The China Fallacy

How the U.S. Can Benefit from China’s Rise and Avoid Another Cold War

DONALD GROSS
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In Memory Of
Gloria And Robert Gross
CONTENTS

Map of China viii–ix

1 Introduction: the unfulfilled promise of U.S.-China relations 1
2 The real military balance 9
3 Rapprochement and a stable peace 43
4 China’s economic juggernaut 69
5 Democracy and human rights 101
6 The “soft power” of China’s foreign policy 125
7 Getting it right: a new framework for U.S.-China relations 151
8 Realizing Japan’s foreign policy goals 177
9 Achieving Korean reunification 205
10 Conclusion: the China fallacy 227

Epilogue 240
Acknowledgments 245
About the author 247
Notes 248
Index 282
CHAPTER ONE

Introduction: the unfulfilled promise of U.S.-China relations

Following the collapse of the Soviet empire in 1989, Americans began to worry deeply about another threat to the well-being of their country: the People’s Republic of China. Though the United States became the world’s only superpower at the end of the Cold War, strategists and analysts continued to search for dangers that might arise in the future. Among states that could potentially become big-power adversaries, China led the pack. Without doubt, the “China threat” today resonates deeply in the national political psyche, as Americans worry about China displacing the U.S. in Asia, taking U.S. manufacturing jobs, carrying out industrial espionage, modernizing its military forces, hacking into computers, and causing a multitude of other problems.

Not so long ago, Americans considered another country to be the United States’ most dangerous adversary. During the Cold War, only the Soviet Union seemed to have the power and desire to unleash a devastating nuclear attack on cities and strategic targets across the U.S. Few seriously questioned the U.S.S.R. was masterminding an international communist conspiracy that threatened the “American way of life.” Though anti-communist fears peaked during the McCarthy period of the early 1950s, the ideological struggle continued through the Cuban missile crisis, the Vietnam War, the era of Glasnost, the break-up of the Soviet Union and beyond.

While most Americans would admit that China does not possess the military prowess of Russia and is not actively seeking to export its ideological views around the world, many believe the U.S. should do all it can to prepare for an “inevitable” military conflict with China. They think it is only prudent to build up U.S. military bases and forces in the Pacific, in the face of China’s continuing military modernization. They are inclined to support U.S. trade policies imposing tariffs, quotas and other protectionist...
measures on Chinese imports that enter the country “illegally.” While they cannot help buying low-cost Chinese goods and enjoying low interest rates resulting from China’s large holdings of U.S. Treasury securities, they condemn policies that led the American government to borrow billions of dollars from China. On a gut level, many people fear “cheap Chinese labor” will cause the decline of the United States economy and that U.S. industry will continue to suffer from China’s “unfair trade practices.” From a values standpoint, Americans feel most comfortable when their leaders strongly criticize China for violating human rights and restricting political freedoms. Most believe in their hearts that China’s Communist Party still reverberates with the thoughts of Chairman Mao and that the Party is only willing to incrementally cede political controls through force or necessity.

With so many reasons to fear, despise and worry about China, Americans nevertheless cannot help admiring China’s accomplishments and being intrigued with this emerging power. Many watched the opening and closing ceremonies for the 2008 Olympic Games and came away deeply impressed by the brilliant spectacle. Most cannot help but admire and be inspired by China’s achievement of raising more than 400 million people out of poverty, virtually wiping out widespread illiteracy, developing a large middle class and creating a dynamic, consumer society. Many realized that China was a different place altogether from the impoverished, dispirited and totalitarian country they had heard about for years. Nevertheless, most Americans shook their heads knowingly when television commentators dutifully noted that Chinese authorities sharply limited demonstrations and dissent in Beijing during the Olympics. They could not help but feel sympathy for Tibetans whose protests were violently suppressed only weeks earlier by the Chinese military (just as most Americans felt compassion for blind dissident Chen Guangcheng, who sought refuge and protection at the U.S. Embassy in Beijing in late April 2012).

Looking back, the drumbeat of critical views about China among American academics, policy experts and journalists gathered strength during the Clinton administration and has continued to the present day. The “China threat” has many security, economic and political dimensions that experts frequently cite to justify their fears.

On security matters, some critics assert, as an article of faith, that China is bent on pushing the U.S. out of Asia and eventually dominating the world. These “China hawks” argue that China could move at any time to forcibly occupy Taiwan and reunify the island with the mainland. Such a successful attack on Taiwan, bolstered by explicit and implied military threats against other countries in East Asia, would enable China to dominate the region as a whole. China would then double down on its ultimate goal, this reasoning goes: replacing the United States as the world’s only superpower. From the standpoint of the China hawks, a war between the United States and China is inevitable, since the U.S. stands in the way of China achieving its strategic objectives.
Regarding China’s threat to U.S. jobs and economic growth, critics with strong protectionist views argue that the sharp increase in the United States trade deficit with China has had a devastating impact on American workers, causing the loss of nearly 2.8 million jobs between 2001 and 2010.\textsuperscript{1} They claim that China has unfairly achieved its large bilateral trade surplus with the United States, which reached approximately $295 billion in 2011, because in their view, China couples its aggressive export strategy with measures to manipulate and artificially undervalue its currency, giving Chinese products an unfair advantage in foreign markets.\textsuperscript{2}

While both China hawks and protectionists condemn China for its one-party communist regime, lack of democracy and poor human rights record, they largely accept the country’s domestic political situation as an inalterable fact. Though they may hope for China’s eventual transition to full democracy and high human rights standards, their primary concern is protecting the United States against the threat that China poses to America’s security and economic well-being.

