next decade will unfold. If there is a lesson from the first three decades of the internet, it is that cyberspace is a messy place. It defies planning. That is especially true as the 5G networks are rolled out around the world. And there is no assurance that the American approach to developing these networks will prevail.

The Defense Innovation Board made a convincing case in 2019 that the United States cannot depend on stumbling its way to a lead merely by assuming that the wizards of Silicon Valley will stay ahead. “The country that owns 5G will own many of these [critical] innovations and set the standards for the rest of the world,” the board concluded. “That country is currently not likely to be the United States.”⁵

So it is no surprise that 5G has already become a political battlefield. Its deployment over the next few years has struck at one of America’s existential fears: that once the West’s digital communications are dominated by Chinese firms, Beijing will have more than just an innovation advantage; it will have the power to divert internet traffic at will or, with the flick of a switch, turn off the communications spine of the United States.

Are we destined for a forever-war between two technological giants, whose battleground will be network control, rather than geography? Or is there room for accommodation of a rising technological power—even in the West’s networks—and the potential to craft rules of the road that might exempt the most critical communications networks from the daily, low-level cyber conflicts that major states are fighting every day?

How We Got Here

When the world embraced 3G and 4G technologies in the first decades of the twenty-first century, it was joining a system that was essentially designed, built, and controlled by the West. The technology was dominated by American makers: the wireless systems were heavily dependent on switching systems built by Cisco and wireless radio technology designed by Qualcomm, among others. Western allies and Japan invested heavily in deploying their networks first, and the Chinese were usually a few years behind. That meant the West was able to define the technical standards and promote their versions of devices and regulations, granting them a significant competitive advantage.

But the Chinese understood quickly that 5G was their moment to catch up—a revolution in manufacturing that would also create new opportunities in artificial intelligence, autonomous vehicles, and other technologies that are key components of their “Made-in-China” goals. They invested heavily in research and development, licensing some of the technology from American makers (though not always paying for it). Huawei, which began as a domestic telecommunications firm founded by the famously reticent former People’s Liberation Army engineer Ren Zhengfei, became the symbol of China’s global ambitions. By mid-2018 it held an estimated 28 percent share of the world’s telecommunications equipment market.⁶ And it dominated markets in Southeast Asia, Latin America, and Africa. Now it has begun using that market dominance to sign 5G contracts with dozens of countries worldwide, aided by low-cost financing provided by the Chinese government.⁷ And it has begun to push back at American and European dominance of the key leadership roles on the international bodies responsible for setting the standards for 5G communications.⁸ Today, roughly 10 percent of patents necessary for 5G are held by Chinese companies, including Huawei—though the leading technology, and the ability to integrate it into a network, still belongs to the U.S. and a smattering of European competitors.⁹

Senator Mark Warner, the ranking Democrat on the Senate Intelligence Committee and a former telecommunications executive, has described the change to his colleagues this way: “We are accustomed to a world in which America invented the internet, set the standards, and manufactured all the key parts. And that world is going away. It’s not coming back.”

Yet few in the United States saw this Chinese initiative coming. Huawei was founded in 1987, but it hardly seemed a threat for its first two decades, as it mostly focused on consolidating its market share in China and expanding to developing countries. But by the mid-2000s, the company’s successes set off at least a few alarm bells in the ranks of the U.S. government. And by 2012, Huawei was frozen out of U.S. government supply chains following a congressional report warning that installing Huawei gear in the U.S. would be tantamount to letting the Chinese Communist Party wire up the country. While Huawei has always maintained that it is privately owned by its employees, public reporting on the company has revealed a very close relationship between Huawei and the Chinese government. It thrives largely because of a tight web of state-backed financing, government clientele, and a talent pool with overlap in the military and intelligence services. Yet the U.S. has never been able to prove—at least in the unclassified world—that Huawei is an instrument of the Communist Party, or of the People’s Liberation Army, in which Zhengfei served as a young man. Even Operation Shotgun, mounted by the National Security Agency (NSA) to reveal Huawei’s secret connections, turned up little. And when the operation was exposed by Edward J. Snowden, the former NSA contractor now in exile in Russia, it merely convinced the Chinese that the United States was doing to China exactly what American officials charged Huawei would do to the United States.¹⁰

The absence of a smoking gun connecting Huawei to any direct spying has not halted American officials from warning of a danger to the West. Instead, they start with China’s two-year-old national security laws, noting that Huawei officials are bound, by Chinese law, to give Chinese intelligence agencies any access they demand to networks where Huawei operates.¹¹ That fear is one reason a handful of acquisitions, mergers, and other deals between Huawei and U.S. companies have been blocked.

Finally, in 2018—with the advent of the first 5G networks now imminent—Congress formally banned much of Huawei gear from government use. And in December 2018, the chief financial officer of Huawei, Meng Wanzhou—Zhengfei’s daughter—was arrested on charges of violating sanctions against Iran by shipping it Huawei technology. The Chinese cried foul, arguing that Meng was being held in Canada merely for leverage by President Trump. And Trump gave credence to the charge by suggesting she might be let go if there was a good enough trade deal—thus mixing trade, national security, and the integrity of the American justice system.

Promises and Reality

While dozens—if not hundreds—of recently published articles talk about the need for the U.S. to “win the race to 5G,” the conversation rarely focuses on what 5G actually is, what it promises, or what a technological lead might look like. Many are tempted to view 5G as simply a faster version of 4G. It is true that speeds achievable with 5G technology dwarf 4G many times over—a Netflix movie that might take several minutes to download on an existing 4G cellular network will be downloaded in a flash. And latency—the lag time between a command or inquiry and the response—is greatly reduced, a necessity for autonomous vehicles, which have to decide in a split second whether to take an exit ramp. The networks also have vastly increased capacity, meaning they are not overwhelmed by huge amounts of data flowing simultaneously.

Yet the real promise of 5G lies not in its speed, but the future applications that speed allows—and the ability to exploit those for new technologies. (This is hardly a new phenomenon: Uber wouldn’t have been possible without real-time mapping.) Previous generations of network connectivity were generally designed for consumers: the traffic was primarily calls and data. 5G is different: it is designed for machines talking to machines and will enable connections between the billions of sensors, robots, autonomous vehicles, and other devices that will continuously feed one another vast amounts of data in the coming years. It will continuously swap information through the cloud—and will update more frequently and autonomously than previous generations. The implications for industry, national security, and human welfare are clear and revolutionary in scope.

But the question of whether or not the U.S. is in a good position to collect on these benefits of 5G is hotly debated—and has been the subject of a number of meetings between key leaders in Congress, the executive branch, and private wireless carriers. Many of these are asking whether—Huawei aside—the U.S. is actually on track to deploy its networks in a competitive manner.

One of the biggest problems is that there is a disagreement over which segment of the electromagnetic spectrum should be used for 5G. China and a number of other countries seem to have settled on spectrum in the “sub-6” region—that is, below 6GHz. In the U.S., however, much of the key sub-6 spectrum is reserved for defense use, leaving industry to develop 5G technologies that will operate at a much higher band—between 24GHz and about 300GHz, so-called “mmWave.” While faster, the higher frequencies can be more difficult to manage and don’t cover as much area as the lower- to mid-range sub-6 spectrum. As a result, it will be more effective in cities and harder to deploy in already-underserved rural areas.

Most worrisome is the question of which spectrum will dominate globally: if the rest of the world mostly follows China into the sub-6 spectrum, the U.S. may have a high-speed network—but one with significant interoperability issues with other countries’ networks. It’s a problem that has a number of experts—from the Defense Innovation Board¹² to an FCC Commissioner¹³—highly concerned. And no one even knows for sure whether the great promise of this new architecture—that its blinding speeds for cellular communications will give birth to autonomous vehicles constantly communicating with the cloud, revolutionize manufacturing, and bring vast streams of data for farmers in the most distant, poorest nations—will yield the promised benefits. Even as billions of dollars are spent to construct it, 5G networks have become the digital Field of Dreams: build it, we are told, and they will come.¹⁴

Is It Too Late? Managing China, and Managing the 5G Future

If Russia has spent the past decade focused on disruption of the West, China, by contrast, is focused on its goal of dominating the technologies that make the world work. The way to get there, China's leadership has been convinced, is not with nukes or the world's largest navy, but with control of the world's servers, software, and undersea cables.

The United States woke up too late to the 5G challenge and to many of the issues associated with it. The fear of falling behind—on 5G and the advances it will help spur in artificial intelligence, robotics, autonomous vehicles, and weapons, among others—is now pervasive in Washington. But all is not lost, just as it was not lost in 1990, when American politicians feared that the U.S. was on the way to becoming a “techno-colony” of Japan.

So what would be the elements of a national 5G strategy? Here are some suggestions.

1) Threatening allies doesn't work. Devising a credible alternative might.

There are lessons in the apparent failure of Pompeo's pressure tactics to lock Huawei out of American allies' networks. The first is that, unsurprisingly, other governments don't like to be threatened, and many see resisting Washington on this point as a way of pushing back on an “America First” agenda. But the second is that NATO allies, and allies in Asia, seem more likely to respond to a positive incentive: an argument that they can profit by building a Western supply chain with the reach, effectiveness, and affordability of Huawei.

There are many ideas floating around about how to do this. One is to combine Nokia and Ericsson, two European suppliers that do not enjoy Huawei's market reach. A second is to combine them with an American partner. But whatever the corporate configuration, it is clear that the United States and its partners need a Western “champion” of their own: one that creates jobs, innovates, and may be the beneficiary of some Western industrial policy, much as Huawei benefits from Chinese industrial policy. Clearly the United States already recognizes the importance of keeping home-grown technology in American hands, because it has used CFIUS—the Committee on Foreign Investment in the United States—to prevent the foreign takeover of Qualcomm and other key technology providers.

Another critical question now is whether the U.S. is ready to go further than simply protecting companies from takeover to assure that the country's own technological base is not hollowed out. For decades, such “industrial policy” was a political issue that divided Democrats and Republicans. While the Manhattan Project is often cited as a prime example of government-sponsored innovation, it was driven by wartime necessity and the fear that Nazi Germany had both the talent to develop a nuclear bomb and the means to deliver it. Later efforts never quite matched that success. The Strategic Computing Initiative, designed by DARPA to take on Japan, never lived up to its hype. The Microelectronics and Computer Technology Corporation, a consortium of major American companies, was not responsible for the major breakthroughs that Americans associate today with the mobile-computing revolution. When a small Obama-era energy program failed to produce many results, there were objections in Congress to “picking winners.” That may help explain why the U.S. underreacted at first to China's announcement of dedicated funding to a range of advanced technologies, many focused on artificial intelligence, alternative energy vehicles, and 5G.

Of course, the United States has never been as hands-off as it advertises. DARPA has long financed promising defense technologies. In-Q-Tel has long served as a small-scale venture capitalist for the intelligence community. Defense Innovation Unit (formerly Defense Innovation Unit-Experimental, or DIUx) has been particularly successful at finding commercial firms and products that could be useful for warfighters—and it has invested in a few. But all these have survived by flying under the radar. Their work has not been tied together as part of a

national strategy. The official Trump administration position is that none is needed—the competitive genius of Silicon Valley will always outperform China’s step-by-step, incremental innovation. Maybe it will, but the early evidence in 5G, machine learning, AI, and autonomous vehicles suggest that scale and organization count.

The U.S. has to choose—it can pursue both paths, as long as government leaders understand that failure is a routine part of the process. So far, there is little evidence of a broader strategy.

2) Learn to live in a world of “dirty networks.”

No one knows what the internet will look like in a decade. Yet even if the United States is wildly successful—if it keeps Huawei and other Chinese firms out of the core of its 5G networks, if it builds a Western “champion” of its own to compete—that won’t be enough. China didn’t need 5G to steal the plans for the F-35. It didn’t need it to steal the most sensitive personal information of twenty-two million Americans—including our country’s national security elite, military, top academics, and contractors—which was contained in security clearance files at the Office of Personnel Management.

Even if America learns to lock down its domestically held data, in a world of global communications and trade, sensitive American data will be running through networks dominated by China and other nations that also seek our intellectual property. In short, we will need to learn to live with dirty networks. Just as we don’t get to choose other nations’ political systems, we don’t get to choose their communications infrastructure either.

What does that mean in practical terms? It requires developing a strategy for keeping the most sensitive defense data inside national networks—with better technologies for walling them off—and developing far more reliable encryption technologies for even routine communications going around the world. Such a policy, however, would require the administration to revise its views on encryption. After the Snowden revelations in 2013, a commission appointed by President Obama and composed of intelligence officials, industry executives, and academics called for the United States to greatly strengthen encryption—both to give assurance to foreigners that the NSA has not undermined the safety of American products and to assure Americans that their own data is safe. The commission insisted that the U.S. “not in any way subvert, undermine, weaken, or make vulnerable generally available commercial software” and that it “increase the use of encryption and urge U.S. companies to do so, in order to better protect data in transit, at rest, in the cloud, and in other storage.”¹⁵

President Obama never acted on this recommendation. Under President Trump, Attorney General William Barr has argued that law enforcement agencies need to always maintain a legal “backdoor” to any encrypted system. He did not explain, however, how to manage the risk that any skilled foreign power—starting with China—would leap through that backdoor.

Barr’s strategy is at odds with other parts of the administration. The Defense Innovation Board has already publicly recommended transitioning Defense Department networks to a “zero-trust” model that deemphasizes perimeter-based security in favor of encryption and resiliency.¹⁶ Securing future networks—and the data moving through them—will increasingly require internal safeguards and the ability to prevent unauthorized entities from spreading from one system into another.

3) Exploiting national security issues for trade concessions is bound to backfire.

When President Trump hinted that he might intervene in the criminal case of Huawei’s chief financial officer, Meng Wanzhou, if it would help him win trade concessions from China, it fed into the Communist Party’s narrative that Meng’s arrest was a political move designed to pressure Huawei. When he issued an export ban of sensitive U.S. technology to Huawei and then walked it back, he undercut not only his iterated rationale for having blocked the technology in the first place but turned national security into a pawn in the large trade game.

As former chairman of the Federal Communications Commission Tom Wheeler wrote in July 2019, “The Trump administration’s focus on Huawei equipment is not a cybersecurity strategy, and by melding trade policy with cybersecurity, damages each.”¹⁷

The division here should not be difficult. Trade deals are negotiable; national security considerations are, by and large, non-negotiable. Every presidential administration violates that precept to some degree. But President Trump opens himself—and the country—to a new set of dangers when he hints that Huawei’s troubles might end in return for trade concessions. And the Chinese government is already exploiting that difference. It believes, perhaps rightly, that it can solve its long-term competitive issues by buying off the Trump administration. If so, we are in new territory.

4) Standards-setting and supply chains are boring. And they matter.

It is easy for national security officials to map China’s expanding presence in the South China Sea: satellites record every newly created island, measure every landing strip, and count airplanes and munitions bunkers. But only recently did government officials begin to appreciate how Chinese engineers were flooding the zone of standards-setting meetings, looking to set the parameters of how internet-of-things (IoT) devices will communicate with 5G networks.

This is a new phenomenon: in the past, China rolled its networks out after the United States and Europe paved the way, meaning standards were set by the time they engaged with the technology. Chinese leaders learned from the mistake. In 5G, they expect China to have a major voice from the start. They are churning out patents, hoping that numbers alone will triumph over true breakthroughs. Their interest is understandable: China already makes a vast number of IoT devices. But the country that sets the standards has a clear advantage in developing intelligence strategies as well. For years, Washington benefited enormously from the fact that so many internet communications flowed through U.S. territory. Beijing is now moving to tilt the playing field in the other direction.

Maintaining U.S. technological leadership in global standards-setting won’t be easy, and it will require the U.S. government to display both leadership and flexibility. But it is well worth the relatively small cost. The most immediate action should be to recommit to assertive diplomacy at the standards-setting bodies: that is, moving U.S. and allied representatives into key leadership positions and advocating strongly for U.S.-patented technologies to be adopted as standards.

Playing a big role in setting standards is only the first step; manufacturing the parts that fit those standards comes next. Here, the answer seems straightforward: building Western systems on a foundation of untrusted parts defeats the purpose of the exercise. Just as the U.S. has trusted suppliers for the F-35, it cannot depend on components, or software, of uncertain origin.

