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Overview

**Pursuing Global Reach:
China's Not So Long March toward Preeminence**

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EXECUTIVE SUMMARY

This chapter analyzes the progression of China's efforts to expand its global reach in ways that will challenge U.S. primacy.

MAIN ARGUMENT

China has undergone a dramatic transformation in recent decades. Its growing national power will enable the country to eventually challenge the unipolar status enjoyed by the U.S. since the end of the Cold War. This change has occurred over three distinct phases. The first, beginning with Deng Xiaoping's consolidation of power in 1978 and lasting until the end of the Cold War in 1991, laid the foundation for China's economic modernization. From 1991 to 2008, the country built on this progress through a series of muscular state-controlled reforms that led to its entry into the WTO. The third phase, beginning with the 2008 financial crisis and continuing to the present day, has confirmed China's drive to establish itself as a global power and become a peer of the U.S.

POLICY IMPLICATIONS

- Beijing possesses a clear vision and deliberate strategy for recovering the centrality that it once enjoyed in Asia, and these efforts have put it on track to become a peer competitor of the U.S.
- The principal task of U.S. grand strategy going forward must be to prevent China from displacing the U.S. as the primary security provider in Asia and supplanting it as the most important global power.
- A sensible U.S. strategy toward this end will emphasize penalizing China's exploitative economic practices while protecting globalization, strengthening U.S. alliances by reducing trade conflicts with allies, and sustaining military modernization to emphasize effective power projection.

Pursuing Global Reach: China's Not So Long March toward Preeminence

Ashley J. Tellis

Forty years after Deng Xiaoping launched his epochal reforms in 1978, the results are as remarkable as they are obvious: China is now the great power that Mao Zedong could only have dreamt about. Within the space of a few decades, China has transformed itself from a predominantly agricultural economy into a manufacturing powerhouse, whose southern provinces were once described by the *Economist* as “the contemporary equivalent of 19th century Manchester—a workshop of the world.”¹ This success in manufacturing has been complemented by impressive achievements in agriculture: having rid itself of communal farms thanks to Deng’s reforms, China today is one of the world’s largest producers of cereals, meat, and vegetables, demonstrating remarkable productivity growth that has enabled it to feed 22% of the world’s population with merely 7% of the arable land.²

China’s capacity for innovation too has impressively kept pace with its other accomplishments. From starting out as a reproducer of technology developed elsewhere, China today can hold its own where developing advanced technologies indigenously is concerned: its scientific publications,

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¹ “The Pearl River Delta: A New Workshop of the World,” *Economist*, October 10, 2002.

² Colin A. Carter, “China’s Agriculture: Achievements and Challenges,” University of California, Giannini Foundation of Agricultural Economics, ARE Update, May/June 2011, 5–7, https://s.giannini.ucop.edu/uploads/giannini_public/42/47/42478f51-6d6a-4575-8dae-d88e2dcf174f/v14n5_2.pdf.

patenting activity, and R&D expenditures, when examined comparatively, suggest that China is well positioned to make the transition from an industrial- to a knowledge-based economy in the future.³

And perhaps in the most startling shift, China has now increasingly become a major global financier, especially for infrastructure. Although the country has achieved this status due to concerted state policy that exploits its national achievements of being the world's biggest saver and the repository of the largest foreign currency reserves, it is nonetheless remarkable that China today routinely exports more capital (even if mainly to overseas Chinese firms) than it imports annually. As one recent report succinctly summarized this metamorphosis, "China has become the world's largest development bank....[T]he China Development Bank and the Export-Import Bank of China now provide as much financing to developing countries as the World Bank does."⁴

These examples illustrate but do not exhaust the extent of the transformation that China has undergone in recent decades, a change that is often summarily conveyed by China's dramatic double-digit growth rates during most of the reform era. To be sure, each of the major sectors of the Chinese economy still has its weaknesses—often conspicuous—but even these shortcomings, singularly or collectively, do not undermine the fact that China's economic growth and the structural alterations that it has stimulated have been nothing short of breathtaking. These shifts have enabled China to expand its economic, political, and strategic reach in ways that were not foreseen 40 years ago.

Yet it is this very success that China, its neighbors, and the United States must now reckon with. This task is inescapable because China's economic renovation has not remained confined to the commercial dimension alone. Rather, like all great powers before it, China is utilizing the fruits of its expanding economic strength to alter the character of the global political system itself, with particular consequences for the distinctive unipolar status enjoyed by the United States since the end of the Cold War. While the possibility of systemic change is serious—and therefore must be considered carefully by Washington—it is likely that the fullest manifestations of this transformation are still many years, possibly even decades, away. The building blocks that presage such change, however, are steadily falling in place contemporaneously, sometimes being erected consciously by deliberate

³ *Evolution of China's Innovation Performance, 2000–2013* (Luxemburg: European Commission, 2015), https://ec.europa.eu/research/innovation-union/pdf/evolution_of_china_innovation_performance.pdf.