**Shaping U.S. policy**

In many respects, it is the views of the China hawks that have informed ongoing American security policy toward China over the last decade. During the George W. Bush administration, the U.S. initiated a major buildup of forces in the Pacific as part of what it officially termed to be “hedging” against a potential Chinese military threat. Under the rubric of preparing for the “contingency” of a war with China, U.S. hedging has effectively amounted to a containment strategy. Beyond significantly increasing the number of naval, air and land forces at U.S. bases in the Pacific, the buildup strengthened close-in naval intelligence gathering along China’s coast as well as extensive air force surveillance and reconnaissance of the country as a whole. The Obama Administration hardened this policy through measures it announced in November 2011 that accelerate the strategic encirclement of China, including deploying U.S. marines to Australia’s northern territory and adopting a new “Air Sea Battle Concept” to carry out long-range strikes deep inside China in the event of war.

Though the Bush administration, by encouraging market reform and promoting U.S. investment, pursued “engagement” with China on economic matters, it increasingly adopted restrictive trade measures such as imposing extensive import duties on Chinese products. Under pressure from protectionists in Congress, Bush officials moved to this more combative posture in their second term in the belief that China was benefiting unfairly from liberalized trade.\textsuperscript{3} The Obama Administration supported and magnified this approach. Preeminently, U.S. policy relies on trade measures called
“anti-dumping” actions that penalize Chinese companies for allegedly selling their products in the U.S. market at below the cost of production. The Obama Administration also imposed high punitive tariffs on some Chinese products and created a new “enforcement unit” to ramp up U.S. investigations of Chinese trade practices.

While critics often lament internal political conditions in China, they are far more focused on security and economic issues. The broad lack of interest in strengthening China’s democracy and human rights practices had a definitive policy impact during the Bush administration and remains in place during the Obama Administration: aside from cataloging political abuses and shortcomings in an annual State Department report, addressing individual cases of concern and making periodic official statements that emphasize American political values, the U.S. government does little that will effectively promote democracy and human rights in China.

The views of critics who deeply fear a “China threat” have unduly shaped U.S. government policy and anaesthetized Americans to its weaknesses. To many people, United States security policy toward China seems prudently designed to prepare for an uncertain future. Given widespread fear of the threat China might someday pose, many Americans see strengthening defenses in the Asia Pacific as a matter of common sense. On economic issues, many believe it is only fair for the U.S. government to protect American jobs and manufacturers against purportedly nefarious Chinese commercial practices. If this policy sometimes requires confronting China over trade issues, they are willing to live with the consequences. Finally, while most Americans broadly dislike China’s authoritarian political system, they show little overall interest in adopting policies to help move it toward greater democracy and protection of human rights.

Shortcomings of U.S. policy toward China

The strong views of China hawks and protectionists cannot hide the fact that shortcomings in U.S. policy prevent the United States from achieving more optimal relations with China that could lead to far greater benefits for the American people.

Much of current U.S. security policy toward China derives from outdated Cold War views and is founded, in large part, on the unrealistic premise of maintaining U.S. military primacy in Asia for the indefinite future. If China hawks are correct in suggesting that a future war with China is “inevitable,” it will be precisely because the policy they shaped creates a self-fulfilling prophecy. Such a costly and unnecessary military confrontation with China could lead to devastation on both sides.

On economic issues, greater protectionism against Chinese products
is largely a defensive and narrow response to global economic trends that are causing a painful restructuring of the U.S. economy. Instead of increasing prosperity and allowing Americans to benefit from China’s remarkable economic growth and development, protectionist policy is highly likely to cause continuing major friction on trade issues between the two countries.

In the political realm, where it is critical for the U.S. government to advance the core American values of support for democracy and human rights, current policy also falls short. Little in U.S. policy will lead directly, in the foreseeable future, to a more democratic China that observes universal human rights standards. This serious failing makes the soundest long-term basis for friendly United States relations with China—a commonality of political norms and values—all the more unattainable.

There is, however, no reason to despair. One of the greatest virtues of the American political system is its flexibility, its willingness to accept innovation in the face of failure, and its openness to new ideas. It is not foreordained that the United States and China must clash militarily and slide toward nuclear war. It is not written in stone that the long American tradition of promoting free trade must give way to endless protectionist policies toward China. And it is not inevitable that China’s communist regime will forever suppress the democratic impulse among its own people.

The difficulty of moving beyond current policy

Despite the questionable premises underlying much of prevailing U.S. policy toward China, policymakers and commentators find it difficult to move beyond existing views. There are several reasons why this is so.

To begin with, current policy is complex. It stresses preparation for a security threat from China at the same time as it promotes U.S. business interests there. It protects uncompetitive American companies from the adverse effects of China’s rapidly growing economy (unintentionally creating a nationalist backlash in Beijing) while largely ignoring China’s domestic political system. The seemingly contradictory elements of U.S. policy—in the face of real uncertainty about the direction of China’s military, economic and political development—mask the true dangers and weaknesses of the overall U.S. approach.