The battle over 5G is only a small part of the broader effort to manage the rise of China. But it has become both technologically and symbolically important. It gets to the heart of who will control the systems that make our societies tick. And it will be key to the perception of who holds the levers of global power. We have one last shot at getting it right.

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- ¹ My thanks to Mary K. Brooks, who conducted much of the research and reporting on the chapters dealing with 5G technology and the competition with China for the revised edition of *The Perfect Weapon: War, Sabotage and Fear in the Cyber Age*. Her reporting and editing were critical for this paper.
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China views technological supremacy as a core driver of the economic and military dominance in the world they aspire to—so too should the United States.

—ANJA MANUEL AND PAVNEET SINGH
WITH THOMPSON PAINE

Compete, Contest, and Collaborate: How to Win the Technology Race with China*

Anja Manuel and Pavneet Singh
with Thompson Paine

Summary

China systematically extracts advanced technology from the West. It does so legally, by mining open-source databases, investing in our most advanced companies, and compelling technology transfer as a condition for doing business in China, as well as illicitly through cybertheft and industrial espionage.

How we choose to react will define the United States as the leader or laggard in the development of critical technologies. Previous U.S. presidents of both parties were unable to shape China's behavior. So far, the Trump administration has focused on trade negotiations and on "defensive" measures: tightening foreign investment restrictions and export controls and slowing cross-border collaboration.¹ But these defensive measures alone will not be enough; the U.S. must have an affirmative strategy that includes deepening our engagement with allies, competing with China where we must, and, in some cases, finding ways to collaborate.

This paper is designed to give Congress and current and future administrations a firm grasp of the tools that are available to win the technology race with China. It proposes a three-pronged approach to addressing China's rise—contest, compete, and collaborate—with concrete policy actions.

We support continued engagement with China; that engagement cannot succeed if China pays no costs for bad behavior. We outline a narrowly tailored set of defensive measures below. Offensively, we must augment the U.S. innovation system so that we can compete with China or other challengers. We propose doing so by increasing investment in talent and R&D and engaging in diplomacy to proactively set the international norms and standards that govern technology development. Finally, where possible, we should collaborate with China on technologies that do not implicate U.S. national security and where technical advancements would help humanity as a whole.

The Challenge

There is nothing wrong with China's desire to grow, and, in fact, the U.S. and its allies should welcome the contributions China can make to future technological innovations. But China often does not play fair: Chinese mercantilism undermines the norms and basic trust that support the global economic order.

If the United States does not act, we risk ceding technological leadership and influence to set the norms, values, and standards for technology, with four potentially disastrous consequences. First, and most clearly, is the role foundational technologies play in spurring economic growth. A second and closely related issue is that

* A longer version of this proposal was first developed for the Technology and Public Policy Project at Stanford University. Disclaimer: The views and opinions expressed in this paper are solely those of the authors and do not necessarily reflect those of Stanford University; the Geopolitics, Technology and Governance Program; or the Technology and Public Policy Project.

the Chinese military will have direct, seamless access to the frontier technologies through China's military-civil fusion. Such a direct transfer will provide the People's Liberation Army (PLA) with a military edge in future conflicts and destabilize the Asia-Pacific region. Third, the spread of China's Orwellian AI-enabled social control and surveillance systems to other countries will strengthen copycat authoritarian regimes. Finally, if the U.S. does not lead in setting global technological standards, and as cyber-attacks become more common, the world risks a minor digital conflict becoming a major kinetic one.

To recommend effective solutions, we must first understand China's goals and how China is pursuing leadership in cutting-edge technologies that will underpin the world's economy.

How China Acquires Technology: Through Licit and Illicit Means

China engages in aggressive behaviors to acquire advanced technologies, including:²

- compelling some Chinese students and researchers at U.S. universities to spy on the state's behalf;³
- engaging in protectionism that blocks American internet firms from the Chinese market, thus insulating Chinese "national champions" like Tencent and Baidu from competition; and
- sponsoring economic espionage of private- and public-sector intellectual property (IP), which the IP Commission estimates costs U.S. companies \$180 billion to \$540 billion a year.⁴

Simultaneously, China employs legal means that additionally pose challenges to America's technological leadership, including:

- state subsidies to develop competitors in strategic technology sectors;⁵
- forcing Western companies to transfer their technology as a condition of doing business in the Chinese market;
- investments in and acquisitions of U.S. companies with strategic technologies;
- real innovation by Chinese companies that have scale, capital, and excellent researchers, such as Tencent, Huawei, or DJI, a Chinese drone company;
- mining Western open-source databases, especially in AI;⁶
- research partnerships with companies like Baidu in Silicon Valley and Microsoft in China and, until recently, with universities like Berkeley and MIT;⁷ and
- recruiting U.S. talent and enticing many Chinese students and researchers in the United States to come back to China.^{8,9}

Critical Technologies China Is Focused On

While "Made in China 2025" identifies ten priority sectors, we believe that if China dominates the following three critical technology sectors, it could have an enormous negative impact on our military and economic security.

Artificial intelligence: AI is a "general purpose technology," akin to the steam engine or electricity, with the potential to revolutionize a wide range of sectors. China has a whole-of-government approach to achieve dominance in AI, investing in key areas of talent, data, and hardware and ensuring its top AI firms do not compete with each other while also sharing their innovations with the government. It further provides regulatory support, including loose privacy and data protection regulations.¹⁰

Semiconductors: Semiconductors are the most crucial building block of the information economy, and the U.S. currently leads in global semiconductor production. China consumes one half of the world's semiconductors but

currently produces only about 3 percent.¹¹ Its goal is to produce 70 percent of domestic demand in China by 2025.¹² China has massive public-private funding vehicles, espionage efforts directed at leading American companies like Micron, and strategic partnerships with leaders like Intel.¹³

5G: 5G will be the backbone of the new economy, providing the antennas and routing infrastructure on which everything from cellphones to the entire “internet of things” will rely, including electricity grids, smart cities, and autonomous vehicles. Our economy will grow highly dependent on 5G and thus will be more vulnerable to sabotage.¹⁴ China has an advantage and is several years ahead in deploying 5G because its national champion, Huawei, is both genuinely innovative and has benefited tremendously from state subsidies and industrial espionage against Western companies.¹⁵ Huawei is building 5G networks in many countries at an equivalent quality to Ericsson and Nokia but for 35 percent less,¹⁶ and is gaining valuable know-how along the way.

Other technologies: In addition to AI, semiconductors, and 5G, China’s “Internet Plus” and “Made in China 2025” call for the government to invest in and push innovation in sectors including robotics, aerospace, autonomous vehicles, cleantech, quantum computing, and biomedicine. In some of these sectors, the U.S. and China could usefully cooperate, while in others the potential for dual-use military applications is too great.

The Proposal

This paper outlines a three-pronged approach of contesting (“defense”), competing with (“offense”), and collaborating with China to ensure the U.S. maintains its leadership position in global technology. The proposal aims to reduce the severity of China’s illicit behaviors, compel China’s adherence to norms and rules in the development and trade of technology, and ensure America’s continued leadership in next generation technologies.

“Defensive” Measures: Contesting Chinese Efforts

“Defensive” measures are a crucial way to protect the United States from cyber-espionage and other “leakage” of key technology secrets. Thus far, Congress and the Trump administration reformed the Committee on Foreign Investment in the United States (CFIUS) in 2018, proposed the tightening of export controls, scrutinized and slowed cross-border collaboration, and publicly aired the possibility of restricting Chinese student visas. However, the administration has not articulated a clear strategic vision for which technologies it wants to protect and why. This paper proposes a clear, purposeful application of these tools to reduce China’s transgressions.

Prevent IP leaks via foreign transactions (investment, M&A, joint ventures, and partnerships): In 2018, Congress substantially reformed the law that governs foreign investment to make it more difficult for foreign companies to invest in cutting-edge technology in the United States. This was a commendable start, but it needs to be refined and strengthened over time. Currently, CFIUS, through FIRRMA (Foreign Investment Risk Review Modernization Act) provides only a vague list of “critical technologies” and requires reviews of investment into the United States by *all* countries, even NATO allies that do not present security concerns. Draft regulations published in October 2019 began to fix some of these problems. We believe that the current administration should additionally create a scientific and private sector advisory panel that defines—on an ongoing basis—which “critical technologies” we need to protect. This panel can help strike the right balance between ensuring security while not stifling innovation.

Exact costs for transgressions: Chinese firms should incur consequences when they break the rules. In addition to pursuing World Trade Organization (WTO) actions against China, the United States should narrowly exercise available executive investigative and sanctioning powers as appropriate under the International Emergency Economic Powers Act (IEEPA), the “Entity List” of the Commerce Department’s Bureau of Industry and Security

(BIS), and Section 337 (1930 Tariff Act) actions to punish specific Chinese firms or industry sectors for forced technology transfer, economic espionage, and market protectionism.¹⁷

The Trump administration has used the Entity List to punish firms like ZTE and Huawei. The Entity List is a powerful tool that can generate unintended consequences, however, and we believe it should be used in a narrowly tailored and measured way. For example, when Huawei was listed in May 2019, it lost access not just to the U.S. 5G market, which is a legitimate concern, but also to Intel’s chips and Google’s Android operating system, which arguably does not implicate national security and harms U.S. companies in the process.

Don’t go it alone: Defensive actions will carry even more weight if we do them jointly with like-minded nations. This will encourage the norms of behavior the United States and its allies expect in a global technology economy moving forward. (*Please see our proposal for the “Tech 10” below.*)

Sanction support for China’s techno-authoritarianism: The United States should take a clear stand against China’s increasingly brazen use of technology to create an advanced surveillance state that abuses human rights.¹⁸ The Uyghurs, a Turkic Muslim group of Chinese citizens, have suffered the most under this system, and China has shown a willingness to export its methods to other authoritarian states.¹⁹ The United States could, at the very least, use the Global Magnitsky Act to sanction implicated Chinese officials and add to the Entity List firms that materially support these abuses, as it did in October 2019. The Senate’s Uyghur Human Rights Policy Act of 2019 (S. 178) is a good start.²⁰

“Offensive” Measures: Competing with China

While we must take basic precautions to protect our technology, pulling up the drawbridge and digging a moat around U.S. technology is impossible and will not alone help us win this high-stakes race. Instead, we must once again set global norms and values for technology and reinforce our own ability to innovate.

Global Diplomacy: Shape the Global Norms for Technology

After World War II, the U.S. led the creation of the international order as we know it today—including multilateral institutions like the WTO, International Monetary Fund, and the International Atomic Energy Agency—to establish norms for peaceful economic relations and technology standards. It was an enormous effort, and it paid off. It is time for a comparable effort to form a robust international innovation ecosystem among countries that share the same values in tech development: a proposal we call the “Tech 10.”

The Tech 10 would join the United States with other technology powers with shared values to coordinate national postures on technology development, use, and access. The inaugural members would include the United States, the United Kingdom, Australia, Canada, France, Germany, India, Israel, Japan, and South Korea. Others could apply to join as long as they agree to adhere to the same high standards. Regular coordination and working group meetings would occur through respective ministries of defense, intelligence, and trade with the input of academic and private institutions.

From the defensive perspective, these countries should share information and coordinate on narrowly tailored export controls, investment restrictions, and cybersecurity. The Tech 10 would share best practices and intelligence and shape shared perspectives and norms related to deterrence policy tools (e.g., CFIUS, export controls), supply chain security, and investment in and licensing of critical infrastructure and dual-use technologies, among other relevant topics.

The Tech 10 could further coordinate research and pool resources and talent to tackle key opportunities in advanced AI, semiconductor research, and quantum computing. Members could also form working groups with other stakeholders—in particular the private sector and academia—to begin to define norms to govern safe uses of AI and other advanced technology.

U.S. Government Actions

Federal R&D: Many of the fundamental breakthroughs underlying the U.S. economy today benefited from federally sponsored research through the military, national labs, or corporate labs. These breakthroughs include the transistor, microprocessor, sequencing the human genome, the internet, GPS, and many others.²¹ Federally funded research increased rapidly in the 1950s and early 1960s, reaching a peak of almost 2 percent of GDP in 1964.²² Today, that figure has declined to 0.7 percent.²³ To foster the breakthroughs needed for tomorrow's economy, the United States must commit to a generational national investment in science and technology.

Over time, we believe the U.S. should aspire to grow federal R&D to 1 percent of GDP or more, an increase to approximately \$200 billion.²⁴ This approach could include:

- increasing funding at Advanced Research Projects Agency–Energy (ARPA-E), Defense Advanced Research Projects Agency (DARPA), National Laboratories, universities, and federally funded research and development centers through competitive grant frameworks;
- coordinating this increase in funding with strategic national priorities for innovation;
- funding research in areas where the venture capital market is not investing so that more capital-intensive and riskier ideas can be pursued;
- reorienting the Small Business Innovation Research program so that federal agencies provide more money for seed and pre-seed ideas with a streamlined application process;
- forming a U.S. government investment fund that matches funds invested by private capital going into sectors of national interest that are under-funded, such as semiconductors and 5G; and
- identifying a handful of “moonshots” for public-private cooperation and providing economic incentives for academic institutions, labs, and private firms to partner and strive toward ambitious goals.

Talent and Workforce Development

Science and technology talent are the foundations of America's success, and we are falling behind. The United States must make a generational investment in the nation's technological talent base by improving the science, technology, engineering, and math (STEM) education system; recruiting more tech-savvy talent into the federal government; and reforming our immigration policy.

STEM education: In the recent Organization for Economic Co-operation and Development's (OECD) Programme for International Student Assessment worldwide ranking of student math, science, and reading scores in 2015-2016, China ranked tenth, while the U.S. was thirty-first.²⁵ The United States must reverse this trend by building the pipeline of STEM talent starting in K-12. The federal government should provide funding for school districts that establish computer science (CS) as a core, non-elective curriculum offering and provide loan forgiveness for CS graduates who teach K-12 CS courses.

Technical chops in government service: We need more competence among U.S. policy makers on issues of technology. Congressional questioning of Mark Zuckerberg at hearings in April 2018 showed that some members of Congress are woefully unprepared to govern on issues of advanced technology. The federal government should

support technologists who want to do less lucrative but invaluable service in the government through fellowship programs, expanding loan forgiveness, supporting tech companies' efforts to place employees in short secondments in government, or even ROTC-like programs to recruit students with STEM training into public service.²⁶

Finally, we should reestablish the Office of Technology Assessment (OTA). As a neutral research agency within the U.S. Congress staffed by scientists and technologists, OTA used to provide nonpartisan advice to members of Congress on science and technology issues. It was unwisely defunded during the "Gingrich Revolution" in 1994.

Attract and retain the best global talent: The United States must embrace perhaps our deepest advantage over China—that the best and brightest international STEM talents aspire to study at American universities and work for U.S. companies. As of 2017, the United States had twenty-six of the top fifty universities in the world (compared to China's two) and eight of the ten top technology companies.²⁷ Expanding the U.S. educational advantage could include increasing the annual allocation of H1-B visas and extending post-graduate work visas to foreign graduates.

The United States should not block Chinese students from studying or working in the U.S. technology sector. Not only is China a leading contributor of top AI talent to American companies, but data suggests most want to stay in the United States.^{28,29} To protect against espionage, the United States should set narrowly tailored federal guidelines on research topics that students from "countries of concern" may not participate in, strictly punish students or employees caught spying, and proactively educate Chinese students and employees on China's blackmail efforts targeting overseas Chinese.

Public-private sector collaboration: In addition to the federal R&D investments listed above, this paper proposes enhancing channels of information sharing regarding resources and opportunities for funding and collaboration, including 1) building a web-based, data-driven IP map outlining strategic sectors for prioritized investment and collaboration; 2) developing sophisticated roadshows to demonstrate federally funded technology to investors; and 3) establishing competent interagency outposts in innovation centers in Silicon Valley, Boston, Austin, New York, etc.

Collaborate: Opportunities to Work with China

Although China is a serious strategic competitor, the United States should continue to seek trade and economic cooperation with China as long as the playing field is fair. If we identify and capitalize on opportunities to build trust, we can increase the odds of better behavior from China in the long term.

Private capital: Turning away all Chinese capital would be short-sighted and harmful to U.S. competitiveness. China invested \$49 billion in the United States in 2016, though that figure was down approximately 90 percent by 2018.³⁰ As long as private Chinese capital meets the standards and accepts the restrictions set by CFIUS, U.S. companies should welcome the financial support for our economy.