⁴ Kevin P. Gallagher, "Opinion: China's Role as the World's Development Bank Cannot Be Ignored," National Public Radio, October 11, 2018, <https://www.npr.org/2018/10/11/646421776/opinion-chinas-role-as-the-world-s-development-bank-cannot-be-ignored>.

Chinese strategy while at other times emerging inadvertently because of China's growing material capabilities.⁵

This volume in the *Strategic Asia* series, *China's Expanding Strategic Ambitions*, assesses several dimensions of Chinese activity that are contributing toward the transformation of the international system. Through a combination of regional and functional studies encompassing different aspects of Chinese interests, the book as a whole documents the current state of China's evolution as a great power. Each chapter carefully examines China's motivations as well as its activities in the area in question to provide a forward-looking assessment of how the country has begun to shape its wider environment in ways that were unimaginable even a few years ago.

When Beijing irrevocably moved away from its revolutionary past—at the 3rd Plenary Session of the 11th Central Committee of the Chinese Communist Party (CCP) in December 1978—it appeared as if the then stated ambition to “make China a modern, powerful socialist country before the end of the century”⁶ was yet another vision that could have been waylaid by the vagaries of domestic and international politics, just as easily as Mao's own vision of building a revitalized Chinese state had been up to that point. But China's fortunes held robustly partly because of favorable international developments, varying U.S. preoccupations, helpful features of U.S. state-society relations, and Beijing's own deliberate behavior, all of which combined in diverse ways at different points in time to aid China's rise as a genuine great power. The process of coming to terms with this new reality has been hesitant and confused in the United States, partly because China's own strategic evolution has been gradual and sometimes difficult to discern, except in retrospect. But looking backward, there have been three distinct phases: consolidating within while seeking peace without (1978–91), accelerating global integration while preparing for new great-power threats (1991–2008), and claiming trusteeship of globalization while asserting international leadership (2008–present).

1978–91: Consolidating Within While Seeking Peace Without

The first phase, which began with Deng's consolidation of power in December 1978 and lasted until the end of the Cold War in December 1991, laid the foundation for China's resurgence as a global power. For most of this

⁵ For a useful overview of the question of what replaces unipolarity, see Laris Gaiser and Igor Kovač, “From Bipolarity to Bipolarity: International Relations Repeating Again,” *Journal of Global Policy and Governance* 1, no. 1 (2012): 49–63.

⁶ Cited in Peter Nolan, *China's Rise, Russia's Fall: Politics, Economics and Planning in the Transition from Stalinism* (London: Macmillan, 1995), 162.

period, Chinese grand strategy, overseen personally by Deng, was oriented toward overcoming the cataclysms of the Maoist era in order to secure the acquisition of “comprehensive national power.”⁷ This effort embodied a rejection of Mao’s excesses—in particular, his violent and convulsive domestic politics, his destructive collectivization of the economy, and his attempted subversion of the international order by supporting armed revolutions worldwide.

However dramatic Deng’s shift away from this traditional Maoist agenda may have been, it was not intended to renounce Mao’s fundamental bequests to China: the creation of a unified state from the detritus of both the Qing Dynasty and the Nationalist regime that preceded the Communist Revolution; the primacy of the CCP as the sole ruling entity in the nation; and the recovery of China’s centrality to international politics by carefully exploiting the opportunities and contradictions inherent in the existing international system.⁸

In order to realize Mao’s core ambitions, Deng’s internal reforms traded Mao’s obsession with equality to focus consciously on rebuilding Chinese power through the “four modernizations” intended to transform China’s agriculture, industry, science and technology, and the military in that order.⁹ The importance of concentrating on agriculture first was self-evident because it was the source of employment for the majority of the Chinese population. Mao’s collectivization program had yielded a dreadful record in terms of productivity, and hence agricultural reform was critical in order to spur income growth that would spread to the larger economy. Increasing agricultural productivity was also vital to enable surplus labor to move out of subsistence farming and be eventually absorbed by the industrial sector, which was similarly slated for modernization through organizational and price reforms.

Deng’s revolutionary initiatives consisted of replacing Mao’s agricultural communes with household-based private production, coupled with modest reforms of state-owned industries, which were, among other things, now permitted to produce goods for private markets over and above what was owed to the state. These reforms, supplemented by the introduction of private businesses for the first time in Communist China, were indeed pathbreaking. When linked to the preliminary opening of the country to

⁷ For an overview, see Ashley J. Tellis, “China’s Grand Strategy: The Quest for Comprehensive National Power and Its Consequences,” in *The Rise of China*, ed. Gary J. Schmitt (New York: Encounter Books, 2009), 25–51, 159–60.