A second reason why policymakers and commentators find it difficult to move beyond existing China policy is that groups with vested interests have a stake in its various components. These groups attempt to mold public opinion by defining “acceptable” and “mainstream” views of China, which provide strong support for the existing policy framework. This is especially true of security policy, where hawks who believe in a coming
military clash with China also argue that the U.S. should pursue a military buildup to prepare for it. Not surprisingly, the military services and defense contractors in the United States are important members of the political constituency that favors an aggressive security strategy toward China. The specter of a large and amorphous “China threat” has proved useful as a replacement for the “Soviet threat” to spur the Pentagon’s acquisition of advanced weapons systems, especially at a time of overall defense budget cuts. Another group with a vested interest in a hard line security policy is the traditional “China lobby” (originally strong supporters of the anti-communist regime that led Taiwan after the Chinese revolution in 1949) which has concentrated in recent years on ensuring the U.S. supplies large quantities of high-quality weapons and military equipment to Taiwan to deter and defend against a possible Chinese attack.

Perhaps the overriding reason why many policymakers and commentators cannot easily move beyond existing views of China is that they do not sufficiently factor into their analysis the major security, political and economic benefits that the United States and its Asian allies could achieve through improved U.S.-China relations. Many commentators tend to emphasize worst-case scenarios and pessimistic assessments which are seen by the media as “sober-minded” and “realistic.” It seems fruitless to these analysts to describe future benefits from a state of affairs that they believe will likely never come to pass. Influenced by the “tyranny of the status quo,” policymakers and commentators often feel the best they can do is to propose incremental changes that could achieve small policy improvements over time.

U.S. politicians who attack Beijing for economic practices that lead to “shipping American jobs to China” also discourage policymakers and experts from highlighting the benefits of improved relations between the two countries. When these politicians exploit patriotic feelings and engage in demagogic “China bashing” to attract votes, they have a chilling effect on policy analysts. In this atmosphere, proposals that could significantly improve relations become vulnerable to political attacks as “appeasement,” “un-American” or “weak on China.” Conversely, highly questionable protectionist measures to help uncompetitive companies are seen as “tough” and “pro-American.” The upshot is that the acceptable bounds of the policy debate on China are far narrower than they ought or need to be.

What to do

To rectify American security policy toward China, the United States needs to return to its traditional policy goal of preventing any foreign power
from exercising regional dominance in the Asia Pacific. This policy served America well for over a century and underpinned broad U.S. resistance to Japanese aggression across the Pacific during World War II. The U.S. has never sought undisputed geopolitical primacy (or “hegemony” as some call it) in Asia; this position was thrust upon the United States by the surrender of Japan and the ensuing power vacuum in the region. Looking to the future, the U.S. needs to embrace the view that while it will not allow China to assert dominance in Asia, neither does America seek to maintain its own dominance in the region as a security objective either. Adopting this view will allow the United States to best realize peace and stability in East Asia for the indefinite future.

Regarding economic relations with China, the U.S. would be much better off explicitly taking the position that eliminating remaining trade barriers would unleash far greater trade and investment between the two countries, a result that would be in the best interests of the United States. Participating robustly in China’s economic development, exporting extensively to the Chinese market, investing in China’s manufacturing sector and infrastructure, and encouraging Chinese investment in the United States will significantly increase American prosperity. Protectionist sentiments should not be allowed to heavily influence U.S. economic policy toward China. The U.S. should instead encourage extensive American investment in China as well as billions of dollars of direct foreign investment in the United States by Chinese companies. Doing so will create a large number of American jobs, reduce production costs for U.S. companies and prices for American consumers, and spur the development of innovative products.

The best way for the United States to encourage greater democracy and human rights practices in China is to improve U.S.-China relations by resolving outstanding security issues, and in so doing protect Taiwan’s democratic system for the long term. Friendly relations will sharply undercut the ability of China’s Communist Party to justify internal repression on security grounds. The Party would lose what former Soviet dissident Natan Sharansky calls “its most dependable weapon in the struggle for unassailable domination—an external threat … that can unify the people and justify draconian security measures at home.” With the “U.S. threat” gone, the regime would no longer be able to argue that internal dissent weakens China’s ability to confront an attack by the United States. And in the absence of ongoing tension with the U.S. on security issues, Chinese people seeking democracy and human rights could far more openly express support for a multiparty system and indeed, the political practices followed in America, Taiwan and Hong Kong.
A new paradigm for U.S.-China relations

Achieving the major security, economic and political benefits of improved U.S.-China relations is not a small task. It will require a fundamental shift in U.S. policy and an effort by both countries to build the foundation for a “stable peace” by establishing a new paradigm for their relations. A stable peace between the United States and China would be characterized by coexistence and greater cooperation. It can be realized by pursuing rapprochement with China through a process of reciprocal restraint, where each country practices accommodation and expects reciprocal actions in return. The principles and goals to guide this process are best embodied in a Framework Agreement which would create a new diplomatic architecture between the two countries, strengthening stability and enhancing prosperity in the Asia Pacific for generations to come.

As the dominant country in the Asia Pacific, the United States now faces a crucial strategic choice: it can use its superior diplomatic, economic and political power to seek a stable peace with China by achieving a new paradigm for U.S.-China relations. Or, on the contrary, the U.S. can narrowly focus on protecting its domestic markets from Chinese business and building up its military presence in East Asia in the expectation of an inevitable armed conflict with China.