Problems of the global commons: A range of technologies can help mitigate international threats such as climate change, nuclear non-proliferation, and intellectual property theft. The United States should continue to engage China in addressing such problems, including by sharing non-critical technologies to facilitate those efforts.

Non-critical technologies: There are areas of Chinese technological investment where the United States should leverage China's success. For example, China's investment in solar panels has reduced the cost of solar deployment in the United States, accelerating our shift to a clean energy economy.³¹

Conclusion

China's technological rise is a real challenge to the United States and the international system. To respond effectively, the U.S., with its allies, must clarify what lines cannot be crossed—such as industrial espionage and forced technology transfer—amid China's otherwise legitimate efforts, and promptly enforce those rules by exacting costs for transgressions.

However, defense alone will not be sufficient. We must reinvest in America's own ability to compete and lead in innovation—including talent development and federal R&D—and strengthen our global alliances in order to lead the norms, rules, and institutions that will govern technological innovation for the coming century.

China views technological supremacy as a core driver of the economic and military dominance in the world they aspire to—so too should the United States. Such focus will help us out-compete China in this strategic contest and secure American leadership for the twenty-first century.

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The United States holds high cards in its poker hand, but hysteria could cause us to fail to play our cards skillfully.

—JOSEPH S. NYE, JR.

The Rise of China

Joseph S. Nye, Jr.*

Failure to cope with the rise of China successfully could have disastrous consequences for America and the rest of the world. Robert Blackwill argues that American presidents' misunderstandings of China's long-term objective to become number one in Asia, and in time the world, ranks with the Vietnam and Iraq wars as one of the three most damaging U.S. foreign policy errors since the end of World War II.¹ Moreover, the interaction of an established power and a rising power could lead to miscalculations that could disrupt this century much as the twentieth was devastated in 1914. Graham Allison warns about repeating such a "Thucydides Trap." While his numbers have been contested, his metaphor remains an important warning.²

Many observers believe that the rise of China will spell the end of the American era, but it is equally dangerous to over- or underestimate Chinese power. Underestimation breeds complacency, while overestimation creates fear—either of which can lead to miscalculation. History is replete with misperception about changing power balances.³ Just since 1945, Nixon and Kissinger interpreted as decline what was really the return to normal of America's artificially high postwar share of world product. They proclaimed multipolarity when what actually transpired over the next two decades was unipolarity. At the same time, opponents of Nixon's *détente* in the 1970s exaggerated Soviet power, which then collapsed. And after that, Americans misunderstood the unipolar reach of American power. It proved far easier for American technology to dominate the global commons of air, sea, and space than to control the domestic politics of social revolutions in urban jungles.⁴

Contrary to current conventional wisdom, China has not yet replaced the United States as the world's largest economy. Measured in purchasing power parity, the Chinese economy became larger than the American economy in 2014, but purchasing power parity is a valid economist's device for comparing estimates of welfare, not for measuring power. For example, oil and jet engines are imported at current exchange rates, and by that measure, China is about two-thirds the size of the United States.⁵ Moreover, gross domestic product (GDP) is a very crude measure of power. For the first half of its "century of humiliation" that started with the opium wars with Britain in 1839, China had the world's largest GDP (and military).⁶ Including per capita income gives a better index of the sophistication of an economy, and American per capita income is many times that of China.

Many economists expect China to pass the United States someday as the world's largest economy (measured as GDP in dollars), but the estimated date varies from 2030 to midcentury depending on what one assumes about the rates of Chinese and American growth. By any measure, however, the gravitational pull of China's economy is increasing. President Clinton's secretary of treasury, Lawrence Summers, poses the future foreign policy questions well: "Can the United States imagine a viable global economic system in 2050 in which its economy is half the size of the world's largest? Could a political leader acknowledge that reality in a way that permits negotiations over what such a world would look like? While it may be unacceptable to the United States to be so greatly surpassed in economic scale, does it have the means to stop it? Can China be held down without inviting conflict?"⁷

* This is adapted from my forthcoming book *Do Morals Matter? Presidents and Foreign Policy from FDR to Trump* (New York: Oxford University Press, January 2020).

Thucydides famously attributed the Peloponnesian war to two causes: the rise of a new power and the fear that creates in an established power. Most people focus on the first half of his statement, but the second is more within our control. Summers properly doubts that U.S. foreign policy can prevent the rise of China's economy, but we can avoid exaggerated fears that could create a new cold or hot war if we use our contextual intelligence well. Even if China someday passes the United States in total economic size, that is not the only measure of geopolitical power—witness the American experience in the first half of the twentieth century. Economic might is just part of the equation, and China is well behind the United States on military and soft power indices. U.S. military expenditure is several times that of China. While Chinese military capabilities have been increasing in recent years, and pose new challenges to our forces, analysts who look carefully at the military balance conclude that China is not a global peer and will not be able to exclude the United States from the Western Pacific so long as the United States maintains its alliance and bases in Japan. The RAND Corporation estimated that a non-nuclear war would be costly for both the U.S. and China, but even more so for China.⁸ And in soft power, opinion polls as well as a recent index published by Portland, a London consultancy, ranked China in twenty-sixth place, while the United States ranked near the top.⁹ Mao's communism had a far greater transnational soft-power appeal in the 1960s than "Xi Jinping thought" does today.

On the other hand, China's huge economic scale matters. The United States was once the world's largest trading nation and largest bilateral lender. Today, nearly a hundred countries count China as their largest trading partner, compared to fifty-seven that have such a relationship with the United States. China plans to lend more than \$1 trillion for infrastructure projects with its Belt and Road Initiative over the next decade, while the United States has cut back aid. China's economic success story enhances its soft power, and government control of access to its large market provides hard-power leverage. Moreover, China's authoritarian politics and mercantilist practices make its economic power readily usable by the government. China will gain economic power from the sheer size of its market as well as its overseas investments and development assistance. Of the seven giant global companies in the age of artificial intelligence (Google, Facebook, Amazon, Microsoft, Baidu, Alibaba, and Tencent), nearly half are Chinese.¹⁰ With its large population, the world's largest internet, and data resources becoming the "new oil" of world politics, China is poised to become the Saudi Arabia of big data. Overall, Chinese power relative to the United States is likely to increase.

China is a country of great strength but also important weaknesses. The United States has some long-term power advantages that will persist regardless of current Chinese actions. One is geography. The United States is surrounded by oceans and neighbors that are likely to remain friendly. China has borders with fourteen countries and has territorial disputes with India, Japan, and Vietnam that set limits on its soft power. Energy is another American advantage. A decade ago, the United States seemed hopelessly dependent on imported energy. Now the shale revolution has transformed it from an energy importer to an exporter, and the International Energy Agency projects that North America may be self-sufficient in the coming decade. At the same time, China is becoming more dependent on energy imports, and much of the oil it imports is transported through the Indian Ocean and the South China Sea, where the United States and others maintain a significant naval presence. Regional analyses that ignore this are mistaken because eliminating this vulnerability will not happen quickly.¹¹

The United States enjoys financial power derived from its large transnational financial institutions as well as the role of the dollar. Of the foreign reserves held by the world's governments, just 1.1 percent are in yuan, compared with 64 percent for the dollar. While China aspires to a larger role, a credible reserve currency depends on currency convertibility, deep capital markets, honest government, and the rule of law—all lacking in China and not quickly developed. While China could divest its large holdings of dollars, such action would risk damaging its own economy as much as the U.S. economy. Dumping dollars might bring the U.S. to its knees, but it would have a similar effect on China. Power in interdependent relations depends upon asymmetric vulnerability, and there are too many symmetries in U.S.-China interdependence at this point, though that might change if there is

a much more radical decoupling. Although the dollar cannot remain preeminent forever, and American overuse of financial sanctions creates incentives for other countries to look for other financial instruments, the yuan is unlikely to displace the dollar in the near term.

The United States also has demographic strengths. It is the only major developed country that is currently projected to hold its place (third) in the demographic ranking of countries. While the rate of American population growth has slowed in recent years, its population is not shrinking as will happen to Russia, Europe, and Japan. Seven of the world's fifteen largest economies will face a shrinking workforce over the next decade and a half, but the U.S. workforce is likely to increase by 5 percent, while China's will decline by 9 percent.¹² China will soon lose its first place population rank to India, and its working-age population already peaked in 2015. Chinese sometimes say they worry about "growing old before growing rich."

America has been at the forefront in the development of key technologies (bio, nano, information) that are central to this century's economic growth, and American research universities dominate higher education. In a 2017 ranking by Shanghai Jiaotong University, sixteen of the top twenty global universities were in the United States; none were in China. At the same time, China is investing heavily in research and development, competes well in some fields now, and has set a goal to be the leader in artificial intelligence (AI) by 2030. Some experts believe that with its enormous data resources, lack of privacy restraints on how data is used, and the fact that advances in machine learning will require trained engineers more than cutting-edge scientists, China could achieve its AI goal.¹³ Given the importance of machine learning as a general-purpose technology that affects many domains, China's gains in AI are of particular significance.

Chinese technological progress is no longer based solely on imitation. The Trump administration is properly punishing China for cybertheft of intellectual property, coerced intellectual property transfer, and unfair trade practices. Reciprocity needs to be enforced. If China can ban Google and Facebook from its market for security reasons, the U.S. can take similar steps. Huawei or ZTE, for example, should not be allowed to build American 5G networks. However, a successful American response to China's technological challenge will depend upon improvements at home more than external sanctions.¹⁴ American complacency is always a danger, but so also is lack of confidence and exaggerated fears that lead to overreaction. In the view of John Deutch, former provost of MIT, if the U.S. attains its potential improvements in innovation potential, "China's great leap forward will likely at best be a few steps toward closing the innovation leadership gap that the United States currently enjoys." But notice the "if."

The United States holds high cards in its poker hand, but hysteria could cause us to fail to play our cards skillfully. When the Clinton administration published its East Asian Strategy Report in 1995 to cope with the rise of China, we decided to reaffirm the U.S.-Japan alliance well before seeking to engage China in the World Trade Organization. Discarding our high cards of alliances and international institutions would be a serious mistake. If the U.S. maintains its alliance with Japan, China cannot push the U.S. beyond the first island chain, because Japan is a major part of that chain. Another possible mistake would be to try to cut off all immigration. When asked why he did not think China would pass the United States in total power any time soon, former Singapore Prime Minister Lee Kuan Yew cited the ability of America to draw upon the talents of the whole world and recombine them in diversity and creativity that was not possible for China's ethnic Han nationalism.¹⁵ If the United States were to discard its high cards of external alliances and domestic openness, Lee could be wrong.

As China's power grows, many observers worry we are destined for war, but few consider an opposite disruptive danger. Rather than acting like a revolutionary power in the international order, China might decide to be a free rider like the United States was in the 1930s. I have called this the "Kindleberger Trap" after the renowned MIT economist who attributed the depths of the Great Depression to a rising America's failure to contribute to global goods at a time when Great Britain could no longer do so alone. In this version of the failure of hegemonic power

transition, China may act too weakly rather than too strongly and refuse to contribute to an international order that it did not create. Some sinologists say that this fear overstates the “not invented here” problem and that China knows it benefited from the post-1945 international order. In the United Nations Security Council, China is one of the five countries with a veto. China is now the second-largest funder of UN peacekeeping forces and participated in UN programs related to Ebola and climate change. China has also benefited greatly from economic institutions like the World Trade Organization and the International Monetary Fund, and China agreed to the 2015 Climate Accords.

On the other hand, China has started its own Asian Infrastructure Investment Bank (AIIB) and a Belt and Road Initiative of international infrastructure projects that some see as an economic offensive. China has not practiced full reciprocity as a market economy, and its rejection of a 2016 Hague tribunal ruling regarding the South China Sea raised questions about whether China would treat its legal obligations *a la carte* (as the United States has sometimes done). American and allied navies’ freedom of navigation operations in the South China Sea remain essential to maintain this point.

Thus far, China has not tried to overthrow but rather to increase its influence within the world order from which it benefits, but this could change as Chinese power grows.¹⁶ Appetites sometimes grow with eating. The Trump administration labeled China a revisionist power, but so far it is moderate revisionism, unlike extreme revisionist powers such as Hitler’s Germany. China is not interested in kicking over the card table but in tilting the table so it can claim a larger share of the winnings. As a RAND study concludes, “It is not entirely appropriate to speak of China’s interaction with ‘the’ international order—its posture has been highly differentiated depending on the component of the order.”¹⁷ At the same time, China’s growing economic power will create problems for the United States and the international order, and this friction will likely be over market access, forced technology transfer, state-directed industrial policies to support national champions, overcapacity, and theft of intellectual property. The American approach to an open international economy will need to be adjusted for greater oversight of Chinese trade and investments that threaten our technological and national security objectives, but there is still a basis for fruitful interdependence and rules of the road to govern it.

As Chinese power grows, the American liberal international order will have to change. China has little interest in liberalism or American domination. Americans would be wise to discard the terms “liberal” and “American” and think in terms of an “open and rules-based” world order. This would mean framing an open international order in terms of John Rawls’s approach to liberalism as institutional cooperation rather than democracy promotion. That latter part of Woodrow Wilson’s legacy might remain a happy, unexpected long-term consequence, as the prospects for long-term pluralization would be enhanced by such a situation compared to the alternative of conflict. We can express our disagreement over values and human rights while cooperating on rules of the road related to matters where there are joint interests.

As China, India, and other economies grow, the United States’ share of the world economy will be less than it was at the beginning of this century, and the rise of other countries will make it more difficult to organize collective action to promote global public goods. But no other country—including China—is about to replace the United States in terms of overall power resources in the next few decades. Russia is in demographic decline and heavily dependent on energy rather than technology exports; India and Brazil (each with a \$2 trillion economy) remain developing countries, and their allegiance to a BRICS (Brazil, Russia, India, China, and South Africa) alliance is limited. Despite Russia and China’s current alliance of convenience against the United States, a real alliance of authoritarian countries similar to the Axis of the 1930s or the Sino-Soviet alliance of the 1950s is unlikely given the underlying mistrust between Russia and China and the difficulty of coordinating competing nationalist ideologies.¹⁸

Today's alliance of authoritarians lacks the soft-power appeal of the 1950s Comintern, though steps will need to be taken to counter their covert "sharp-power" threat to democratic values.¹⁹ China makes major efforts to promote its soft power by promoting its authoritarian social model through economic inducements as well as manipulation of social media. However, while Maoism used to bring protesters into the world's streets, it is unlikely that many protesters will march under the banner of "Xi Jinping Thought about Socialism with Chinese Characteristics" (even though that term is now enshrined in the constitution of the Chinese Communist Party). Since Nixon, China and the United States have cooperated despite ideological differences. Now China's use of artificial intelligence applications for domestic surveillance technology and the export of such practices will place new burdens on the relationship, but it will not prevent all cooperation.

Rapid Asian economic growth has encouraged a horizontal power shift to the region, but Asia has its own internal balance of power. Chinese power is balanced by Japan, India, and Australia among others. None want to be dominated by China. The United States will remain crucial to that Asian balance of power.²⁰ If the United States maintains those alliances, the prospects are slight that China can drive the United States from the Western Pacific, much less dominate the world.

The more relevant question for an effective foreign policy will be whether the United States and China will develop attitudes that allow them to cooperate in producing global public goods while competing in other areas. Exaggerated fears and worst-case analyses may make such a balanced policy impossible. Yan Xuetong, a Chinese realist speculates that with the end of unipolarity and American hegemony, China will carefully avoid war and a "bipolar U.S.-Chinese order will be shaped by fluid issue-specific alliances rather than rigid opposing blocs . . . [and] most states will adopt a two-track approach siding with the United States on some issues and China on others."²¹ The U.S.-China relationship is a cooperative rivalry where a successful strategy of "smart competition" as advocated by Orville Schell and Susan Shirk will require equal attention to both aspects of that description.²² But such a future will require good contextual intelligence, careful management on both sides, and no major miscalculations. And that is a tall order.