⁸ Jian Chen, *Mao’s China and the Cold War* (Chapel Hill: University of North Carolina Press, 2001), 1–15.

⁹ The origins and evolution of this program up to Deng Xiaoping are usefully reviewed in Lai Sing Lam, *The International Environment and China’s Twin Models of Development* (Oxford: Peter Lang, 2007), 1–130.

foreign trade—primarily through the creation of special economic zones in the coastal areas—the door was opened for the industrial and technological modernization that would change the face of China’s economy forever.¹⁰

In retrospect, these early reforms seem quaintly conservative, but against the backdrop of the Maoist inheritance, they were revolutionary. Although they mainly involved initial efforts at introducing China to the market rather than comprehensive economic liberalization—for example, land, capital, important state-owned enterprises (SOEs), and key natural resources were still controlled by the CCP—the changes proved sufficient to shift China’s economic growth upward for the first time since the establishment of the People’s Republic. By so doing, China began the process of lifting millions of people out of poverty and creating the foundation for further reforms.

Despite the benefits of increased growth, Deng’s reforms created two unsettling outcomes. The economic dislocations caused by the shift to a partial market system created new forms of corruption and incited inflation of a kind that was unfamiliar in the previously planned economy. Among the newly wealthy in the urban areas, economic liberation also provoked aspirations for some political freedom. Managing these challenges in the face of a conservative backlash would tax Deng’s political acumen, but his task was eased by the changes in the international environment that had occurred since the normalization of U.S.-China relations in 1979.

During the early phase of Deng’s reforms, the Soviet Union remained the biggest national security threat. The U.S. rapprochement with China, however, which began with President Richard Nixon’s historic visit to Beijing in 1972, permitted China for the first time to tacitly ally with the United States to keep its northern rival in check. During Deng’s 1979 visit to the United States, a few weeks after U.S.-China relations were formally restored, the Chinese leader urged Washington to consider greater cooperation in dealing with the Soviet danger, including reducing the prohibitions that limited China’s access to arms and advanced technologies from the United States.¹¹

The later intensification of the Cold War with the Soviet Union, during President Ronald Reagan’s term in office in the United States, aided China further: it reduced the pressure on China’s landward border as U.S.-Soviet competition focused once again on Europe and increasingly the Third World; it led to modest adjustments in U.S. arms export policies that enabled China for the first time to acquire U.S. weapon systems or components; it increased the crushing burdens on the Soviet economy at exactly the time when its productive foundations were in growing disrepair; and, finally, it created a

¹⁰ Jan S. Prybyla, “China’s Economic Experiment: From Mao to Market,” *Problems of Communism*, January 1986, 21–38.

¹¹ Jonathan Steele, “America Puts the Flag Out for Deng,” *Guardian*, January 30, 1979.

favorable environment for Beijing because the resurgence of the United States under Reagan and the restructuring of the U.S.-Japan alliance also increased the strategic pressure on the Soviet Union along its eastern periphery.

Deng's own approach to foreign policy aided the goals of Chinese economic modernization immensely. By following a sober approach that would later be summarized as the "24-character strategy"—"Observe calmly; secure our position; cope with affairs calmly; hide our capacities and bide our time; be good at maintaining a low profile; and never claim leadership"—Deng consciously sought to create the political space that would allow China to pursue its internal economic modernization without the distraction of external entanglements, to the degree possible.¹² This did not imply China's withdrawal from the world. Far from it. China jealously guarded its prerogatives at all times and did not hesitate to use force when it was perceived to be necessary. On this score, Deng held fast to the traditional Chinese preference for using demonstrative force to protect its national interests, a policy that often took the form of a "first strike in the last resort."¹³

Thus, for example, Deng would personally oversee—early in the reform period—the punitive war with Vietnam in 1979. And again under his leadership, China came close to a border confrontation with India in 1987. But these were generally exceptions: the former was intended to punish a Soviet proxy that had grown too ambitious and threatening in Chinese eyes, whereas the latter was intended to signal China's willingness to protect its claims along a disputed border. Both episodes were important, however, because they indicated the limits of Chinese restraint, even when economic restructuring was otherwise the main priority. The war with Vietnam suggested that China would not hesitate to use preemptive force whenever necessary to punish troublesome local challengers, thereby underscoring its vision of what constitutes good hierarchical order in Asia.¹⁴ The border crisis with India, in addition, highlighted that Beijing remained resolutely committed to completing its agenda of "national reunification" involving unsettled borders, even as it pursued the difficult tasks of restructuring the domestic economy.¹⁵ In other words, reintegrating those territories that China viewed as lost over

¹² The rough translation of Deng's aphorism is taken from Bradley A. Thayer and John M. Friend, "The China Threat and What the U.S. Should Do about It," Strategy Bridge, August 1, 2017, <https://thestrategybridge.org/the-bridge/2017/8/1/the-china-threat-what-the-us-should-do-about-it>.