Former Secretary of State Henry Kissinger clearly sums up the risks of future conflict between the U.S. and China in his 2011 history and memoir, On China. Kissinger writes:

I am aware of the realistic obstacles to the cooperative U.S.-China relationship I consider essential to global stability and peace. A cold war between the two countries would arrest progress for a generation on both sides of the Pacific. It would spread disputes into internal politics of every region at a time when global issues such as nuclear proliferation, the environment, energy security, and climate change impose global cooperation.

To China hawks and protectionists who tend to approach the future fearfully, a U.S. policy toward China of the kind proposed here—based on reciprocal restraint and enlightened self-interest—may seem objectionable. But a policy which relies on American power to facilitate a long-lasting framework for peaceful and prosperous relations with China would best advance the interests of the great majority of Americans, now and in the future.
CHAPTER TWO

The real military balance

For more than a decade, the faction of U.S. policy analysts, journalists and academics known popularly as “China hawks” has fanned public fears of a coming war with China. They have called for the United States to safeguard its “primacy” as the world’s only remaining superpower against a future “China threat.”

In 1992, former Under Secretary of Defense Paul Wolfowitz postulated that the “number one objective of U.S. post-Cold War political and military strategy should be preventing the emergence of a rival superpower.”1 Wolfowitz’s view turned America’s traditional strategic approach to Asia on its head. For more than a century, the United States strived to prevent any other power from dominating the Asia Pacific, and on the basis of this widely accepted strategic doctrine, fought a war against Japan which sought to impose a “Greater East Asia Co-Prosperity Sphere” on the region. Under Wolfowitz’s formulation, however, rather than deterring another power from exerting hegemony, the U.S. strategic goal would become maintaining American dominance for the indefinite future.

Time and again, history has shown that empires eventually decline and misguided attempts to preserve primacy often lead to unnecessary wars and conflicts. In the twenty-first century, an even greater flaw in the quest for primacy is that it does not bring real national security. Instead, it inspires other countries to modernize their armed forces, seek nuclear weapons and build stronger militaries to protect their sovereignty and independence. A policy of primacy also weakens America’s ability to build critical alliances to meet transnational threats arising from terrorism, weapons proliferation, pandemic disease and energy insecurity. Overcoming these difficult international problems requires extensive cooperation and collaboration among governments more often than unilateral action. Cooperation arises through a process of relationship-building which places a premium on mutual equality and respect.2
Yet China hawks in the United States have embraced the premise of Wolfowitz’s argument about U.S. primacy and taken a starkly negative view of China’s strategic objectives. As a result of their influence, U.S. policy strives to prepare for a hypothetical threat from China that does not exist now and may well never exist in the future.

Historian and policy expert Michael Lind of the New America Foundation explains the profound significance of the new policy of primacy as a “radical departure” in the history of American foreign policy:

American grand strategy since the emergence of the United States as a great power in the late nineteenth century has combined two objectives: preserving U.S. hegemony in North America, and preventing the hegemony of a hostile power in any of the three regions outside of North America with major industrial or energy resources—Europe, Asia, and the Middle East. In both world wars, U.S. leaders sought to prevent hegemony in other regions by means of great power cooperation in a multipolar world, not by means of solitary and exclusive U.S. global hegemony. Following the collapse of the Soviet Empire, American leaders broke with this tradition .... [I]n the 1990s and 2000s, U.S. leaders sought to convert the temporary hegemonic alliance system the United States had constructed during the Cold War into the basis of indefinite U.S. global hegemony .... [T]his plan for U.S. domination of every region ... represents a radical departure from America’s previous policy of seeking to preserve rather than prevent a diversity of power in the world, while sharing the burdens of preserving the peace with other rich and militarily powerful states.

China hawks who advocate American primacy often obscure the striking fact that China does not now pose a significant military threat to the United States. None of them offers proof that China will one day become a major military threat to the U.S., because such proof does not exist. Instead, they extrapolate a possible trajectory of developments by pointing to allegedly dangerous activities the Chinese regime has undertaken as well as to historical precedents. Their core argument is that the U.S. must be prepared to deal with worst-case scenarios which may come to pass if China’s leadership shifts from its long-standing focus on economic development to a strategy of militarily dominating Asia and the world.

Here are several leading examples of these views:

[China] is an unsatisfied and ambitious power whose goal is to dominate Asia, not by invading and occupying neighboring nations, but by being so much more powerful than they are that nothing will be allowed to happen in East Asia without China’s at least tacit consent .... [China] has set goals for itself that are directly contrary to American interests,
the most important of those goals being to replace the United States as the preeminent power in Asia, to reduce American influence, to prevent Japan and the United States from creating a kind of ‘contain China’ front, and to extend its power into the South China and East China Seas so that it controls the region’s essential sea-lanes. China aims at achieving a kind of hegemony. (Richard Bernstein and Ross H. Munro)⁴

China’s hard-eyed communist rulers have set out on a coolly pragmatic course of strategic deception that masks their true goals: undermining the United States around the world and raising China to a position of dominant international political and military power. They seek to push the United States out of the vital Pacific region and achieve virtual Chinese hegemony in Asia . . . . The reason Americans should take the threat from China so seriously is that it puts at risk the very national existence of the United States. (Bill Gertz)⁵

China’s quest for hegemony may take it through three phases:

- Basic Hegemony: the recovery of Taiwan and the assertion of undisputed control over the South China Sea
- Regional Hegemony: the extension of the Chinese Empire to the maximum extent of the Qing
- Global hegemony: A worldwide contest with the U.S. to replace the current Pax Americana with a Pax Sinica. (Steven W. Mosher)⁶

No regime poses a greater threat to global security today than communist China. With the collapse of the Soviet Union, and the internal disarray of the Russian Federation, the People’s Republic of China sees itself as the sole communist superpower in the world. (Edward Timperlake and William C. Triplett II)⁷

**Views of China in international relations theory**

The views of hawkish foreign policy analysts draw support from some theorists of international relations. Based on international relations theory that claims the ultimate aim of any state “is to be the hegemon—the only great power in the [international] system”—Professor John Mearsheimer of the University of Chicago argued in 2005 that “China cannot rise peacefully, and if it continues its dramatic economic growth over the next few decades, the United States and China are likely to engage in an intense security competition with considerable potential for war.” Mearsheimer further stressed that since “it is too hard to project and sustain power
around the globe … the best outcome that a state can hope for is to dominate its own backyard.” Consequently, China is “likely to try to push the United States out of Asia, much the way the United States pushed the European great powers out of the Western Hemisphere.” The U.S. should react to China’s probable attempt to dominate Asia, in Mearsheimer’s view, by seeking to “contain China and ultimately weaken it to the point where it is no longer capable” of realizing this goal because the “United States does not tolerate peer competitors.”

Some international relations theorists analogize China to nineteenth century Germany or Japan in its current development trajectory, to argue that it is highly likely to challenge the status quo at some future time. Robert Kagan, Senior Fellow at the Brookings Institution, notes that rarely have rising powers risen without sparking a major war that reshaped the international system to reflect new realities of power …. Germany’s rise after 1870, and Europe’s reaction to it, eventually produced World War I …. The British tried containment, appeasement and even offers of alliance, but never fully comprehended Kaiser Wilhelm’s need to challenge the British supremacy he both admired and envied. Japan’s rise after 1868 produced two rounds of warfare—first with China and Russia at the turn of the century, and later with the United States and Britain in World War II.

Mearsheimer and Kagan’s thinking underlies the point of view many China hawks embrace—that the only “realistic” U.S. policy is one that prepares “for the worst.” Under this paradigm, significantly increasing U.S. military bases and forces in the Asia Pacific to heighten military preparedness, coupled with diplomatically balancing Japan and India against China, would enable the United States to successfully defeat China in a future conflict.

However, this perspective is seriously challenged by other scholars of international relations for failing to take into account unique factors in China’s rise, including its acceptance of the U.S.-led international system, its limited security goals, its unwillingness to challenge the U.S. militarily, its focus on economic development, and its diplomatic approach of winning acceptance as a great power from other leading powers through peaceful means. Former U.S. national security advisor Zbigniew Brzezinski points out that

China is clearly assimilating into the international system. Its leadership appears to realize that attempting to dislodge the United States would be futile and that the cautious spread of Chinese influence is the surest path to global prominence …. [T]he Chinese leadership appears much more flexible and sophisticated than many previous aspirants to great power status.
The postwar “international system” described by Professor Brzezinski is not comparable to the imperial system, often cited by China hawks, in which Germany and Japan attempted to become great powers. The current system is characterized by openness, relatively free markets and principles of nondiscrimination that have allowed China to rapidly develop its economy as well as to assert international leadership. As Professor John Ikenberry of Princeton University points out, “leading states, most of them advanced liberal democracies, do not always agree, but they are engaged in a continuous process of give-and-take over economics, politics, and security.”13 By cooperating with international partners in an age of acknowledged “globalization,” China has acquired the ability to shape the policies and norms that govern global economic and security relations.

The postwar Western order, concludes Ikenberry, also “has a remarkable capacity to accommodate rising powers. New entrants into the system have ways of gaining status and authority and opportunities to play a role in governing the order.”14 Rather than seeking to overturn or displace the international order, China and other developing countries strive to obtain prestige and authority within this order.

**U.S. “hedging” strategy toward China and its consequences**

Based in large part on the views of China hawks, the U.S. government adopted a “hedging” strategy during the George W. Bush administration, so the United States would be prepared in the event China challenges its military dominance in the Asia Pacific. The Obama Administration has accelerated this approach. Although called “hedging,” a term that conveys prudence and reasonableness, this strategy now amounts to the military containment of China. It assumes the worst-case scenarios of China attacking Taiwan or acting aggressively toward the U.S. or its allies in Asia—and aims to ensure an overwhelming American military victory in response to those actions.

In practice, hedging has several components. First of all, it entails conducting close reconnaissance and surveillance of China. The U.S. Navy regularly sends warships up and down China’s coast, for the purposes of collecting maritime intelligence, reminding China of its relatively weak naval capabilities, and deterring any Chinese temptation to consider an attack on Taiwan. The U.S. Air Force similarly patrols China’s periphery, testing the readiness of China’s anti-aircraft defenses, while sending high-altitude planes for intelligence collection over sensitive military installations deep in China’s interior. Together with imagery from spy satellites, Air
Force patrols enable the Pentagon to closely monitor Chinese military activities and, particularly, its missile deployments.