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- ² Graham Allison, *Destined for War: Can America and China Escape Thucydides' Trap?* (New York: Houghton Mifflin, 2018). Michael Beckley challenges this analysis and argues that power transition theory is littered with false positives and false negatives: Michael Beckley, "The Power of Nations: Measuring What Matters," *International Security* 43, no. 2 (Fall 2018): 42-43. Kori Schake argues that there has been only one case: Kori Schake, *Safe Passage: The Transition from British to American Hegemony* (Cambridge, MA: Harvard University Press, 2017). Regardless of the numbers, Allison's warning merits attention.
- ³ See Joshua Shiffrin, *Rising Titans: Falling Giants* (Ithaca, NY: Cornell University Press, 2018).
- ⁴ Barry Posen, "Command of the Commons," *International Security* 28, no. 1 (Summer 2003): 5-46.
- ⁵ "World GDP Ranking 2016," Knoema, April 10, 2017, ranks China first if purchasing power parity is used.
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- ¹⁵ Conversation with Lee Kuan Yew, Singapore, September 22, 2012. See also Joseph S. Nye, Jr., *Is the American Century Over?* (Cambridge, UK: Polity Press, 2015), 77.
- ¹⁶ Ceri Parker, "China's Xi Jinping Defends Globalization from the Davos Stage," World Economic Forum, January 27, 2017; "Statement by Wang Yi," filmed February 17, 2017, Munich Security Conference, 23:41.
- ¹⁷ Michael Mazarr, Timothy Heath, and Astrid Cevallos, *China and the International Order* (Santa Monica, CA: RAND Corporation, 2018), 4.
- ¹⁸ See Bobo Lo, *A Wary Embrace: What the Russia-China Relationship Means for the World* (Docklands, VIC: Penguin Random House Australia, 2017).
- ¹⁹ Larry Diamond and Orville Schell, *Chinese Influence and American Interests: Promoting Constructive Vigilance* (Stanford, CA: Hoover Institution Press, 2018).
- ²⁰ Bill Emmott, *Rivals: How the Power Struggle Between China, India and Japan Will Shape Our Next Decade* (New York: Houghton Mifflin Harcourt, 2008).
- ²¹ Yan Xuetong, "The Age of Uneasy Peace," *Foreign Affairs* 98 (January/February 2019): 46.
- ²² Orville Schell and Susan L Shirk, Chairs, *Course Correction: Toward an Effective and Sustainable China Policy*, Asia Society Task Force, February 2019.

China is the challenge of our time—and the United States must get to grips with the totality of the competitive challenge in all its dimensions.

—DAVID SHAMBAUGH

Toward a “Smart Competition” Strategy for U.S. China Policy

David Shambaugh

“For any administration, China is in its own category—too big to ignore, too repressive to embrace, difficult to influence, and very, very proud.”

—Madeleine Albright, *Madam Secretary* (2003, p. 430)

The U.S.-China relationship and American policy toward China have rarely been in as much tumult as over the past three years. It would be a mistake, however, to think that this is due to some new or recent development—such as President Trump or his administration. To be certain, the Trump administration’s trade war and overall confrontational posture toward China has been a significant contributing factor. But the Chinese side has also contributed to the deterioration through its own actions. Moreover, the American side views its toughened policies toward China as *retaliation* against it for many years of transgressions.

When viewed over this longer period of time, the relationship experienced secular decline throughout the Obama years. In this perspective, the current fraught state of relations is the culmination of a decade or more of deterioration and cumulative strains. It did not occur overnight, is not temporary, and can be expected to endure indefinitely. Therefore, a comprehensive competitive relationship filled with frictions (with some elements of cooperation) is the “new normal.” This chapter seeks to understand the sources, and map the parameters, of this state of relations—while identifying a roadmap for pursuing a “smart competition” strategy vis-à-vis China.

Understanding the Deterioration of Sino-U.S. Relations

On the American side, during this ten-year period, a variety of constituencies became progressively more frustrated with Chinese behavior in their respective professional spheres: the U.S. military, diplomats, educators, members of Congress, media and journalists, nongovernmental organizations (NGOs) of a wide variety, intelligence and law enforcement agencies, and the business community. Even among experienced foreign policy practitioners there has been a rather considerable rethinking. These growing frustrations with trying to carry on what should be normal cooperative interactions with Chinese counterparts (based on the theory of “engagement”) have resulted in a progressive groundswell of antipathy and a shift in attitudes about China among these constituencies and across the country.

The consequence of this national *gestalt* has been a sea change in American thinking about China. This has led to a lively and healthy debate, befitting of a robust democracy.¹ This is how foreign policy can—and should—be shaped by domestic constituencies in a democracy. Doing what the American policy community does so well, it churns out a tsunami of “task force” reports, advocacy papers, journal articles, op-eds, and speeches. While a broadly agreed upon new consensus has yet to fully emerge, and the China policy debates in Washington and across the foreign policy community nationally remain contested and divisive, some themes and cleavages have crystallized.

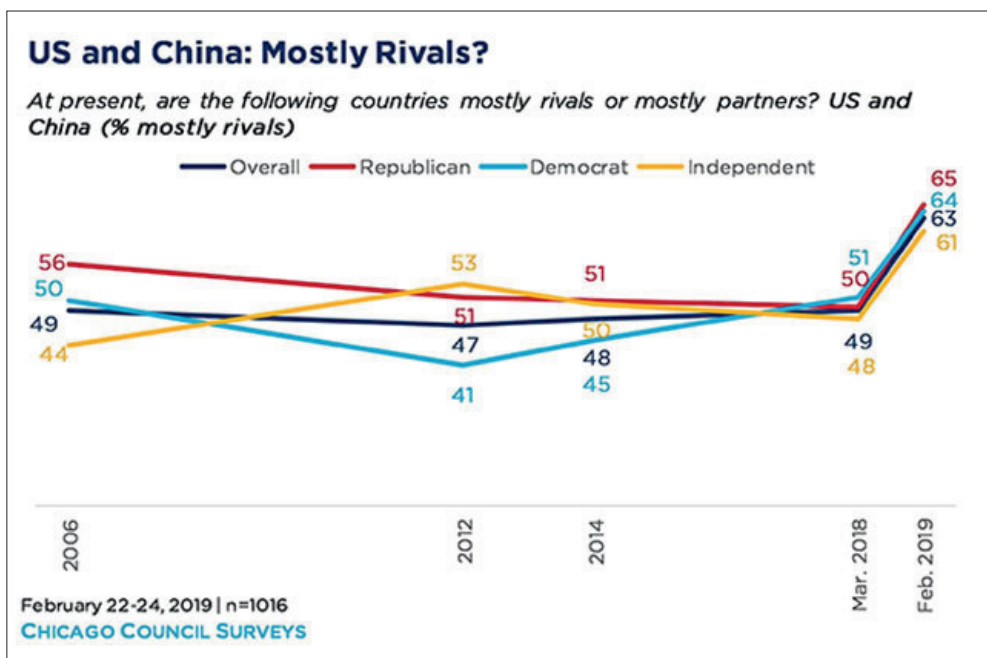
For most, and particularly on Capitol Hill, there has been an evident and widely shared shift toward advocating a “tougher” and more “competitive” strategy, as China is now viewed as a strategic rival.² The Trump administration and its National Security Strategy both reflect and drive this hardened perspective.³ The Trump administration consequently has pursued a “whole-of-government” hardline approach towards China—as spelled out publicly by Vice President Pence, Secretary of State Pompeo, and others.⁴

Another distinguished group of specialists and former officials sought out a less confrontational and more middle ground of “smart competition” in a task force report published by the Asia Society.⁵ This chapter is in the vein of that report (of which I was a member).

Some have questioned the fundamental assumptions concerning “constructive engagement” that have undergirded and driven U.S. policy for nearly half a century and across nine presidencies.⁶ If engagement was intended to liberalize China in multiple dimensions, then it has been deemed a relative failure (not only politically, but economically and socially as well). However, some others have pushed back by making the case that the purpose of engagement was never to liberalize China, but rather to advance American interests. They argue for continued “engagement” and eschewing a confrontational approach to Beijing.⁷ Those advocating this perspective includes a group of more than 100 distinguished former officials and China scholars who published an “open letter” to the Trump administration in July 2019.⁸ They laid blame for the deteriorated relationship primarily at the doorstep of the Trump administration, and they bemoaned its deterioration. This triggered a counter-letter signed by many conservatives and former military officers.⁹ Even the Committee on the Present Danger has been resurrected from the ashes of the Cold War with a new mission: China.¹⁰

China also seems to be the one policy area where there is also considerable bipartisan consensus and a shared approach between Congress and the executive branch in this administration.¹¹ A broad swath of congressional representatives and senators alike agree on a toughened China policy, while the US-China Congressional Working Group (which generally advocates engagement) has been marginalized. Multiple pieces of legislation critical of China are pending and have been passed in Congress, and enjoy cross-aisle sponsorship.

The new anti-China zeitgeist is also reflected in an apparent overall shift in public opinion. According to a recent Chicago Council on Global Affairs survey, there has been a sharp uptick in the number of Americans who view China as a “rival.”¹²

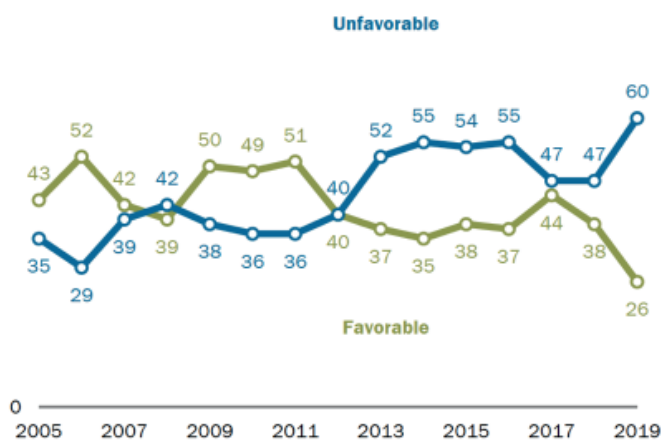


A recent Pew poll shows a similar sharp deterioration in American attitudes of China.¹³

Share of Americans who have unfavorable view of China reaches new high

% who say they have a ___ opinion of China

100%



Note: Don't know responses not shown.
Source: Spring 2019 Global Attitudes Survey. Q8b.

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Throughout all of this, many of us who have spent our professional lives and careers working on China, in and out of government, and participating in the ongoing China policy debates over the decades, have had to reexamine our long-held beliefs and positions (those who haven't should). Like the broader shift described above, my own views of China have also hardened in recent years. While I have always tried to approach China in a practical fashion and as a scholar, I have also done my best to think of China in terms of the American national interest. There are many reasons—including my own personal experiences—for the evolution in my own thinking and advocacy of a toughened approach, but a principal one is China itself. The China that the United States and the world have been dealing with since about 2010 has undertaken some qualitatively new and negative turns: becoming much more repressive domestically and expansionist abroad.

I thus have now come to believe that China is *challenging* the United States on multiple fronts, is an actual *threat* in some, and is a *competitor* and *rival* in most policy areas. While I view China as a *competitor* and *rival*, it is not (yet) an *adversary* or *enemy*. The task ahead, for both countries, is to “manage competition” while preventing the emergence of a fully adversarial relationship.

I now believe that the United States and China have entered a lengthy and indefinite period of *comprehensive competition*. I hasten to add that “competition” is not a code word for confrontation or containment. Competition means just that—to compete with China on all fronts. Simply using the term “strategic competition” is insufficient—because to many “strategic” primarily signifies the military/security domain—while today's competition between the U.S. and China affects multiple realms: military/security, political systems, diplomacy, economic/commercial, ideology, values, media, culture and soft power, governance practices, public diplomacy and “influence operations,”

espionage, technology, innovation, Indo-Pacific regional and global competition in all of the aforementioned areas, and in some international institutions and areas of “global governance.” In *every one* of these areas, the United States and China find themselves in disagreement and competition for advantages and influence vis-à-vis the other. In each area, China is a *competitor* and *rival* of the United States and must be dealt with as such. This is an increasingly intensified dynamic, although *not yet* a zero-sum one in all domains.

Compete First, Cooperate Second

Recognizing that this is now a primarily competitive relationship, as delineated below, we must also recognize that there remain some areas of important potential *cooperation* between the United States and China—primarily in the arena of “global governance.” This includes working together with China on global economic stability, counter-terrorism, climate change, pandemics, sea lane security, nuclear nonproliferation, regional security and peacekeeping, counter-narcotics production and smuggling, managing migration, and other transnational problems. These are significant and important issues, on which the United States and China (together with others in the international community) should always try to collaborate. Bilateral and multilateral bureaucratic efforts should be made to forge cooperation where possible in these areas. In this respect, the Trump administration’s withdrawal from treaties and disinclination to working with China (and others) on global governance issues has been very deleterious and damaging. If there is one “good news” story in Chinese diplomacy during Xi Jinping’s tenure, it is that China has really “stepped up” in this sphere, but the bad news is that the United States has “stepped down.”¹⁴

The United States and China are also bound tightly together through extensive webs of interdependence: commerce, students, tourists, travel, migration, telecommunications, technologies, and some areas of security. These are *mutually beneficial* and bring tangible gains to the United States. These ties are the real foundation and fabric of the Sino-American relationship, and they help buffer the stresses and strains encountered in other areas. They are a reality that cannot be undone. “Decoupling” the U.S.-China societal relationship is both unrealistic and undesirable.¹⁵

Recognizing the potential for limited cooperation in global governance areas where our national interests overlap, I also agree with Kurt Campbell and Jake Sullivan that “Washington should avoid being the eager suitor on transnational challenges.”¹⁶ I also agree with them that placing competition over cooperation (what they call “sequencing”) makes practical sense. The United States has many more *differences* with China than things in common. As such, a strategy of “competing first and cooperating second” is realistic and prudent.¹⁷

Yet, no matter how competitive and fraught the U.S.-China relationship is, we can never stop engaging in *dialogue* with Chinese interlocutors at all levels, bilaterally and multilaterally. The dialogues may not always be fulfilling on our side (often not), as the Chinese tend to reflexively adhere to their talking points, use formulaic slogans (口号), are sometimes rude and scolding, and eschew flexibility or real give-and-take. But cutting off dialogue is counterproductive. That said, constant reevaluation and retooling the formats of such dialogues is always a good idea. For example, the Trump administration’s suspension of the Strategic & Economic Dialogue was appropriate. That dialogue consumed enormous bureaucratic time and financial resources with minimal pay-off, as actual implementation of the lengthy communiqués foundered.

The Road Ahead

If this is the background to how U.S. relations with China got to where they are now, where are we going in American policy toward China? To invoke Lenin, what is to be done? And how to get there? If, as I argue, the United States and China are engaged in *indefinite comprehensive competition*, then how should the U.S. proceed?

Before identifying some specific recommendations for a strategy of “smart competition,” let me make several general observations.

First, “competition” is not a dirty word or an illicit concept. It is *not* the opposite of cooperation. Competition is just that: to compete. Competition is indeed a very healthy part of human life. Competition is intrinsic to the economic/commercial marketplace, to the intellectual “marketplace of ideas,” to scientific and technological research, to sports teams, even to individuals “competing against nature.” Competition is hardwired into American DNA, and Americans believe that competition brings out the best in us.

To use the metaphor of sports, to be effective in a competition one must play to one’s own strengths and defend and shore up one’s weaknesses while identifying and exploiting the opposition’s weaknesses and not playing into their strengths. To effectively counter the opposition, good and accurate scouting (intelligence) as well as rigorous training is required. You also need a game plan—which is proactive and not reactive, understands temporal flow and when to deploy certain assets, and is not overly punishing (the art of diplomacy is allowing the other party an “off ramp”). There may be limits to the metaphor of sports for the real world of competition in international relations—but I also think there are instructive parallels.

I thus advocate that the United States *embrace comprehensive competition* with China! We should not shy away from it or think it is some kind of negative approach simply because it is not of the Kantian paradigm of cooperation with which we may be accustomed or prefer. We are again living in a more Realist age of great power rivalry.¹⁸ We need to throw off the mental and policy shackles that lead us to instinctively think solely in terms of “engagement,” diplomacy, and cooperation¹⁹—and, rather, adopt a much more tough-minded and competitive mindset.²⁰ Doing so requires a higher tolerance for friction in the relationship and not an illusory search for “stability.”²¹ Sometimes competition requires confrontation.