¹³ For a useful discussion, see Mark Burles and Abram N. Shulsky, *Patterns in China's Use of Force: Evidence from History and Doctrinal Writings* (Santa Monica: RAND Corporation, 2000).

¹⁴ For a useful overview, see King C. Chen, *China's War with Vietnam, 1979: Issues, Decisions, and Implications* (Stanford: Hoover Institution Press, 1987).

¹⁵ V. Natarajan, "The Sumdorong Chu Incident," October 12, 2006, <https://www.bharat-rakshak.com/ARMY/history/siachhen/286-Sumdorong-Incident.html>.

time, including during the “century of national humiliation,” remained a political priority, although Deng’s policies naturally pursued “peaceful” solutions whenever possible.¹⁶

While the incidents involving Vietnam and India suggest that China did not renounce the threat or the use of demonstrative force when necessary, the persistence of Beijing’s justificatory locution in both cases—“to teach a lesson”—highlighted the critical assumption in Chinese geopolitics, namely, that respect for China’s centrality in Asia was necessary for peace.¹⁷ Under Deng, however, China preferred that its neighbors reach this conclusion independently without having it forced on them. Hence, the country was careful throughout this first phase of its strategic resurgence to avoid making excessively assertive international behavior the central feature of its grand strategy. Deng recognized all too clearly that although China enjoyed many of the formal prerogatives of great-power status during this time, it lacked the material capabilities that invariably distinguish true great powers from the pretenders. Rebuilding the foundations that remained weak throughout the Maoist era was thus the fundamental priority, and China needed a period of relative peace both within and outside its frontiers to achieve this aim.

Consequently, Deng was adamant that China not only must “hide” its power and “bide” its time so as not to unnerve its neighbors while building up national power, but it also must refuse to “claim leadership” in any way that would force it to make hard choices that could alienate bystanders and competitors. Instead, China was to look predominantly within, patiently building its strength until its material capabilities changed so fundamentally that a transformed international status became inevitable. Because a pacific external environment was essential for achieving this outcome, force had to be used only when necessary, and even then economically, in order to advance the fundamental aim of the authoritarian party-state: holding on to power while successfully completing China’s resurgence. Consistent with this calculus, Deng did not shy away from using force against his own people at Tiananmen Square in 1989. Faced with thousands of young Chinese protesting corruption and yearning for greater political freedoms, he ordered the People’s Liberation Army (PLA) to violently suppress the uprising.¹⁸

That this event occurred barely a decade after Deng’s economic reforms had begun confirmed that he remained true to the core of the

¹⁶ See the discussion in Peng Guangqian, “Deng Xiaoping’s Strategic Thought,” in *Chinese Views of Future Warfare*, ed. Michael Pillsbury (Honolulu: University Press of the Pacific, 2002). Consistent with this approach, China, for example, successfully pressed Portugal to return Macau in 1999.

¹⁷ Aaron L. Friedberg, “The Sources of Chinese Conduct: Explaining Beijing’s Assertiveness,” *Washington Quarterly* 37, no. 4 (2015): 133–50.

¹⁸ For details, see Timothy Brook, *Quelling the People* (Stanford: Stanford University Press, 1999).

Maoist project: China would overcome its perennial struggle against chaos only through maintaining an authoritarian hierarchical order at home.¹⁹ While an “embedded” economic liberalization was now necessary to buttress the foundations of this hierarchy, it could never be permitted to extend into anything that implied the genuine consent of the governed—which would only be an invitation to the return of anarchy.

This vision of hierarchy as necessary for domestic peace, which incidentally is deeply rooted in a prerevolutionary Chinese political tradition, also nourished the traditional Chinese conception of what constituted good political order internationally: namely, the analogical recreation of a hierarchical system with China at the apex (or at the core).²⁰ This version of *Pax Sinica*, harkening back to the regional order associated with imperial China in Asia, was beyond the reach of Deng’s China in the first phase of the reform period. However much Deng appeared to reject this goal by his insistence that China must “never claim leadership,” events both during Deng’s tenure and thereafter would confirm that such abdication was only temporary and instrumental. The demand for respect accorded to China’s standing, centrality, and power by others was fundamentally nonnegotiable, and as China increased in capabilities in the decades after Deng, the notion of China as the arbiter of good order in international politics would prove hard to eradicate from its strategic consciousness.²¹

In any event, the catalyzing event at Tiananmen Square would take Chinese leaders in two different but complementary directions. On the one hand, they invested heavily in enhancing their internal security capabilities to free up the PLA from having to prosecute that role.²² On the other hand, they reaffirmed the rejection of genuine liberalization within China in favor of promoting a new social contract whereby public acquiescence to the CCP’s lock on power would derive increasingly from the dissemination

¹⁹ This theme has been explored systematically in Michael Swaine and Ashley J. Tellis, *Interpreting China’s Grand Strategy: Past, Present and Future* (Santa Monica: RAND Corporation, 2000), 9–20; and more recently in Sulmaan Wasif Khan, *Haunted by Chaos: China’s Grand Strategy from Mao Zedong to Xi Jinping* (Cambridge: Harvard University Press, 2018).