A second important aspect of the U.S. hedging strategy has been strengthening American forces in the Asia Pacific, especially on the island of Guam. Numerous U.S. strategic assets—particularly long-range bombers, aircraft carriers, and submarines—have been deployed to the region, even while the Pentagon engages in a major, multi-year construction project to build facilities that will house large new contingents of soldiers, sailors and marines.\(^{15}\)

In the diplomatic arena, the Bush and Obama Administrations sought to bolster U.S. security relations with Japan largely for the purpose of containing China and preparing for a future military conflict. Washington and Tokyo have implemented agreements to ensure that U.S. forces can use Japan as a springboard for the defense of Taiwan in the event of a Chinese attack. U.S. and Japanese soldiers have exercised together and coordinated closely on military maneuvers in which Japan plays a vigorous supporting role in a potential U.S. armed response. More broadly, the U.S. has urged Japan to revise its constitution (imposed originally at American insistence) which currently restricts the activities of military forces to self-defense. With this legal change, Japanese forces would be able to range broadly through the Asia Pacific, assisting U.S. forces in the containment of China. Although China is not explicitly identified in official diplomatic communiqués as the driver for this U.S. policy, administration officials leave no doubt that their foremost concern is gaining greater Japanese help in countering China.

The Bush and Obama Administrations have also significantly improved U.S. security relations with India, which fought a border war with China in 1962. In careful negotiations over several years, the U.S. increased both the quality and quantity of sales to India of sophisticated weapons and technology with military applications, raising cooperation with India’s military to a historically unprecedented level. Importantly, the U.S. has removed obstacles to extensive civilian nuclear cooperation between the two countries, eliminating sanctions imposed by the Clinton administration for India’s test of a nuclear device in 1998.

**The Obama Administration accelerates U.S. hedging strategy**

In November 2011, the Obama Administration hardened the U.S. hedging policy against China in both word and deed. Secretary of State Hillary Clinton announced the shift in an article entitled “America’s Pacific Century” that she published in the widely read journal *Foreign Policy*. Clinton argued that as the U.S. winds down its involvement in the wars
in Iraq and Afghanistan, it should take a “strategic pivot” to Asia because “harnessing Asia’s growth and dynamism is central to American economic and strategic interests.” From a security standpoint, the U.S. would be “forging a broad-based military presence”:

The challenges of today’s rapidly changing region ... require that the United States pursue a more geographically distributed, operationally resilient, and politically sustainable force posture. We are modernizing our basing arrangements with traditional allies [Japan and South Korea] in Northeast Asia ... while enhancing our presence in Southeast Asia and into the Indian Ocean .... [A] more broadly distributed military presence across the region ... will provide a more robust bulwark against threats or efforts to undermine regional peace and stability.16

President Obama and Secretary Clinton rolled out the administration’s policy of accelerating the strategic encirclement of China during a week-long trip to Asia in early November 2011. Meeting with Australia’s prime minister, Obama announced that 2,500 marines would be deployed to the country’s northern territory for joint training and exercises as well as to give the U.S. Air Force increased access to bases close to the South China Sea. This agreement amounted to “the first long-term expansion of the American military’s presence in the Pacific since the end of the Vietnam War.”17 In his speech to the Australian parliament, Obama emphasized that the U.S. would establish a newly enhanced presence across the region through additional measures to strengthen alliances with Japan and South Korea while bolstering military cooperation with Thailand, the Philippines, Indonesia, Malaysia, Singapore, and India.18 Secretary Clinton flew to the Philippines where she dramatically stood on the deck of a U.S. guided missile cruiser anchored in Manila Bay, denounced China’s use of “intimidation” tactics to bolster its territorial claims in the South China Sea, and proclaimed joint efforts to expand the U.S.-Philippine military alliance.19

In June 2012, the Obama administration moved decisively to implement its “strategic pivot” toward Asia. Secretary of Defense Leon Panetta announced the U.S. would deploy 60 percent of all naval forces to the Pacific by 2020—six aircraft carriers and a majority of the Navy’s cruisers, submarines, destroyers and littoral combat ships. Panetta also sped up efforts to establish basing arrangements for U.S. forces in Vietnam, Thailand and the Philippines to “obtain a more extensive and persistent U.S. military presence” that would strengthen the strategic encirclement of China. The defense secretary expressed particularly great enthusiasm for a new U.S. presence at Vietnam’s Cam Ranh Bay, saying that “Access for U.S. naval ships into this facility is a key component of [the U.S.-Vietnam] relationship and we see a tremendous potential here.”20 Panetta’s remarks were especially striking since Vietnam is a communist country which bears responsibility for the deaths of nearly
60,000 American soldiers, sailors, airmen and marines during the Vietnam war, and has failed to account for approximately 1,700 MIAs.\textsuperscript{21}

Perhaps the most profound indication of new U.S. efforts to confront the “China threat” came in an administration decision leaked to the \textit{Washington Times} just as the President and Secretary of State left in November 2011 on the first leg of their Asia trip. For the first time, the Pentagon officially endorsed a new “Air Sea Battle Concept” (ASBC) that signaled a new “Cold War-style approach to China,” according to an unnamed senior administration official.\textsuperscript{22} The ASBC would create a new joint air-sea force designed to defeat China in the event of war. The elements of the ASBC strategy include: carrying out joint Navy, Marine Corps and Air Force “long-range penetrating strike operations” in mainland China; using Navy submarines to destroy Chinese air-defense systems to prepare the way for Air Force strikes; employing offensive mining by Air Force stealth and non-stealth bombers to support the Navy’s anti-submarine warfare campaign; and launching joint Navy and Air Force cyber-attacks on Chinese forces.\textsuperscript{23}