Second, comprehensive competition requires a comprehensive strategy. The elements need to interrelate and be parts of a broad holistic strategy. Ad hoc and uncoordinated efforts will be far less successful than those that follow a design and set of thought-through purposes. “Whole-of-government” and “whole-of-society” approaches are to be encouraged. “Pushback” in itself is *not* a strategy, although it is a principal *tactic* of competition.²² The United States *must* work in tandem and effectively with Asian, European, and other countries vis-à-vis China.

Third, while the U.S.-China competitive rivalry is not exactly the same as Cold War 1.0, it is worthwhile to revisit and “dust off” the previous toolboxes and playbooks used by the United States during the Cold War. Some Chinese tactics—such as “united front” and disinformation operations, technological and other types of espionage, cultivating intelligence assets in the U.S. government, development of asymmetric weapons, global military deployments, cultivation of client states and proxies, and two-against-one “strategic triangle” maneuvering—were all staples of the USSR/CPSU, and our tactics for combatting them vis-à-vis China could benefit from drawing on earlier experiences and practices.²³ In many real ways, the organization and behavior of the Chinese communist party-state remains a Soviet byproduct (I have always told my students: “to understand China, you need to understand the Soviet Union first”). We also have prior experience competing with China during the Cold War, which is instructive.²⁴

While these negative elements of Soviet/Chinese behavior are still very relevant, so too are the *cooperative* dimensions of the Cold War—diplomatic détente, arms control agreements, military confidence-building measures (CBMs), Track II dialogues, etc. Yet, I also agree with Kurt Campbell and Jake Sullivan that while some instruments from the Cold War may be reusable, equating China with the Soviet Union is not applicable. While they have several similarities, there are also fundamental differences. As Campbell and Sullivan observe: “China today is a peer competitor that is more formidable economically, more sophisticated diplomatically, and more flexible ideologically than the Soviet Union ever was.”²⁵ I would add to this list that China is thoroughly institutionally integrated into the international system, while the Soviet Union was not.

How to Compete Smartly with China?

Moving from broad guidelines to more targeted ones, what follows are ten recommendations for how the United States can effectively and “smartly” compete with China.

1. **The best defense is an offense.** *Be proactive.* Develop targeted policies and actions to counter and offset China’s presence and malign activities worldwide. China’s mere presence in, and influence on, other countries should be seen as a challenge to American interests. The United States has been a global power since the Second World War and should remain so. If we are in a competition for global influence with the world’s other major power, and China is now truly a global power,²⁶ then we need to invest in resources to counter China and to offer other countries alternatives to China.

This is particularly true for *priority regions*: throughout the western hemisphere (Caribbean, Central and South America), throughout Southeast Asia, the South Pacific, central and southeastern Europe, and Africa. Some of these alternatives can be American, whereas in other areas—such as building infrastructure—we can rely on Japanese, European, or other allies and partners to provide alternatives. No nation wants to be beholden to China (as is increasingly evident along the “Belt and Road”), and *all* seek multiple external partners. The U.S. approach should be to dilute and frustrate China’s attempts to create client states, create regional spheres of interest, lock up resources, and become hegemonic.

2. In order to do this, we need to **develop systematic and comprehensive knowledge about China’s activities worldwide.** Our intelligence agencies and *every* U.S. embassy in the world should prioritize tracking China’s activities,²⁷ and this information needs to be pooled by the National Intelligence Council (NIC) and fed into an interagency process that should determine effective counteractions to be taken by different U.S. Government departments and agencies around the world.
3. **Coordinate closely with allies and work with a wide range of partner countries.** Many countries around the world have anxieties about China, they are growing in number, and this can be used to American advantage. As Campbell and Sullivan note: “The United States needs to get back to seeing alliances as assets to be invested in rather than costs to be cut. In the absence of any meaningful capacity to rebuild its own network of capable allies, Beijing would like nothing more than for the United States to squander this long-term advantage.”²⁸

In competing with China worldwide, it would be a profound *mistake* to ask or push countries to “choose” between the two (the U.S. over China). That would be, as the Singaporean foreign minister has observed, an “invidious choice.”²⁹ Most countries seek to have positive relations with both Washington *and* Beijing. The U.S. needs to “help them hedge.” The United States has a strong hand to play, but it is being damaged by the current administration’s “America First” approach to diplomacy, trade, and security. We cannot bash our allies and partners and then turn around and expect them to work with us in countering China. Also, several of our alliances—notably with Thailand, the Philippines, and South Korea—need real shoring up, and China has made significant inroads in each case. Further, China has a much larger presence across Africa and is eroding the U.S. footprint in Latin America. Remedial efforts are urgent in these regions.

4. **Be confident and exhibit it.** The United States possesses many strengths to bring to the competition with China, but we currently exhibit confusion, dysfunction, self-doubt, and weakness domestically. Externally, we have a much longer history of relations with most countries than the People’s Republic of China (PRC), and a greater network of formal allies (thirty-eight), while China has one (North Korea). The U.S. also has many non-allied security partners, while China provides little in the military realm to others. Security assistance is one of America’s real comparative advantages vis-à-vis China. U.S. corporations also have a much better reputation for corporate social responsibility (CSR), transparency, and lack of corruption than

their Chinese counterparts. Similarly, many U.S. aid (ODA) programs compare favorably with Chinese ones.³⁰ Concerning soft power and cultural exchange more broadly, the U.S. again possesses many strengths vis-à-vis China.³¹ The U.S. also possesses many other admirable attributes but none more important than its *openness*.

But we also need to **rebuild at home**. This is obvious, but it requires restating and reminding. Our long-term competition with China will only be successful if we invest in core elements of competitiveness here in the United States—education, science and technology, innovation, infrastructure, finance, young people, etc.³² And we need to remain firmly committed to and practice our liberal democratic political values.³³ We will not be a role model for other countries and peoples, and effectively compete with the appeal of China’s authoritarian model, if the United States’ political system is dysfunctional, if we cannot conquer the existing racism and sexism in our society, if we cannot narrow the income gap, if we cannot rebuild our infrastructure, and if we do not correct other maladies that compromise the American Example.

5. **Invest in, and dramatically ramp up, U.S. public diplomacy efforts.** Among other arenas, the U.S.-China global competition is being waged in—and to a significant extent may be determined in—the *public information domain*. We live in an unprecedented, instantaneous information age. To be successful in the competition with China, the U.S. *must* effectively influence the international narratives *about China*—its domestic and international behaviors—as well as the narratives about the United States. Perceptions matter, a lot.

This involves both governmental public diplomacy and nongovernmental media, as well as cultural exchange programs. In some regions—notably Southeast Asia, Latin America, and Africa—China is already dominating regional media. In these regions, China is simultaneously *daily news* and is *providing* the news via feeds from Xinhua and other PRC state media sources,³⁴ while the United States is covered infrequently and its media feeds are too expensive for many foreign outlets to subscribe to. Moreover, the reporting on China is overwhelmingly positive—while reporting on the U.S. tends to be *negative*.

The Department of State’s Global Engagement Center has begun to focus on this issue and is mounting an effort to counter Chinese propaganda worldwide, but the State Department’s Bureau of Public Diplomacy is woefully under-resourced and lacks strategic thinking concerning China. Public diplomacy officers in the field really need to step up their games and proactively promote the value and contributions of the United States in their countries/regions while raising public concerns about Chinese practices. There may also be a role for U.S. intelligence services in this area.

6. **At home and abroad, China’s “influence activities” also need to be carefully monitored and countered.** This is a relatively new issue on the U.S.-China agenda (as well as for other countries). It is real and is not “fake news.” As the Hoover Institution/Asia Society’s publication, *China’s Influence & American Interests*, amply demonstrates,³⁵ the Chinese Communist Party (CCP), government, military, state security, media, and other official organs are investing heavily and worldwide in a wide range of efforts to influence and control information, narratives, media, government policies, and public and expert opinion about China. The CCP’s united front (统战), party-to-party (党际关系), and external propaganda (对外宣传) work is taken right out of the Soviet playbook and is extremely well resourced. These activities go well beyond accruing “soft power”—and involve deliberate state-controlled efforts to affect international opinions about, relations with, and policies toward China. Inside the United States, responsibility for monitoring and countering these efforts largely falls to the FBI and Department of Justice (under the Foreign Agent Registration Act), but the Federal Communications Commission, Department of Education, and even local law enforcement should shoulder their appropriate roles. Abroad, this is largely the responsibility of the Department of State and CIA to monitor and counter.

7. At home in the United States, **we should remain open to China and *not overreact* and see threats where they do not truly exist—but, at the same time, we should *increase vigilance* and *educate our society* about the very real threats that China does present to our democracy, our freedoms and norms, and our security.** As FBI Director Christopher Wray has rightly warned, we need a “whole of society” approach to combatting China’s pernicious espionage, intellectual property theft, and illicit influence activities.³⁶ Many institutions—notably universities—are naive and uneducated about these dangers, and they require education about them (the effort is underway). It is not only a matter of Chinese stealing intellectual property from labs, but also China’s state efforts to export censorship abroad.

At the same time that we need to heighten vigilance, we must be ruthlessly empirical in approaching these issues and not unnecessarily target ethnic Chinese. We must take particular care to protect our Chinese-American communities—as well as innocent Chinese from the PRC—from inuendo, racial profiling, or intimidation/censorship tactics by the Chinese state. The United States has an unfortunate and disgraceful history in this regard—dating back to the 1882 Chinese Exclusion Act, but also including the McCarthy “red scare” in the 1950s, and other mistaken cases such as Wen Ho Lee in 1999. We do not need to repeat this stained legacy.

8. **Call China out publicly on its malign domestic and international behavior.** *Transparency* is a key tool to combat China’s malign influence at home and abroad (“the best disinfectant is sunlight”). In this context, a *spotlight* should be shone on Chinese activities—whether it is “debt trap diplomacy” on Belt and Road projects, Beijing’s political and economic squeezing of Hong Kong, increased pressures on Taiwan, economic support for Iran, ethnic and religious repression in Xinjiang and Tibet, other restrictions of human rights, the surreptitious ownership of American media, exporting censorship, co-opting foreign politicians, manipulating Chinese diaspora communities, or other malign activities.

The best way to do this, though, is generally not via the U.S. government—but through independent investigative reporting and media coverage, investigations by NGOs, and normal governance and oversight in institutions (such as universities). On occasion, however, speeches by senior U.S. officials can also be an effective tool (e.g., Secretary of State Tillerson’s and Pompeo’s criticisms in Latin America and Africa of China’s Belt and Road defects), as is the annual State Department report on human rights in China³⁷ or the Defense Department’s annual report on China’s military.³⁸ The 2018 National Defense Authorization Act also mandated a similar annual report on Chinese influence activities (although the first has yet to appear).

9. **In the realm of technological competition with China, we need to also heighten vigilance and invest in cutting-edge research.** Chinese cyber hacking, espionage, and intellectual property theft have reached epidemic proportions. We need to strengthen our defenses in many ways—including increasing awareness among universities of the threats. Export controls should also be strengthened vis-à-vis China (including via third countries).

Decoupling of the U.S. and Chinese economies is neither desirable nor feasible, but in the areas of advanced technology and protecting U.S. comparative advantages as well as national security, *some* decoupling from China *is* advisable. It just makes prudent sense. We also need to invest considerable sums into basic research in order to maintain any and all U.S. comparative advantages, as China has achieved “peer competitor” status in the tech domain.

10. **Do not overestimate China.** It is a big and increasingly strong country, but it is also filled with systemic and multiple weaknesses: its population size, aging population, and gender imbalance; rigid single party-state political system; state-dominated fiscal system and non-convertible currency; rigid educational system; high income inequality (.47 Gini coefficient); repression of civil society, dissent, and religion; draconian

controls over Tibet and Xinjiang; controlled media; high level of corruption and kleptocracy; capital out-flight; industrial overcapacity; ballooned corporate and local government debt (nearing 300 percent of GDP); slowing growth; the middle income trap; housing market bubbles and overbuilding (ghost cities); environmental degradation; and a dictatorial leader with no succession plan. In the competition with the United States, these are all Achilles heels for China. China is not a ten-foot-tall giant—we should not overestimate it, and we should be cognizant of its multiple weaknesses.

Avoid a “Dumb” Competition Strategy

If these elements are guides to a “smart competition” strategy, what might be considered elements of a “dumb” competition strategy?

1. Thinking of the competition as a zero-sum contest of finite battles. This is a protracted and long-term contest, with considerable fluidity across multiple functional and geographic domains (like an indefinite soccer match).
2. Developing a comprehensive competition strategy and then under-funding and under-resourcing it. This will require sustained resource allocations over decades—similar to the Cold War against the Soviet Union—which, in turn, requires sustained bipartisan consensus.
3. Failure to see this as a *comprehensive competition* and thus overemphasizing one or two dimensions to the exclusion of others (e.g., military or trade).
4. Forcing others to “choose” the U.S. over China in the contest. This is a certain way to drive other countries into the Chinese camp. Conversely, neglect of and inattention to other countries can have the same result and be equally counterproductive. This is a constant rivalry that requires constant attention.
5. “Scare mongering” or racially profiling ethnic Chinese-Americans, tarnishing the reputations of China specialists, and going on witch hunts for nefarious Chinese activities where they likely do not exist.
6. Closing our doors to Chinese students, investment, and exchanges. The openness of the United States is one of—if not *the*—major asset we have in the competition with China. Our doors to China must remain open, even while we more vigilantly monitor who passes through them.

In devising and implementing a comprehensive competition strategy against China, we must be careful not to fall into these “dumb” traps.

Proceeding Prudently and Democratically

Competing effectively with China over the long term will require a fuller national conversation and forging a new national consensus. As noted at the outset of this chapter, the conversation is well underway in recent years—and it has been very healthy for the American body politic.

Various NGOs can assist in this process. Among them, this includes the National Committee on United States-China Relations (based in New York), a national organization that has drifted from its original mission of public education to one of pro-China engagement. Many other foreign policy organizations can also play a very useful role—such as the Council on Foreign Relations, the Committees on Foreign Relations, the American Foreign Policy Council, the Chicago Council on Global Affairs, the World Affairs Council, the U.S. Chamber of Commerce, and similar bodies. Washington-based think tanks also have an important national role to play, as do our universities—not only in the classroom, but through convening on-campus programs.

Congress also has a very important role to play by holding numerous and open hearings on China and U.S. relations with China. Recall—and replicate—the 1966 Fulbright hearings on China. Executive branch officials, beginning with the president, also have important roles to play in the national conversation.

Through all of these mechanisms, a full and appropriate national discussion concerning American relations with China can blossom democratically. It must be conducted with respect and based on facts—not caricatures, innuendo, and empirical falsehoods.

China is *the challenge* of our time—and the United States must get to grips with the totality of the competitive challenge in all its dimensions. The U.S. may need a “Sputnik moment” on China to fully focus attention. Following a thorough national discussion and debate, consensus can hopefully be more fully forged (there already exists considerable agreement), and then the federal government (in partnership with state governments and the private sector) can work out a systematic *national strategy*, resources can then be allocated to a variety of programs, and our country can get on with competing fully and effectively with China.