²⁰ Yongjin Zhang, “System, Empire and State in Chinese International Relations,” *Review of International Studies* 27, no. 5 (2001): 43–63. See also the penetrating analysis in Christopher A. Ford, *The Mind of Empire: China’s History and Modern Foreign Relations* (Louisville: University Press of Kentucky, 2010).

²¹ Yang Jiechi, China’s then foreign minister, underscored this expectation brutally when during an angry 2010 encounter with his ASEAN counterparts in Hanoi he declared, “China is a big country and you are small countries and that is a fact”—implying that power, more than rectitude, constituted the simple measure by which right was to be judged. Tom Mitchell, “China Struggles to Win Friends over South China Sea,” *Financial Times*, July 13, 2016.

²² Murray Scot Tanner, “The Institutional Lessons of Disaster: Reorganizing the People’s Armed Police after Tiananmen,” in *The People’s Liberation Army as Organization*, ed. James Mulvenon (Santa Monica: RAND Corporation, 2002), 587–635.

of economic prosperity and a modicum of expanded personal—but not necessarily political—freedoms.²³

The United States was a helpful accomplice during this first phase of China's return to center stage: its active deterrence of Soviet power created the conducive regional environment that permitted Deng to focus on economic transformation rather than military modernization as a first priority. Washington watched the progress of the “four modernizations” with great interest, convinced that U.S. objectives vis-à-vis the Soviet Union would be better supported by a more capable China.²⁴ The continuing ambivalence about China as a Communist state, however, prevented Washington from rushing in to ambitiously arm China or even assist vigorously with Deng's economic transformation, but modest initiatives too would nevertheless have outsize effects in time. Thus, for example, the early U.S.-China scientific exchanges had a beneficial impact on Beijing's technological advancement, including arguably in its nuclear weapons program.²⁵ The same was true on the commercial side as American business—a prominent actor in U.S. state-society relations at this time—constantly looked for better opportunities to penetrate the Chinese market. These would appear most consequentially in the next phase of China's evolution.

The massacre at Tiananmen Square, however, complicated relations in the interim. It provoked widespread revulsion among political elites in the United States and led to the suspension of the modest military technology cooperation with China that had begun earlier in the 1980s. Although the suspension of these military sales has survived to this day, the hiatus in U.S. economic and diplomatic intercourse with China was short-lived.²⁶ Hence, by the time the first phase of China's strategic reorientation ended with the conclusion of the Cold War, U.S.-China relations were poised for a great leap forward, with the dramatic consequences that have now come to challenge the United States.

²³ Tellis, “China's Grand Strategy,” 30.

²⁴ For a detailed overview, see *China under the Four Modernizations: Selected Papers Submitted to the Joint Economic Committee, Congress of the United States* (Washington, D.C.: U.S. Government Printing Office, 1982).

²⁵ For a useful overview, see Zuoyue Wang, “U.S.-China Scientific Exchange: A Case Study of State-Sponsored Scientific Internationalism during the Cold War and Beyond,” *Historical Studies in the Physical and Biological Sciences* 30, no. 1 (1999): 249–77. The impact of U.S.-China technical exchanges on China's nuclear weapons program is referred to, albeit controversially, in the *U.S. National Security and Military/Commercial Concerns with the People's Republic of China* (Washington, D.C.: U.S. Government Printing Office, 1999).

²⁶ See Robert L. Suettinger, *Beyond Tiananmen: The Politics of U.S.-China Relations 1989–2000* (Washington, D.C.: Brookings Institution, 2003), chs. 2–4.

1991–2008: Accelerating Global Integration While Preparing for New Great-Power Threats

The end of the Cold War transformed the international environment in dramatic ways, not least of all for China. The dissolution of the Soviet Union removed China's most immediate security threat, freeing it from the ancient historical nightmare of having to protect its longest and most vulnerable northern border. The elimination of this landward peril would permit China in time to once again shift its strategic gaze toward its maritime frontiers. The disappearance of the Soviet Union should thus have been enormously reassuring for Beijing—and it was, but for three other challenges.