One retired Marine Corps officer, writing in the \textit{Armed Forces Journal}, noted the “highly escalatory” nature of the ASBC strategy:

Surely, given the nuclear weapons China possesses and its growing irregular warfare and economic assets, we should question very seriously any operational concept that requires extensive strikes on the Chinese mainland. A military confrontation with China would be the biggest national security challenge since World War II, yet [ASBC] advocates suggest it can be handled by just two of the four services. To the outside observer, this is astonishing; to the insider skeptic, it is absurd.\textsuperscript{24}

While both President Obama and Secretary Clinton used diplomatic language to describe the new policy of accelerating military efforts to contain China, U.S. newspapers correctly characterized their approach. “Countering China, Obama Asserts U.S. a Pacific Power,” read the headline of one story filed by Associated Press White House Correspondent Ben Feller.\textsuperscript{25} In essence, the Obama Administration’s “pivot” toward Asia amounted to endorsing and reinforcing the strategy articulated by Paul Wolfowitz in 1992—ensuring the continuation of U.S. primacy as the dominant power in the Asia Pacific for the indefinite future.

Australian strategist Hugh White, a former Australian senior defense official, was particularly blunt in assessing the significance of the administration’s new policy, when he told the \textit{New York Times}:

[The] importance of last week’s basing announcement [in northern Australia] lies in what it symbolizes about U.S. strategic aims in Asia …. America is determined to push back with all the instruments of American power against China’s challenge and remain the
unquestionable leading power in Asia .... Many believe America has no choice because the only alternative to U.S. primacy is Chinese hegemony. But is that right? Does America need to dominate Asia in order to stop China dominating it? Or could America balance and limit China’s power, while still allowing a rising China more space? Might there be a way to prevent Chinese hegemony and still avoid outright rivalry? We should start asking these questions now, because we are running out of time to answer them.26

American journalist and foreign policy expert Stephen Glain also offered a clear-eyed view:

Mr. Obama … seems now to be embracing a militarized policy with regard to China, the sinew of which is a global network of military bases that has changed little since the peak of the Cold War. Far from reducing its profile in Asia, the Pentagon has been quietly … building up forces on the United States territory of Guam, a far-reaching strategic enclave in the Pacific …. Washington justifies its Pacific buildup by citing China’s increasingly menacing claims on the region’s contested waterways. But there has been no serious American-led [diplomatic] effort to resolve such disputes …. Indeed, America’s top diplomat has become the chief civilian advocate for military answers to diplomatic challenges.27

For his part, former National Security Council senior director for Asian Affairs Michael Green, now a professor at Georgetown University, noted the Obama Administration’s abrupt change from its earlier view of China and suggested this shift was driven at least in part by domestic politics during a presidential election year:

In 2009, Obama’s message for Asia emphasized a concert of power with Beijing based on mutual respect for each other’s ‘core interests,’ ‘strategic reassurance’ and an elevated strategic and economic dialogue. The reality is that U.S. strategy toward China will by necessity be a mix of concert of power and balance of power—engaging and hedging. But this is better done quietly and consistently rather than swinging from one to the other. The political desire to score big points in domestic U.S. media may have blinded the White House to Theodore Roosevelt’s famous maxim that the United States should ‘speak softly and carry a big stick’.28

**U.S. military clashes with China**

Since the Bush administration, when the U.S. first adopted a hedging policy toward China, U.S. and Chinese military forces have clashed several times
in the vicinity of the South China Sea. Each of these worrisome and, in some cases, little reported incidents arose from China’s response to close-in surveillance and intelligence gathering by the U.S. Navy and Air Force. In April 2000, a Chinese interceptor jet collided with a U.S. Navy EP-3 surveillance aircraft near China’s coast. The EP-3 then made an emergency landing on China’s Hainan Island. The tense ten-day standoff that followed was ultimately resolved through China’s return of the 24-member crew and a U.S. “expression of regret and sorrow” both for the death of the Chinese pilot and for entering Chinese air space without prior clearance. China treated the U.S. statement as an official apology but the U.S. indicated “we did not do anything wrong, and therefore it was not possible to apologize.”

In March 2009, Chinese vessels and aircraft harassed a U.S. Navy surveillance ship, the *Impeccable*, about 75 miles from Hainan Island, while it monitored submarine activity near a new base for Chinese nuclear submarines and advanced warships. A Chinese Navy frigate crossed the *Impeccable*’s bow at close range and Chinese aircraft conducted 11 low-altitude flyovers. Five Chinese vessels subsequently shadowed the *Impeccable* and two of them came within 50 feet before the *Impeccable* left the area. Following the incident, the U.S. condemned the “unprofessional maneuvers by Chinese vessels” and formally protested that the ship was operating in international waters. China questioned the accuracy of the U.S. complaint and later claimed that the *Impeccable*’s activities constituted “preparation of the battlefield.”