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- ⁴ See, for example, The White House, “Remarks by Vice President Pence on the Administration’s Policy Towards China,” October 4, 2018, <https://www.whitehouse.gov/briefings-statements/remarks-vice-president-pence-administrations-policy-toward-china/>; The White House, “Remarks by Vice President Pence at the Frederic V. Malek Memorial Lecture,” October 24, 2019, <https://www.whitehouse.gov/briefings-statements/remarks-vice-president-pence-frederic-v-malek-memorial-lecture/>; “2019 Herman Kahn Award Remarks: US Secretary of State Mike Pompeo on The China Challenge,” The Hudson Institute, October 31, 2019, <https://www.hudson.org/research/15444-2019-herman-kahn-award-remarks-us-secretary-of-state-mike-pompeo-on-the-china-challenge>.
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- ⁶ See Kurt Campbell and Eli Ratner, “The China Reckoning: How Beijing Defied American Expectations,” *Foreign Affairs* (March-April 2018); the rejoinders: Wang Jisi et al., “Did America Get China Wrong? The Engagement Debate,” *Foreign Affairs* (July-August 2018); and Alastair Iain Johnston, “The Failures of the ‘Failure of Engagement’ with China,” *The Washington Quarterly* 42, No. 2 (2019). Also see Aaron L. Friedberg, “The Debate Over US China Strategy,” *Survival* (June-July 2015); Harry Harding, “Has America’s China Policy Failed?” *The Washington Quarterly* (October 2015).
- ⁷ See, for example, Michael Swaine, “A Counterproductive Cold War with China,” *Foreign Affairs*, March 2, 2018; Michael Swaine, “A Relationship Under Extreme Duress: U.S.-China Relations at a Crossroads,” The Carter Center, January 16, 2019, <https://carnegieendowment.org/2019/01/16/relationship-under-extreme-duress-u.s.-china-relations-at-crossroads-pub-78159>; Jonathan D. Pollack and Jeffrey A. Bader, *Looking Before We Leap: Weighing the Risks of U.S.-China Disengagement*, Policy Brief, The Brookings Institution, July 2019, https://www.brookings.edu/wp-content/uploads/2019/07/FP_20190716_us_china_pollack_bader.pdf.
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- ¹⁰ Committee on the Present Danger: China, <https://presentdangerchina.org>.
- ¹¹ See Robert Sutter, “The 115th Congress Aligns with the Trump Administration in Targeting China,” *PacNet*, No. 62 (August 30, 2018), <https://www.pacforum.org/analysis/pacnet-62-115th-congress-aligns-trump-administration-targeting-china>; David Shambaugh, “The New American Bipartisan Consensus on China Policy,” *China-US Focus*, September 21, 2018, <https://www.chinausfocus.com/foreign-policy/the-new-american-bipartisan-consensus-on-china-policy>.
- ¹² Craig Kafura, “Public and Opinion Leaders’ Views on US-China Trade War,” The Chicago Council on Global Affairs, June 27, 2019, <https://www.thechicagocouncil.org/publication/public-and-opinion-leaders-views-us-china-trade-war>.
- ¹³ Laura Silver et al., “U.S. Attitudes Towards China Turn Sharply Negative Amid Trade Tensions,” Pew Research Center, August 13, 2019, <https://www.pewresearch.org/global/2019/08/13/u-s-views-of-china-turn-sharply-negative-amid-trade-tensions/>.
- ¹⁴ See David Shambaugh, “China and the Liberal World Order,” in *The World Turned Upside Down: Maintaining American Leadership in a Dangerous Age*, eds. Nicholas Burns, Leah Bitounis, and Jonathon Price (Washington, DC: The Aspen Institute, 2017); David Shambaugh, “China Rethinks its Global Role in the Age of Trump,” *Bloomberg*, June 13, 2017; Melanie Hart and Blaine Johnson, *Mapping China’s Global Governance Ambitions*, Center for American Progress, 2019, <https://www.americanprogress.org/issues/security/reports/2019/02/28/466768/mapping-chinas-global-governance-ambitions/>.
- ¹⁵ This said, there *are* some areas of technology and national security where decoupling is advisable.
- ¹⁶ Kurt Campbell and Jake Sullivan, “Competition without Catastrophe: How America Can Both Challenge and Coexist with China,” *Foreign Affairs* (September/October 2019): 109.
- ¹⁷ Kurt Campbell and Jake Sullivan, “Competition without Catastrophe: How America Can Both Challenge and Coexist with China,” *Foreign Affairs* (September/October 2019).

- ¹⁸ See, for example, Robert Kagan, *The Jungle Grows Back: America and Our Imperiled World* (New York: Knopf, 2018); Robert Kagan, *The Return of History and the End of Dreams* (New York: Vintage, 2008); John J. Mearsheimer, *The Great Delusion: Liberal Dreams and International Realities* (New Haven: Yale University Press, 2018); John J. Mearsheimer, *The Tragedy of Great Power Politics* (New York: Norton, 2014); Graham Allison, *Destined for War? Can America & China Escape Thucydides' Trap?* (New York: Houghton, Mifflin, Harcourt, 2017).
- ¹⁹ See, for example, Susan A. Thornton, "Is American Diplomacy with China Dead?" *Foreign Service Journal* (July/August 2019), <https://www.afsa.org/american-diplomacy-china-dead>.
- ²⁰ In this regard see Christopher Ashley Ford, "Re-learning a Competitive Mindset in Great Power Competition" (speech, Washington, DC, March 14, 2019), <https://www.state.gov/re-learning-a-competitive-mindset-in-great-power-competition/>.
- ²¹ On the latter tendency, see, for example, Paul D. Gewirtz, "Can the US-China Crisis Be Stabilized?" The Brookings Institution, June 26, 2019, <https://www.brookings.edu/blog/order-from-chaos/2019/06/26/can-the-u-s-china-crisis-be-stabilized/>.
- ²² The Trump administration is definitely pushing back against China across multiple domains and bureaucracies, but it is unclear if there is either a thought-through underlying strategy or if there is centralized coordination from the National Security Council. As distinguished retired diplomat Susan Thornton has noted, this [allegedly] uncoordinated approach has resulted in "open season" where every U.S. bureaucracy thinks it has a "hunting license" to go after China in their policy domain. See Susan Thornton, "Is American Diplomacy with China Dead?" *The Foreign Service Journal* (July/August 2019), <https://www.afsa.org/american-diplomacy-china-dead>.
- ²³ It would be a useful exercise for a think tank or university to receive a grant for such a research project, bringing together former Cold War practitioners and scholars, to scrutinize the record for appropriate tools, experiences, and lessons from the Cold War that may be applicable to China.
- ²⁴ See Gregg A. Brazinsky, *Winning the Third World: Sino-American Competition During the Cold War* (Chapel Hill: University of North Carolina Press, 2017).
- ²⁵ Kurt Campbell and Jake Sullivan, "Competition without Catastrophe: How America Can Both Challenge and Coexist with China," *Foreign Affairs* (September/October 2019): 98.
- ²⁶ See David Shambaugh, *China Goes Global* (New York: Oxford University Press, 2013) and David Shambaugh, *China & the World* (Oxford, UK: Oxford University Press, 2020).
- ²⁷ I have been shocked to learn, when visiting U.S. embassies in Southeast Asia and Latin America over the past two years, that most do not have embassy officers dedicated to tracking China's activities. This has begun to change over the past year, I gather, as the Trump administration is now mandating such data collection and reporting.
- ²⁸ Kurt Campbell and Jake Sullivan, "Competition Without Catastrophe: How America Can Both Challenge and Coexist with China," *Foreign Affairs* (September/October 2019): 110.
- ²⁹ Edited Transcript of Minister for Foreign Affairs Dr Vivian Balakrishnan's Remarks on "Seeking Opportunities Amidst Disruption - A View from Singapore," Center for Strategic and International Studies, May, 15 2019, https://www.mfa.gov.sg/Newsroom/Press-Statements-Transcripts-and-Photos/2019/05/20190516_FMV-Washington---CSIS-Speech.
- ³⁰ China does have a good track record in Africa in the areas of public health, tertiary education, infrastructure, and agriculture.
- ³¹ See Joseph Nye, "China Will Not Surpass America Anytime Soon," *Financial Times*, February 19, 2019, <https://www.ft.com/content/7f700ab4-306d-11e9-80d2-7b637a9e1ba1>.
- ³² See Richard Haass, *Foreign Policy Begins at Home: The Case for Putting America's House in Order* (New York: Basic Books, 2014).
- ³³ See the excellent recent book by Larry Diamond, *Ill Winds: Saving Democracy from Russian Rage, Chinese Ambition, and American Complacency* (New York: Penguin Press, 2019).
- ³⁴ As part of its major global external propaganda efforts, the CCP and PRC also feed Xinhua and other state reports into local media in many countries, and PRC sources now dominate Chinese diaspora media worldwide. See Sarah Cook, *The Implications for Democracy of China's Globalizing Media Influence*, Freedom House, 2019, <https://freedomhouse.org/report/freedom-media/freedom-media-2019#china-essay>; Sarah Cook, "The Long Shadow of Chinese Censorship: How the Communist Party's Media Restrictions Affect News Outlets Around the World," Center for International Media Assistance, October 22, 2013, http://www.cima.ned.org/wp-content/uploads/2015/02/CIMA-China_Sarah%20Cook.pdf; Emily Feng, "China and the World: How Beijing Spreads the Message," *Financial Times*, July 12, 2018, <https://www.ft.com/content/f5d00a86-3296-11e8-b5bf-23cb17fd1498>; Louisa Lim and Julia Bergin, "Inside China's Audacious Global Propaganda Campaign," *The Guardian*, December 7, 2018, <https://www.theguardian.com/news/2018/dec/07/china-plan-for-global-media-dominance-propaganda-xi-jinping>; David Shambaugh, "China's Soft Power Push—The Search for Respect," *Foreign Affairs* (July/August 2015); Daniel Wagner, "China Is Waging a Silent Media War for Global Influence," *The National Interest*, September 19, 2019, <https://nationalinterest.org/feature/china-waging-silent-media-war-global-influence-81906>.
- ³⁵ Larry Diamond and Orville Schell, eds., *China's Influence & American Interests: Promoting Constructive Vigilance* (Stanford, CA: Hoover Institution Press, 2019).

³⁶ Christopher Wray, “The FBI and the National Security Threat Landscape: The Next Paradigm Shift” (speech, Washington, DC, April 26, 2019), <https://www.fbi.gov/news/speeches/the-fbi-and-the-national-security-threat-landscape-the-next-paradigm-shift>; Michal Kranz, “The Director of the FBI Says the Whole of Chinese Society Is a Threat to the US — and that Americans Must Step Up to Defend Themselves,” *Business Insider*, February 13, 2018, <https://www.businessinsider.com/china-threat-to-america-fbi-director-warns-2018-2>.

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Attractive as it may be in theory, Washington should accept that under foreseeable circumstances and given the many impressive dimensions of rising Chinese power, it no longer has the option of broadly based Asian primacy. At the same time, the United States certainly has the national and alliance resources if adequately deployed to prevent Chinese primacy in the Indo-Pacific.

–ROBERT D. BLACKWILL

U.S. Grand Strategy Toward China: Seventeen Policy Prescriptions

Robert D. Blackwill

“Any one of these systems of order bases itself on two components: a set of commonly accepted rules that define the limits of permissible action and a balance of power that enforces restraint where rules break down, preventing one political unit from subjugating all others.”

“Yet today this ‘rules-based’ system faces challenges. The frequent exhortations for countries to do their fair share, play by twenty-first-century rules, or be responsible stakeholders in a common system reflect the fact that there is no shared definition of the system or understanding of what a fair contribution would be.”

“None of the most important countries which must build a new world order have had any experience with the multistate system that is emerging. Never before has a new world order had to be assembled from so many different perceptions, or on so global a scale. Nor has any previous order had to combine the attributes of the historic balance-of-power systems with global democratic opinion and the exploding technology of the contemporary period.”

—Henry A. Kissinger, *World Order*

“You never see the end of things when you’re in them.”

—Joseph Kanon, *Leaving Berlin: A Novel*

Introduction¹

Both the U.S. and Chinese governments are currently striving for illusionary primacy in Asia: Washington having possessed primacy for many decades and Beijing wishing to acquire it.² Attractive as it may be in theory, Washington should accept that under foreseeable circumstances and given the many impressive dimensions of rising Chinese power, it no longer has the option of broadly based Asian primacy. At the same time, the United States certainly has the national and alliance resources if adequately deployed to prevent Chinese primacy in the Indo-Pacific. If both nations actively seek primacy in the region, the road will be open to sustained confrontation and perhaps even military conflict. As Henry Kissinger put it in his book *Diplomacy* regarding the period before World War I, “After the formation of the Triple Entente, the balance of power ceased to function. Tests of strength became the rule and not the exception. Diplomacy as the art of compromise ended. It was only a question of time before some crisis would drive events out of control.”³

China's Grand Strategy

The American national security elite have not entirely digested the profound implications of the rapid and extraordinary rise of Chinese power. To put it mildly, China is not just another of many major U.S. foreign policy problems. As Lee Kuan Yew observed, “The size of China’s displacement of the world balance is such that the world must find a new balance....It is not possible to pretend that this is just another big player. This is the biggest player in the history of the world.”⁴

In that context, Beijing seeks to:

- replace the United States as the primary power in Asia;
- weaken the U.S. alliance system in Asia;
- undermine the confidence of Asian nations in U.S. credibility, reliability, and staying power;
- use the People’s Republic of China’s (PRC) economic power to pull Asian nations closer to China’s geopolitical policy preferences;
- increase PRC military capability to strengthen deterrence against U.S. military intervention in the region;
- cast doubt on the U.S. economic, political, and societal model;
- ensure U.S. democratic values do not diminish the Chinese Communist Party’s hold on domestic power; and
- avoid a major confrontation with the United States in the next decade.

A Revised U.S. Grand Strategy Toward China

Lee Kuan Yew also emphasized this regarding China, “How could they not aspire to be number one in Asia, and in time the world?”⁵ He further remarked, “Why not? They have transformed a poor society by an economic miracle to become now the second-largest economy in the world—on track, as Goldman Sachs has predicted, to become the world’s largest economy.... They have followed the American lead in putting people in space and shooting down satellites with missiles. There is a culture 4,000 years old with 1.3 billion people, many of great talent—a huge and very talented pool to draw from.”⁶ Put simply, “It is China’s intention to be the greatest power in the world.”⁷

Not recognizing the clarity of Lee’s analysis and conclusions, successive U.S. administrations spoke routinely about a strategic partnership with China and an “engage and hedge” strategy against Chinese misbehavior. This mistaken approach continued long after Beijing had seriously misbehaved and when that hedging should have changed into something much stronger and more decisive to counter China’s threats to vital U.S. national interests. History is filled with such miscalculations, going back to the Romans, the Greeks, the Egyptians, and the Chinese, among others.⁸

The necessity for a balancing strategy that seeks to limit China’s capacity to misuse its growing power, even as the United States and its allies continue to interact with China diplomatically and economically, is driven by the high likelihood of a long-term strategic rivalry between Beijing and Washington. China’s sustained economic success over the past thirty-odd years has enabled it to aggregate formidable power, making it the nation most capable of dominating the Asian continent and thus undermining the traditional U.S. geopolitical objective of ensuring that this arena remains free of hegemonic control. The meteoric growth of the Chinese economy, even as China’s per capita income remains behind that of the United States, has already provided Beijing with the resources necessary to challenge both the security of its Asian neighbors and Washington’s influence in Asia, with dangerous consequences.

Only a fundamental collapse of the Chinese state would free Washington from the obligation of systematically balancing Beijing, because even the alternative of a modest Chinese stumble would not eliminate the dangers presented to the United States in Asia and beyond. Even as China’s overall gross domestic product (GDP) growth

slows considerably, its relative growth rates are likely to be higher than those of the United States for the foreseeable future, thus making the need to balance its rising power important. In any case, Washington should hardly pursue a grand strategy based on the expectation that Beijing's many domestic problems will render it incapable of contesting with the United States for leadership in Asia and beyond.⁹

Accordingly, the U.S. grand strategy toward China at its core would replace the central goal of integrating Beijing into the international system with that of consciously balancing its rise—as a means of protecting U.S. and allied security, reestablishing U.S. leadership in the global hierarchy, and promoting the strength of the liberal international order, which ultimately depends on the robustness of American relative power.

There is no better basis for analyzing and formulating U.S. grand strategy toward China than connecting that strategy directly to U.S. vital national interests, listed below, which are conditions that are strictly necessary to safeguard and enhance Americans' survival and well-being in a free and secure nation.¹⁰

(Note how exceedingly rigorous this definition of vital national interests is. Most foreign policy issues on the front page of the *New York Times* and in the media do not meet these definitional requirements. While others routinely claim that America has vital national interests from Yemen to Syria to Taiwan to Afghanistan to the South China Sea, only five vital U.S. national interests today are listed here, consistent with the austere definition above.)

U.S. vital national interests are as follows:

1. Prevent the use and deter and reduce the threat of nuclear, biological, and chemical weapons and catastrophic conventional terrorist or cyberattacks against the United States or its military forces abroad;
2. Prevent the use and slow the global spread of nuclear weapons, secure nuclear weapons and materials, and reduce further proliferation of intermediate- and long-range delivery systems for nuclear weapons;
3. Maintain a global and regional balance of power that promotes peace and stability through domestic American robustness, U.S. international power and influence, and the strength of the U.S. alliance systems;
4. Prevent the emergence of hostile major powers or failed states on U.S. borders; and
5. Ensure the viability and stability of major global systems (trade, financial markets, supplies of energy, and the environment).