First, the demise of the Soviet Union—a major pole in global politics—reminded the CCP of both the brittleness of authoritarian regimes and the perils of possessing a weak economy. Both dangers applied to China in distinctive ways, and the Chinese leadership spent the first few years after 1991 thinking seriously about what must be done to avoid a similar crisis from engulfing China.²⁷

Second, the debacle at Tiananmen Square reminded Chinese leaders that the problems of legitimacy had not yet been resolved in any lasting fashion. Although economic reforms had increased prosperity, the corruption, social dislocation, and personal grievances that materialized in their wake had to be addressed or else the CCP's control on power in China itself would be jeopardized. Tiananmen, in fact, was a painful reminder that the disappearance of the Soviet Union did not imply the disappearance of threats to the Chinese state, merely their mutation in form and direction.²⁸

Third, and perhaps most importantly, the collapse of the Soviet Union highlighted for China that the United States had indeed survived as the triumphant victor of the Cold War. Although Washington and Beijing had nurtured a rapprochement in the decade before the Soviet meltdown, the CCP leadership was always conscious of the fragility of this entente. In Chinese eyes, the United States was always a liberal imperial power—now it was an unrestrained one.²⁹ It had threatened China at various points historically, most recently by penalizing it through punitive sanctions after the Tiananmen Square massacre. With the Soviet Union now out of the way, China had to prepare to face the United States largely alone.

²⁷ David Shambaugh, *China's Communist Party: Atrophy and Adaptation* (Berkeley: University of California Press, 2008).

²⁸ *Ibid.*

²⁹ For an insightful analysis, see David Shambaugh, *Beautiful Imperialist: China Perceives America, 1972–1990* (Princeton: Princeton University Press, 1991).

Furthermore, Washington's zeal to expand the liberal international order, which appeared triumphantly uninhibited, given the U.S. victory in the Cold War, threatened to undermine Chinese interests in multiple ways. The expansion of institutions such as NATO would amplify the United States' military reach. The promulgation of new international doctrines such as the "responsibility to protect" would threaten China by undermining the traditional notion of sovereignty. And the adoption of "peaceful evolution" as the new goal of U.S.-China relations—meaning the desire to encourage China's transformation into a fully democratic state—would dangerously undercut the CCP's ambition to hold on to power in perpetuity.³⁰

All told, then, the end of the Cold War brought China vital relief from the long-standing Soviet peril. But it also promised significant new dangers to China's authoritarian regime from both within and without at a time when its economic reforms were incomplete, its material deficiencies in national power were conspicuous, and its military forces were astoundingly obsolete—a fact that was driven home for Chinese leaders by the decisive U.S. victory over Iraq in 1991.³¹

China responded to this concatenation of challenges in multiple ways that would further enhance its national power. Recognizing that domestic discontent had to be addressed resolutely for the future benefit of the CCP, Chinese leaders attempted to resolve the problems of corruption and social dislocation through a combination of party reform, more stringent state supervision over society, and most significantly, a new emphasis on resurrecting nationalism at the state, societal, and ideological levels as a means of preserving social control.³² Nationalism, in effect, now came to supplement the older emphasis on increasing material prosperity as a device for ensuring stable and permanent CCP rule.

As a complement to nationalism, expanded economic reform received renewed attention. After Deng undertook his famous "southern tour" in 1992 (after his formal retirement), the floodgates of economic reform burst open. As Barry Naughton summarized this period, "beginning in 1993, a series of muscular reform policies were adopted that departed in virtually all aspects

³⁰ Joseph Yu-shek Cheng, "China's Foreign Policy in the Mid-1990s," Centre for Asian Pacific Studies (CAPS), CAPS Working Paper Series, no. 28, 1995, <http://commons.ln.edu.hk/cgi/viewcontent.cgi?article=1077&context=capswp>.

³¹ David Shambaugh, *Modernizing China's Military: Progress, Problems, and Prospects* (Berkeley: University of California Press, 2002), 69–74.

³² Suisheng Zhao, "Chinese Nationalism and Pragmatic Foreign Policy Behavior," in *Chinese Foreign Policy*, ed. Suisheng Zhao (New York: M.E. Sharpe, 2004), 66–88.

from the reform policies that characterized the 1980s.”³³ These reforms, in their essence, deepened the price liberalization and privatization that had begun earlier, enabled the corporatization of the SOEs to increase market responsiveness and profitability, introduced fiscal reforms that expanded central government revenues, rationalized the banking system by creating a central bank that oversaw all activities of commercial banks, and carefully expanded the foreign trade regime to enable increased FDI in support of export-oriented activities.³⁴ In time, these targeted trade reforms would serve as the mechanism for the transfer of advanced technology to China, while bequeathing both to the private entities involved and to the Chinese state large foreign-exchange earnings that could be put to other economic and political uses. This broadened, but still qualified, openness to foreign trade would set China on the path to becoming, within the decade that followed, the new manufacturing hub of the global economy.