In March and May of 2009, a patrol vessel operated by the Chinese Bureau of Fisheries confronted another U.S. Navy surveillance ship, the *Victorious*, while it cruised approximately 120 miles off China’s coast in the Yellow Sea. The U.S. vessel operated within China’s 200 mile “exclusive economic zone” (EEZ), an area where China has the exclusive right to explore and use marine resources, including oil and gas deposits, under the Law of the Sea. The Chinese patrol boat illuminated the *Victorious* with high-powered spotlights and a Chinese maritime surveillance aircraft conducted 12 low-altitude flybys before other Chinese vessels came within about 100 feet of the U.S. Navy ship in heavy fog, as it was leaving the area.

The clashes between U.S. and Chinese naval vessels since 2001 have two major causes. First, China regards the “Cold War-type surveillance operations” that the U.S. routinely conducts along the full length of China’s Coast as “gravely threatening,” according to Professor Lyle Goldstein of the U.S. Naval War College and former director of the China Maritime Studies Institute there. Goldstein writes that “dangerous interactions between U.S. and Chinese aircraft and vessels have become the norm, and one life has already been lost, in the April 2001 surveillance-plane incident . . . .”
China’s increasing desire to protect its coasts and the maritime routes on which its economy heavily depends now “conflict with ever more aggressive and intrusive U.S. military intelligence probes,” in the view of maritime policy expert Mark Valencia of the Nautilus Institute. Since extensive U.S. intelligence gathering is a critical part of the U.S. strategy for containing China, Valencia predicts that “it seems inevitable that the warships, submarines, and military aircraft of the two countries will increasingly encounter and possibly confront each other in and over the South and East China seas.”

Lyle Goldstein rejects as “disingenuous” U.S. claims that China’s opposition to U.S. military surveillance activities in the South China Sea threatens “freedom of navigation”:

In fact, such U.S. surveillance activities all along China’s coasts are excessive to the point of seriously disrupting the bilateral relationship and should thus be decreased, especially if linked to concrete progress on Chinese military transparency.

The intelligence benefits of the these activities (which could most likely be obtained by less provocative means) are not worth the political costs, which include aggravating Chinese nationalism to a high degree. . . . [These activities] remind Chinese on a regular basis of past humiliations related to ‘gunboat diplomacy.’ Bold decisions from Washington on this issue are now required.

A second factor contributing to clashes between U.S. and Chinese military forces near China’s coast is differing interpretations of the rights of states under the United Nations Convention on the Law of the Sea, which 161 countries and the European Community have thus far joined. Although the Law of the Sea established “exclusive economic zones” extending 200 miles off the shores of coastal states, China and the United States sharply dispute the rights of foreign states to carry out military activities within the EEZs. China argues that military activities conducted without consent that involve intelligence gathering, surveys and hydrography (mapping the ocean floor) are illegal because they show hostile intent and violate the Convention’s core principle that EEZs shall be used for peaceful purposes. The United States, one of a handful of countries which signed but has not ratified the Law of the Sea, argues to the contrary that military activities of this kind are not “hostile” and therefore do not violate international law.

This unresolved dispute over legal requirements contributes to an atmosphere of uncertainty, confusion and ambiguity that allows potentially dangerous confrontations between U.S. and Chinese forces to continue. As China experts Michael Swaine of the Carnegie Endowment and M. Taylor Fravel of MIT point out:
While many outside observers regard China’s physical challenges to U.S. or other foreign military surveillance activities within China’s EEZ as a highly significant indication of increased assertiveness, from Beijing’s perspective, such activities constitute a legitimate and understandable reaction to what is perceived as hostile behavior. Equally significant, China’s more aggressive challenges in recent years were apparently prompted by increases in the tempo and intrusiveness of U.S. surveillance activities within China’s EEZ in response to the ongoing modernization of China’s naval forces. According to Chinese sources, Beijing repeatedly requested that Washington cease such increasing activities, apparently to no avail.\textsuperscript{35}

One of the most disconcerting aspects of the ongoing friction between the U.S. and China over coastal surveillance and intelligence gathering is that the problem is highly likely to become worse because of rapid advances in technology. The U.S. is now far ahead in an arms race to develop a variety of maritime drones—crewless vessels and submarines—that promise to be more effective and less detectable surveillance “platforms” than those currently in use. Together with satellites, high-altitude reconnaissance aircraft like U-2s, ocean surveillance ships and aerial drones, the new unmanned surface vessels and unmanned underwater systems that are under development will increase the U.S. ability to sense and dominate what the Pentagon terms the “battlespace.” Mark Valencia of the Nautilus Institute sums up the greater risk of confrontation that will arise as nations deploy the new technologies:

The situation is presently beyond international control. Thus, continued intrusive probes are likely to generate frustration and resentment that may translate into the forcible halting of such ‘intrusions’ when and if detected. The scale and scope of maritime and airborne intelligence collection activities are likely to continue to expand rapidly in many countries, involving levels and sorts of activities quite unprecedented in peacetime. They will not only become more intensive; they will generally be more intrusive. Indeed, stepped up drone-missions may even be considered a prelude to impending warfare. They will generate tensions and more frequent crises; they will produce defensive reactions and escalatory dynamics; and they will lead to less stability in the most affected regions, especially in Asia.\textsuperscript{36}

**U.S. engagement with China on security issues**

The U.S. has also pursued “engagement” with China on two major international security issues during the past 15 years: countering global terrorism and ending North Korea’s nuclear weapons program.