Instrumentally, these vital interests will be enhanced and protected by promoting U.S. leadership, military and intelligence capabilities, credibility (including a reputation for adherence to clear commitments and evenhandedness in dealing with other states), and strengthening critical international institutions.

These U.S. vital national interests, which are meant to safeguard and enhance Americans' survival and well-being in a free and secure nation, would be potentially threatened by an Asia dominated by China.¹¹

The Critics

Experts critical of this proposed grand strategy toward China likely fall into at least seven categories.

First, some will argue that China has no grand strategy. Although there may be those in Beijing who disagree with Xi Jinping's current strategic approach, its dominating elements are not a mystery. Chinese officials insistently argue that the U.S. alliance system in Asia is a product of the Cold War and should be dismantled; that the United States' Asian allies and friends should loosen their U.S. ties and that failure to do so will inevitably produce a negative PRC reaction; that U.S. efforts to maintain its current presence and power in Asia are dimensions of an American attempt to contain China and therefore must be condemned and resisted; that U.S. military power projection in the region is dangerous and should be reduced (even as the People's Liberation Army continues to build up its military capabilities with the clear objective of reducing U.S. military options in the context of a U.S.-China confrontation); and that the

U.S. economic and political model is fundamentally exploitative and should have no application in Asia. To not take seriously official Chinese government statements along these lines is to not take China seriously. That Beijing does not hope to realize these policy goals in the short term does not reduce their potential undermining effect in the decades ahead. In short, if China were to achieve the policy objectives contained in these official statements, it would clearly replace the United States as Asia's leading power. If that does not represent a PRC grand strategy, what would?

Henry Kissinger in *A World Restored* may be helpful in this regard: "For powers long accustomed to tranquility and without experience with disaster, this is a hard lesson to come by. Lulled by a period of stability which had seemed permanent, they find it nearly impossible to take at face value the assertion of the revolutionary power that it means to smash the existing framework. The defenders of the status quo therefore tend to begin by treating the revolutionary power as if its protestations were merely tactical; as if it really accepted the existing legitimacy but overstated its case for bargaining purposes; as if it were motivated by specific grievances to be assuaged by limited concessions. Those who warn against the danger in time are considered alarmists; those who counsel adaptation to circumstance are considered balanced and sane, for they have all the good 'reasons' on their side: the arguments accepted as valid in the existing framework."¹²

Second, some may say that the analysis and policy recommendations are too pessimistic and are based on a worst-case appraisal of Chinese behavior. To the contrary, these conclusions are drawn from China's current actions regarding its internal and external security, its neighbors, and the U.S. presence in Asia. Nothing is projected that is not already apparent in China's present policies and strategic intentions. Nevertheless, this hardly represents the worst case if China began to behave like the Soviet Union, necessitating something a great deal more far-reaching and costly than an attempt to maintain balance.

Third, others might argue that China's international behavior is "normal" for a rising power, that China is gradually being socialized into the international system, and that it is far too early for Washington to give up on comprehensive engagement and strategic reassurance toward Beijing. The issue here is how long the United States should pursue a policy toward China that is clearly not sufficiently protecting U.S. vital national interests. Kurt Campbell, former assistant secretary of state for East Asian and Pacific affairs in the Obama administration, has stressed, "We were always looking for deeper cooperation with China and attempts to have on-the-ground cooperation—for example, on aid or humanitarian support operations, we weren't able to bring about; in military-to-military relations, on the diplomatic agenda, on aid, we found it very difficult to get meaningful results."¹³

Fourth, some may assert that China's integration into the international system broadly serves important U.S. purposes, binds Beijing to a rules-based system, and increases the costs to the PRC of going against it and thus should transcend other Washington concerns about China's internal and external behavior. Attempts to integrate China into international institutions will continue, and the United States will accrue some benefits from that activity. However, basing U.S. grand strategy primarily on Chinese global integration ignores the strategic reality that China has made far greater relative gains through such processes than the United States has over the past three decades. China has increased its national power in ways that could deeply threaten U.S. national interests in the long term. The United States needs to understand and internalize this disturbing fact and respond to such PRC international assimilation with much more robust American policies and power projection into Asia.

Fifth, critics may also say that the United States' Asian allies and friends will never go along with the grand strategy outlined in this document. This concern seems to concentrate not on the merits of this strategic approach, but rather on its reception in the region. Our allies want to maintain ties with China, have increased U.S. capabilities in the region, have bolstered reassurance of American protection, and intensify Washington's support for their own economic growth and security. The grand strategy outlined here advances all of these objectives. Indeed, the worry across Asia today is not that the United States will pursue overly robust policies toward China; rather, it is that Washington may not be up to the challenge of consistently and effectively dealing with the rise of China over the long term.

Sixth, a familiar concern is that if the U.S. treats China as an enemy, China will become an enemy. A recent declaration by more than one hundred prominent China and other foreign policy experts warned against “U.S. efforts to treat China as an enemy....”¹⁴ This worry is difficult to understand. No U.S. administration in the past half-century, including the current one, has treated China as an “enemy.” Moreover, over a nearly twenty-year period wherein Washington sought a strategic partnership with China, Beijing has implemented a grand strategy designed to undermine U.S.-Asian alliances, which has accelerated under Xi Jinping; used geoeconomic tools to coerce its neighbors and others, including more recently through the Belt and Road Initiative; violated international commercial practices, including committing massive theft of U.S. intellectual property; manipulated its currency for trade benefits; threatened Taiwan with invasion; built up its military forces to push the United States beyond Japan and the Philippines; constructed and militarized artificial islands in the South China Sea in violation of international law; systemically and brutally violated the human rights of its own people; and patiently and incrementally built its power and influence with the strategic goal of replacing the United States as the primary power in Asia.¹⁵ Who is treating whom as an enemy, or at least as a strategic adversary?

Seventh, the question arises regarding how China will respond to the U.S. grand strategy recommended here. Are not the risks of pursuing this grand strategy too great? One could certainly expect a strong Chinese reaction. But it is likely that Beijing would continue to cooperate with the United States in areas that it thinks serve China’s national interests—on the global economy, international trade, climate change, counterterrorism, the Iranian nuclear weapons program, North Korea (which cannot be managed without Beijing’s agreement), and Afghanistan. Put differently, a fit of pique by the Chinese leadership—hardly in China’s strategic tradition—would act in ways that damage its policy purposes and its reputation around Asia. In short, this strategic course in U.S. policy toward China would certainly trigger a torrent of criticism from Beijing because it would begin to systemically address China’s goal of dominating Asia, but it would not end aspects of U.S.-China international collaboration based on compatible national interests. Although there are risks in following the course proposed here, as with most fundamental policy departures, such dangers are substantially smaller than those that are increasing because of an inadequate U.S. strategic response to the rise of Chinese power.

U.S. Policy Prescriptions¹⁶

1. The United States should revitalize the sources of its own national power, including skillfully managing its economy, modernizing its basic infrastructure, reforming the immigration system and entitlement spending, and addressing the serious political, economic, and societal divisions within the country.¹⁷ With the U.S. contest with China over international power and influence likely to be decades long, a prosperous and well-functioning America is the first requirement to ensure that the United States is well positioned not to lose that competition.
2. The U.S. should protect the integrity of its democratic institutions, both for the good of the country and to offer a powerful alternative model to China’s authoritarian archetype.
3. Washington should, in a measured way and, at best, through a bipartisan consensus, educate the American people regarding the nature and long duration of China’s challenges to U.S. vital national interests and democratic values.
4. The United States should avoid being diverted from the China question by other problems around the globe and should consider, in making virtually every foreign policy decision, its effects on meeting the China challenge. Decisions based on diplomatic, economic, military, or regional stovepipes are particularly dangerous in the comprehensive context of the rise of Chinese power. Although, of course, the United States has vital national interests in other parts of the world, perhaps a large sign that says “Think China” should be placed on the wall

of the White House Situation Room. As Friedrich Nietzsche observed, “Forgetting our objectives is the most frequent of all acts of stupidity.”¹⁸

An American president who understood the China challenge would not pull the U.S. from the Trans-Pacific Partnership (TPP). An American president who understood the China challenge would not provoke trade dispute after trade dispute with the closest allies of the United States at a time when allied solidarity is an indispensable requirement to deal successfully and peacefully with a rising China. An American president who understood the China challenge would ask how NATO enlargement would likely affect Moscow’s interaction with Beijing and whether ever-closer Russia-China relations are consistent with U.S. national interests. An American president who understood the China challenge would wonder whether Washington should rush to impose long-term sanctions against Moscow when Russia annexed Crimea in 2014, thus helping drive Russia toward an alliance with China. An American president who understood the China challenge would ask if it is wise to continue the draining war in Afghanistan and U.S. military involvement in the Syrian civil war. And an American president who understood the China challenge would do everything possible to avoid attacking Iran and thus triggering America’s third long war since 2001.

5. Washington should intensify its diplomatic, economic, and military ties with its allies and partners across Asia. The United States cannot successfully compete with China over the long term as a solitary actor, as a unilateralist. Beijing recognizes that one of its great advantages in this strategic competition is how much time and attention Washington spends on challenges elsewhere. As China steps up its use of geoeconomic tools, its diplomatic reach and influence, and its military modernization, the price of U.S. absence or hesitance in Asia has never been higher.¹⁹
6. The United States should substantially strengthen its military power projection into Asia, shifting resources from the Middle East and European theaters to improve the capability of U.S. military forces to effectively project power along the Asian rimlands despite any Chinese opposition.²⁰ The United States needs more frequent and formidable naval activities, more robust air force deployments, and more capable expeditionary formations, as well as greater partner capacity, to reinforce its preeminent role in preserving peace and stability in Asia. This will allow it not only to conduct freedom of navigation transits, but also to seek to deter Chinese provocations, respond to regional crises, and reassure allies.
7. The United States should take the following steps in concert with its Asian allies and partners:

Japan. The United States should continue to work with Japan, America’s most important ally in the world, to enhance the operational capabilities of the Japan Self-Defense Forces. In addition, the United States should upgrade its ballistic missile defense (BMD) interaction with Japan, reinforce Japan’s cooperation with other Asian allies and partners, and regularly and resoundingly signal that the United States will come to Japan’s defense if Japan is attacked.

South Korea. The cornerstone of America’s relationship with South Korea is the shared commitment to defending the latter from North Korean aggression. In that regard, the United States should promote stability on the Korean peninsula by maintaining enough military forces there to deter provocative North Korean action, reaffirm its nuclear guarantees to South Korea, and enhance South Korea’s BMD capabilities.

Australia. Australia is a linchpin of America’s Indo-Pacific strategy. Canberra should host more, and more frequent, deployments of U.S. military assets in the region. The United States and Australia should boost their partnerships on BMD, cybersecurity, intelligence gathering, and naval operations.

India. Washington should greatly intensify technology transfers and enhance security cooperation with New Delhi. In particular, the United States should increase collaboration between the U.S. and Indian navies and continue to assist the Indian navy with modernization efforts to offset ambitious Chinese naval expansion.

8. Since strict reciprocity should encompass all dimensions of U.S.-China relations, Washington should continue to confront Beijing on its trade violations, which have been enduring and significant. China subsidizes state-owned industries, including its steel and aluminum companies, and the resulting overcapacity dramatically undercuts metals prices.²¹ It refuses to grant market access to U.S. and other firms across most of its economy.²² It steals U.S. intellectual property and advanced technology. It forces foreign tech firms that want to operate and sell goods in the country to work directly with Chinese firms and give them access to their secrets.²³ It steals new technology from foreign firms inside China using cyber tools. According to the cybersecurity firm CrowdStrike, China was “the most prolific nation-state threat actor during the first half of 2018” and “made targeted intrusion attempts against multiple sectors of the economy, including biotech, defense, mining, pharmaceutical, professional services, transportation, and more.”²⁴ These attacks have continued into 2019.²⁵ Only the immediate fear of stringent U.S. retaliation will persuade Beijing to begin to cease and desist with its trade violations; as is obvious from more than two decades of policy failure, urbane U.S. diplomatic dialogue behind closed doors or public shaming on trade issues will not achieve what is necessary. As Kurt Campbell has stressed, “President Trump has basically received and gotten more Chinese leverage...by this brutal approach than we got by treating China as a partner and with deep respect.”²⁶
9. Washington should launch a national private and public effort regarding advanced machine reasoning, learning, and problem solving, which could define the future balance of authoritarian and democratic power, to ensure that the U.S. does not lose the artificial intelligence (AI) race to China and thus allow Beijing to shape AI ethical norms and technical standards.²⁷
10. Washington should recognize that neither its public rebukes nor its private entreaties are likely to change China’s domestic policies and practices, including its brutal human rights record, and fruitlessly advocating regime change in China is a recipe that would sharply accelerate the downward spiral in U.S.-China relations. Getting the right balance in responding to China’s pervasive human rights abuses is not easy given American values. Henry Kissinger observes in *Diplomacy* that, “No nation has ever imposed the moral demands on itself that America has. And no country has so tormented itself over the gap between its moral values, which are by definition absolute, and the imperfection inherent in the concrete situations to which they must be applied.”²⁸ That torment regarding human rights and China will continue.
11. The United States should respond to Chinese cyberattacks with offensive cyber operations and stiff economic sanctions. China presents a persistent cyber espionage threat and an increasing attack threat to U.S. core military and critical infrastructure systems, such as power grids and financial networks, as well as to the American private sector. It must pay a serious price for these brazen cyber activities.²⁹ Regarding the latter, so far, “U.S. policy still lacks a coherent approach to protecting critical digital assets outside of the government and, in most cases, relies on the voluntary participation of private industry.”³⁰
12. The United States should not seek a China-first approach to the region. Such a G2 bilateral focus would suggest a great power condominium that puts China at the center of U.S. strategy in Asia. Instead, the United States should embed its China policy within a larger Asia-wide framework, intensifying every one of Washington’s other bilateral relationships in the region. Deepening and diversifying contacts throughout Asia will allow the United States greater influence in the region’s affairs and greater capacity to shape China’s external choices.
13. The United States should work with its Asian alliance members and other partners to devise a set of policies to deal with China’s coercive geoeconomic pressures. This is especially important because for the next decade, the China challenge is most likely to be geoeconomic rather than military.³¹ Currently, Beijing pays no price for using its economic instruments to bully nations to acquiesce to its external objectives. To counter this, the U.S. should join the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), formerly known as the TPP, and launch a comprehensive campaign against such coercive Chinese policies, including those in the Belt and Road Initiative.

14. The United States should marshal its diplomacy with nations within the region, as well as those outside it (e.g., European countries that favor rules-based approaches, although this will require awakening Europe from its strategic stupor), to make progress on priorities such as world order, climate, free trade, regional security, and freedom of navigation.
15. The U.S. should attempt to initiate an extended conversation with Vladimir Putin and the Russian government on world order and the security of Europe and Asia. In analyzing threats to American security, Zbigniew Brzezinski warned that “the most dangerous scenario” would be “a grand coalition of China and Russia... united not by ideology but by complementary grievances.”³² Thus, the increasing Russian embrace of China is clearly not in the U.S. national interest, and it would be useful to introduce in Beijing the idea that Russia’s current bear hug may not be permanent. In that context, NATO enlargement should be over and done, and the U.S. should incrementally lift its sanctions against Russia regarding its annexation of Crimea in return for the end of Moscow’s interference in eastern Ukraine. Since it is inconceivable that Moscow will ever withdraw from Crimea, do enthusiasts for those sanctions want them to stay in place in perpetuity?
16. The United States, even as it looks for areas of cooperation with the PRC, should make clear to Beijing that any Chinese attempt to challenge fundamental U.S. national interests in Asia will be met by resolute resistance and will not advance Chinese grand strategy.
17. Washington, as it implements policies to deal with the threatening aspects of the rise of Chinese power, should construct a plausible path of classic diplomacy with Beijing that would seek to ameliorate the growing tension between the two countries.³³ A supreme effort by both sides is necessary to avoid a situation of permanent confrontation, which could eventually lead to war, in particular over the issue of Taiwan, where tensions between Beijing and Taipei are on the rise.³⁴

If Washington and Beijing do not stop the downward turn in the bilateral relationship and lurch into prolonged intense confrontation or even conflict, the American and Chinese people would be the first to pay the price of this policy failure. Most of the rest of the world would soon join the suffering. Consequences would emerge for the United States’ and China’s formidable domestic challenges and national economies. Effects on the global economy would be devastating. Tension would dramatically increase throughout Asia, since no country in that vast region wants to have to choose between the United States and China. The effect on potential U.S.-China collaboration on climate change and other issues of global governance would be corrosive. Attempts to deal with the nuclear weapons program of North Korea and potentially that of Iran would fall apart.