That the post-1993 reforms represented a conscious effort to exploit globalization for rebuilding Chinese power is not in doubt. What is fascinating, however, is the extent to which the CCP still retained control over the market and directed even the newly privatizing activities within China toward the goal of strengthening state control and expanding national power. China was indeed recognizing the benefits of the market within and without, but it retained a fundamental suspicion about liberal notions of economic freedom.³⁵ Domestically, untrammelled economic liberalization could end up threatening CCP rule by compelling the state to let go of the critical resources it controlled and by empowering citizens who might demand political rights; internationally, expansive openness to the global economy could increase China’s vulnerability by exposing it to external volatility and by preventing the state from pursuing its agenda for maximizing national power. Consequently, China’s turn toward the market necessarily had to be circumscribed.

To the degree that markets increased wealth without subverting state control, they were to be encouraged because of the economic and political benefits they produced simultaneously.³⁶ Markets stimulated sharp increases in China’s growth rates, which had the effect of enlarging both personal prosperity and national wealth. Expanding personal well-being was critical to maintaining social stability and securing the support of the masses for

³³ Barry Naughton, “A Political Economy of China’s Economic Transition,” in *China’s Great Economic Transformation*, ed. Loren Brandt and Thomas G. Rawski (Cambridge: Cambridge University Press, 2008), 116.

³⁴ *Ibid.*, 116–19.

³⁵ For details, see Teresa Wright, *Accepting Authoritarianism: State-Society Relations in China’s Reform Era* (Stanford: Stanford University Press, 2010).

³⁶ Li Xing and Timothy M. Shaw, “The Political Economy of Chinese State Capitalism,” *Journal of China and International Relations* 1, no. 1 (2013): 88–113.

durable CCP rule. Controlled external integration had other benefits as well. It made China's manufacturing firms, which invariably started out as joint ventures with foreign counterparts, into export powerhouses that rapidly secured huge international market shares because of their ability to exploit China's lower-skilled labor costs while maintaining superior quality. This expansion contributed to the dramatic enlargement of China's state revenues, which in turn was used to support SOEs and their modernization. Finally, by making foreign companies important stakeholders in China's economic rise—by providing them regulated access to Chinese markets—Beijing acquired important agents of influence in major countries around the world, including and especially in the United States, where the system of government is particularly susceptible to being swayed by special interests.³⁷

Prior to China's 2001 accession to the World Trade Organization (WTO), for example, when China's admission to the U.S. market was dependent on an annual waiver that granted it normal trade relations, major U.S. corporations with large interests in China were invariably the strongest advocates of such exemptions. Through such a mechanism, which permitted Chinese goods entrée into the world's largest and wealthiest market, the United States became a de facto partner in assisting China's economic ascendancy. Recognizing the importance of this reality, Chinese policymakers came to rely on deeper economic integration with the United States as the means for increasing their own wealth and power, while simultaneously counting on the private benefits enjoyed by U.S. business and others in China to influence Washington in regard to actions that would advance Beijing's interests.

These efforts paid off decisively in 2000, when the United States finally granted China permanent normal trade relations (which then enabled it to join the WTO in 2001). As a result, the floodgates of U.S. investment in China were finally opened as American corporations, freed from the uncertainty associated with yearly waivers, decisively joined their European and Japanese counterparts in moving manufacturing on a large scale to China—with all the consequences for increased Chinese wealth and power that are now familiar.³⁸

Significantly however, China's responses to its immediate post-Cold War challenges—domestic discontent, economic fragility, and the prospect of new great-power rivalry—were not limited to the resurrection of nationalism and the acceleration of economic reform. They also extended more portentously to military modernization. At the end of the Cold War, the PLA was a bloated and antiquated force. The availability of new wealth, the persistent desire to complete national reunification, and the fear of new

³⁷ Aaron L. Friedberg, "Globalisation and Chinese Grand Strategy," *Survival* 60, no. 1 (2018): 7–40.

³⁸ David H. Autor, David Dorn, and Gordon H. Hanson, "The China Shock: Learning from Labor Market Adjustment to Large Changes in Trade," *Annual Review of Economics* 8, no. 1 (2016): 205–40.

external threats—primarily the United States with its ambitious liberal imperialism—all combined to stimulate a remarkable burst of military investments since 1991, with annual growth often in double digits.³⁹ This shift indicated that the lower prioritization of defense under Deng's four modernizations was finally over. The rush to acquire advanced combat systems from Russia, the increased allocation to domestic defense R&D, and the beginnings of the rejuvenation of the Chinese military as a whole implied that China was preparing to cope with emerging security threats, protect the gains associated with its ascendancy, and defend its historic claims all at the same time.