In restricted private exchanges, U.S. and Chinese leaders should, first, candidly address how the application of their countries’ perceived national interests could be circumscribed and restrained to avoid U.S.-China confrontation. In what ways should world order be rebalanced, and with what set of mutually accepted international rules and practices?³⁵ To be blunt, it is unrealistic to believe that in such a bilateral agreement only China would be required to make concessions. Without this sustained strategic dialogue to discuss what sorts of restraint are required, the future relationship between the United States and China looks exceedingly bleak, and a restoration of a stable world order seems highly unlikely. Although such extended high-level exchanges between Washington and Beijing will not end the strategic competition between the two, which will last for decades, they could help avoid worst-case outcomes. At this writing, there is reason to doubt that either side at present is capable of mounting a serious strategic dialogue, but what is the alternative to giving it a try?

However, for an intensified high-level bilateral dialogue between Washington and Beijing to be fruitful, the United States should first clearly establish that it is enhancing its military, diplomatic, and economic power projection into Asia, intensifying interaction with allies and friends and helping to build up allies’ military

strength—not just making speeches about U.S.-China strategic competition. Nothing less will convince Beijing that it has reasons, based on its national interests, to negotiate seriously with the United States. This will take some time, for Beijing will wait to see if Washington becomes distracted and diverts its attention to other lesser issues in the daily headlines, as is its wont.

Many of these suggested policy proposals are familiar and have been debated in public discourse in recent years. Thus, prescriptive familiarity is not the problem with respect to U.S. policies toward China and Asia writ large. Rather, it is that most such efforts have seen too little policy intensity and too little policy follow-through. As Leonardo da Vinci stressed, “I have been impressed with the urgency of doing. Knowing is not enough; we must apply. Being willing is not enough; we must do.”³⁶

Yes, Leonardo, with respect to the rise of Chinese power, we must do.

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¹ This essay draws on Robert D. Blackwill, “Managing the U.S.-China Great Power Relationship” (presentation, World Cultural Forum, Shanghai, June 18, 2014), <http://belfercenter.org/publication/managing-us-china-great-power-relationship>; Robert D. Blackwill, “Indo-Pacific Strategy in an Era of Geoeconomics” (speech, Tokyo, July 31, 2018), <http://cfrd8-files.cfr.org/sites/default/files/pdf/8-20%20Tokyo%20Presentation.pdf>; Robert D. Blackwill, *Trump’s Foreign Policies Are Better Than They Seem* (New York: Council on Foreign Relations, 2019), <http://cfr.org/report/trumps-foreign-policies-are-better-they-seem>; Robert D. Blackwill and Kurt M. Campbell, *Xi Jinping on the Global Stage* (New York: Council on Foreign Relations, 2016), <http://cfr.org/report/xi-jinping-global-stage>; Robert D. Blackwill and Jennifer M. Harris, *War by Other Means: Geoeconomics and Statecraft* (Cambridge, MA: Harvard University Press, 2016); Robert D. Blackwill and Ashley J. Tellis, “The India Dividend: New Delhi Remains Washington’s Best Hope in Asia,” *Foreign Affairs* 98, no. 5 (September/October 2019): 173-183; Robert D. Blackwill and Ashley J. Tellis, *Revising U.S. Grand Strategy Toward China* (New York: Council on Foreign Relations, 2015), <http://cfr.org/report/revising-us-grand-strategy-toward-china>. However, the author is solely responsible for the substance of this text.

² See Graham Allison, *Destined for War: Can America and China Escape Thucydides’s Trap?* (New York: Houghton Mifflin Harcourt, 2017).

³ Henry Kissinger, *Diplomacy* (New York: Simon & Schuster, 1994), 182.

⁴ Graham Allison and Robert D. Blackwill, *Lee Kuan Yew: The Grand Master’s Insights on China, the United States, and the World* (Cambridge, MA: MIT Press, 2013), 42; Nicholas D. Kristof, “The Rise of China,” *Foreign Affairs* 72, no. 5 (November/December 1993): 74.

⁵ Graham Allison and Robert D. Blackwill, *Lee Kuan Yew: The Grand Master’s Insights on China, the United States, and the World* (Cambridge, MA: MIT Press, 2013), 2.

⁶ Lee Kuan Yew, quoted in Graham Allison and Robert D. Blackwill, *Lee Kuan Yew: The Grand Master’s Insights on China, the United States, and the World* (Cambridge, MA: MIT Press, 2013), 2.

⁷ Lee Kuan Yew, “China’s Growing Might and the Consequences,” *Forbes*, March 28, 2011.

⁸ Pharaoh clearly did not sufficiently take into account Moses’s strategic and tactical assets, in this case his God, as he led the Israelites out of captivity in Egypt and into the land of Canaan. The Egyptian intelligence community’s failure regarding collection, collation, evaluation, analysis, integration, and interpretation reportedly cost Pharaoh his entire army and all its equipment in the Red Sea.

⁹ For an explanation of China’s many domestic problems, see Lee Kuan Yew’s enumeration in Graham Allison and Robert D. Blackwill, *Lee Kuan Yew: The Grand Master’s Insights on China, the United States, and the World* (Cambridge, MA: MIT Press, 2013), 7-11. Also see James T. Areddy, “China’s Economy Shows Fresh Signs of Weakness,” *Wall Street Journal*, June 16, 2019, <http://www.wsj.com/articles/chinas-economy-shows-fresh-signs-of-weakness-11560512903>; Keith Bradsher, “China’s Economic Growth Slows as Trade War With U.S. Deepens,” *New York Times*, July 14, 2019, <http://nytimes.com/2019/07/14/business/china-economy-growth-gdp-trade-war.html>; Chris Buckley, “2019 Is a Sensitive Year for China. Xi Is Nervous.”

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¹⁰ This rigorous definition of U.S. national interests has been developed over twenty years in an enduring conversation and partnership with Graham Allison.

¹¹ The list of U.S. vital national interests draws on Graham Allison and Robert Blackwill, *America's National Interests, Commission on America's National Interests*, July 2000, <http://belfercenter.org/files/amernatinter.pdf>.

¹² Henry Kissinger, *A World Restored: Metternich, Castlereagh and the Problems of Peace, 1812-1822* (London: Phoenix Press, 2000), 2–3.

¹³ James Massola, "Barack Obama's China Policy Has Not Been Successful, Says US Official," *Sydney Morning Herald*, November 2, 2014.

¹⁴ M. Taylor Fravel et al., "China Is Not an Enemy," *Washington Post*, July 3, 2019, http://washingtonpost.com/opinions/making-china-a-us-enemy-is-counterproductive/2019/07/02/647d49d0-9bfa-11e9-b27f-ed2942f73d70_story.html?utm_term=.e1a207ec8cf2.

¹⁵ Lily Kuo, "'Divide and Conquer': China Puts the Pressure on U.S. Allies," *Guardian*, February 2, 2019, <http://theguardian.com/world/2019/feb/02/divide-and-conquer-china-puts-the-pressure-on-us-allies>; Robert D. Blackwill and Jennifer M. Harris, *War by Other Means: Geoeconomics and Statecraft* (Cambridge, MA: Harvard University Press, 2016), 93–151; Robert D. Blackwill, "Indo-Pacific Strategy in an Era of Geoeconomics" (speech, Tokyo, July 31, 2018), <http://cfr8-files.cfr.org/sites/default/files/pdf/8-20%20Tokyo%20Presentation.pdf>; Robert D. Blackwill and Ashley J. Tellis, *Revising U.S. Grand Strategy Toward China* (New York: Council on Foreign Relations, 2015), <http://cfr.org/report/revising-us-grand-strategy-toward-china>. See also the Commission on the Theft of American Intellectual Property, *Update to the IP Commission Report: The Theft of American Intellectual Property; Reassessments of the Challenge and United States Policy* (Washington, DC: National Bureau of Asian Research, 2017), http://ipcommission.org/report/IP_Commission_Report_Update_2017.pdf; Gerry Shih, "Xi Offers Promises and Threats as He Calls China's Unification With Taiwan Inevitable," *Washington Post*, January 2, 2019, http://washingtonpost.com/world/asia_pacific/xi-offers-promises-and-threats-as-he-calls-chinas-unification-with-taiwan-inevitable/2019/01/02/85ae5ece-0e82-11e9-92b8-6dd99e2d80e1_story.html; "Advance Policy Questions for Admiral Philip Davidson, USN, Expected Nominee for Commander, U.S. Pacific Command," U.S. Senate Committee on Armed Services, April 17, 2018, http://armed-services.senate.gov/imo/media/doc/Davidson_APQs_04-17-18.pdf; Robert D. Blackwill and Kurt M. Campbell, *Xi Jinping on the Global Stage* (New York: Council on Foreign Relations, 2016), <http://cfr.org/report/xi-jinping-global-stage>; "China," in *World Report 2019*, Human Rights Watch, <http://hrw.org/world-report/2019/country-chapters/china-and-tibet>; Anne Applebaum, "'Never Again?' It's Already Happening," *Washington Post*, February 15, 2019, http://washingtonpost.com/opinions/global-opinions/the-west-ignored-crimes-against-humanity-in-the-1930s-its-happening-again-now/2019/02/15/d17d4998-3130-11e9-813a-0ab2f17e305b_story.html.

¹⁶ Virtually every one of these policy prescriptions would be more effective if they were done in concert with America's allies and friends. It is also clear that much of the analysis and many of the policy proposals in this essay are unlikely to be accepted by the current administration.

¹⁷ See Richard N. Haass's encompassing *Foreign Policy Begins at Home: The Case for Putting America's House in Order* (New York: Basic Books, 2013).

¹⁸ Friedrich Nietzsche, *Human, All Too Human*, trans. R. J. Hollingdale (Cambridge: Cambridge University Press, 2005), 360.

¹⁹ In my book with Jennifer M. Harris, *War by Other Means*, we define geoeconomics as "the use of economic instruments to promote and defend national interests and to produce beneficial geopolitical results, and the effects of other nations' economic actions on a country's geopolitical goals."

²⁰ See Salvatore Babones, "America Must Pivot Toward China and Away from the Middle East," *The National Interest*, May 1, 2019, <http://nationalinterest.org/feature/america-must-pivot-toward-china-and-away-middle-east-55302>; Hal Brands, "New U.S. Indo-Pacific Strategy Isn't Going to Scare China," *Bloomberg*, June 18, 2019, <http://bloomberg.com/opinion/articles/2019-06-18/u-s-indo-pacific-strategy-isn-t-going-to-scare-china>; Robert W. Merry, "The Great Power Game Is On and China Is Winning," *The American Conservative*, May 22, 2019, <http://theamericanconservative.com/articles/the-great-power-game-is-on-and-china-is-winning>; Mark Montgomery and Eric Sayers, "Addressing America's Operational Shortfall in the Pacific," *War on the Rocks*, June 18, 2019, <http://warontherocks.com/2019/06/addressing-americas-operational-shortfall-in-the-pacific>; Will Saetren and Hunter Marston, "Washington Must Own Up to Superpower Competition With China," *The Diplomat*, March 8, 2018, <http://thediplomat.com/2018/03/washington-must-own-up-to-superpower-competition-with-china>.

²¹ Jim Zarroli, "China Churns Out Half the World's Steel, and Other Steelmakers Feel Pinched," *NPR*, March 8, 2018, <http://npr.org/2018/03/08/591637097/china-churns-out-half-the-worlds-steel-and-other-steelmakers-feel-pinched>.

²² "Factbox—Barrier to Entry: China's Restrictions on U.S. Imports," *Reuters*, March 14, 2018, <http://reuters.com/article/us-usa-trump-china-factbox/factbox-barrier-to-entry-chinas-restrictions-on-u-s-imports-idUSKCN1GQ0PQ>.

- ²³ See Lee G. Branstetter, “China’s Forced Technology Transfer Problem—And What to Do About It,” Peterson Institute of International Economics, June 2018, <http://piie.com/system/files/documents/pb18-13.pdf>.
- ²⁴ “CrowdStrike Report Reveals Cyber Intrusion Trends from Elite Team of Threat Hunters,” CrowdStrike, 2018, <http://crowdstrike.com/resources/news/crowdstrike-report-reveals-cyber-intrusion-trends-from-elite-team-of-threat-hunters>.
- ²⁵ Nicole Perlroth, “Chinese and Iranian Hackers Renew Their Attacks on U.S. Companies,” *New York Times*, February 18, 2019, <http://nytimes.com/2019/02/18/technology/hackers-chinese-iran-usa.html>.
- ²⁶ Kurt Campbell, interview with Kaiser Kuo, “Kurt Campbell on U.S.-China diplomacy,” Sinica Podcast, June 28, 2018, <http://supchina.com/podcast/kurt-campbell-on-u-s-china-diplomacy>.
- ²⁷ See Henry A. Kissinger, “How the Enlightenment Ends,” *The Atlantic*, June 2018, <http://theatlantic.com/magazine/archive/2018/06/henry-kissinger-ai-could-mean-the-end-of-human-history/559124>; Henry A. Kissinger, Eric Schmidt, and Daniel Huttenlocher, “The Metamorphosis,” *The Atlantic*, August 2019, <http://theatlantic.com/magazine/archive/2019/08/henry-kissinger-the-metamorphosis-ai/592771>; Kaveh Waddell, “The Global Race between China and U.S. to Set the Rules for AI,” *Axios*, July 14, 2019, <http://axios.com/artificial-intelligence-china-united-states-5bea5020-c5c6-4527-8d25-7bf0036f6384.html>.
- ²⁸ Henry Kissinger, *Diplomacy* (New York: Simon & Schuster, 1994), 22-23.
- ²⁹ There is no better public source on cyber issues than David Sanger’s frequent revelations on the front page of the *New York Times*.
- ³⁰ Jonathan Masters, “Confronting the Cyber Threat,” Council on Foreign Relations, May 23, 2011, <http://cfr.org/backgrounder/confronting-cyber-threat>. For compelling conceptual examinations of cyber issues, see Joseph S. Nye, Jr., “Deterrence and Dissuasion in Cyberspace,” *International Security* 41, no. 3 (Winter 2016/2017): 44-71; Joseph S. Nye, Jr., “The World Needs New Norms on Cyberwarfare,” *Washington Post*, October 1, 2015, http://washingtonpost.com/opinions/the-world-needs-an-arms-control-treaty-for-cybersecurity/2015/10/01/20c3e970-66dd-11e5-9223-70cb36460919_story.html; Joseph S. Nye, Jr., “Cyberspace Wars,” *New York Times*, February 27, 2011, <http://nytimes.com/2011/02/28/opinion/28iht-ednye28.html>.
- ³¹ Robert D. Blackwill and Jennifer M. Harris, *War by Other Means: Geoeconomics and Statecraft* (Cambridge, MA: Harvard University Press, 2016), 110.
- ³² Graham Allison, “China and Russia: A Strategic Alliance in the Making,” *The National Interest*, December 14, 2018, <http://nationalinterest.org/feature/china-and-russia-strategic-alliance-making-38727>.
- ³³ The classic work on the characteristics of Chinese diplomacy is Henry Kissinger, *On China* (New York: Penguin, 2011). See also Kevin Rudd’s thoughtful *U.S.-China 21: The Future of U.S.-China Relations Under Xi Jinping* (Cambridge, MA: Belfer Center for Science and International Affairs, 2015); Kevin Rudd, “China’s Political Economy into 2020,” (speech, London, July 11, 2019); and Rudd’s many other more recent publications on the subject.
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- ³⁶ There is some controversy regarding whether Da Vinci actually said this. A version of this quote has also been attributed to Johann Wolfgang von Goethe, *The Maxims and Reflections of Goethe*, trans. Bailey Saunders (London: Macmillan, 1906), 130.