Even as this transformation in China's military posture was steadily occurring in the early 1990s, the country attempted to preserve a tranquil regional environment so as to sustain its economic growth without serious crises. Accordingly, it began negotiating agreements over its disputed borders and ultimately concluded them with most but not all of its rivals in Asia: the land borders with India remained unresolved, and the maritime boundaries with Japan and various Southeast Asian states remained a source of irritation.⁴⁰ Yet even as China focused on eliminating its terrestrial boundary problems—and the agreements with Russia and the Central Asian states were significant in this connection—it began to reassert expansive maritime claims, especially in the East and South China Seas. It did so partly for economic reasons and sometimes in reaction to usurpatory actions by the smaller regional states.⁴¹ These wrangles, however, soon provoked Chinese efforts at creating new facts on the ground. The earliest manifestation of this phenomenon involved new Chinese construction on Mischief Reef in 1994–95 despite protests by the Philippines. This development occurred against the backdrop of growing fears of Chinese power throughout Asia more generally.

Beijing, recognizing the dangers inherent in the consolidation of what it dubbed the “China threat theory,” attempted to pacify international concerns by “expropriating the language of the Clinton administration”⁴² to describe

³⁹ Richard A. Bitzinger, “China's Double-Digit Defense Growth,” *Foreign Affairs*, March 19, 2015, <https://www.foreignaffairs.com/articles/china/2015-03-19/chinas-double-digit-defense-growth>.

⁴⁰ For a useful overview, see Bruce A. Elleman, Stephen Kotkin, and Clive Schofield, *Beijing's Power and China's Borders: Twenty Neighbors in Asia* (Armonk: M.E. Sharpe, 2013); and Eric Hyer, *The Pragmatic Dragon: China's Grand Strategy and Boundary Settlements* (Vancouver: University of British Columbia Press, 2015).

⁴¹ For details, see the Hearing on China's Maritime Disputes in the East and South China Seas, U.S.-China Economic and Security Review Commission, Washington, D.C., April 4, 2013, <https://www.uscc.gov/sites/default/files/transcripts/USCC%20Hearing%20Transcript%20-%20April%204%202013.pdf>.

⁴² Susan L. Shirk, *China: Fragile Superpower* (New York: Oxford University Press, 2007), 107, cited in Yong Deng, “China: The Post-Responsible Power,” *Washington Quarterly* 37, no. 4 (2015): 117–32.

itself as a “responsible power.”⁴³ Although it did not receive much attention at the time, the invocation of “responsibility” actually confirmed the demise of the earlier “hide and bide” approach articulated by Deng. When coupled with the new emphasis on Chinese naval modernization that had become increasingly obvious by the mid-1990s—design work on China’s new ships, for example, had begun in the late 1980s, as had active planning for the acquisition of an aircraft carrier—the notion of China as a “responsible great power,” as even reputed American scholars began describing it, conveyed a different disposition from that associated with the “hide and bide” outlook.⁴⁴

The 1996 Taiwan Strait crisis, during which the United States deployed two aircraft carrier strike groups to waters near Taiwan in response to China’s coercive missile tests, gave China’s military modernization both a clear new direction and a heightened sense of urgency. The goal henceforth would be to modernize all China’s military forces—from the strategic nuclear deterrent at one end to conventional forces at the other—to successfully quell Taiwan’s *de jure* independence (or any other independence movements within China) quickly, while deterring any supporting foreign intervention.⁴⁵ This objective, in turn, would require Chinese military forces capable of rapidly defeating local challengers, be they internal secessionist movements or regional neighbors, while holding at bay any extraregional power, primarily the United States, from being able to come to their rescue. This new military direction was consolidated by the time Deng’s successor, Jiang Zemin, stepped down from office as general secretary of the Central Committee of the CCP in late 2002.

If the 1996 crisis provided the Chinese military with a new opportunity to demonstrate its utility in resolving pressing national security problems, the Asian financial crisis of 1997 provided China with an opportunity to exemplify the positive dimension of responsibility in protecting the regional order. By aiding its distressed neighbors at a time when the United States was conspicuously absent, China was able to convey that being a trustworthy emerging power implied “attentiveness to international responsibilities, in addition to domestic self-strengthening reforms and defense of territorial integrity.”⁴⁶ The year 1997 thus turned out to be a good one for China: Beijing took another giant stride toward completing its national reunification agenda by securing the transfer of Hong Kong from British jurisdiction while winning

⁴³ For an excellent overview, see Deng, “China: The Post-Responsible Power.”

⁴⁴ Joseph S. Nye, “The Case for Deep Engagement,” *Foreign Affairs*, July/August 1995, 90–102, cited in Deng, “China: The Post-Responsible Power.”

⁴⁵ Ashley J. Tellis, “Uphill Challenges: China’s Military Modernization and Asian Security,” in *Strategic Asia 2012–13: China’s Military Challenge*, ed. Ashley J. Tellis and Travis Tanner (Seattle: National Bureau of Asian Research [NBR], 2012), 3–26.

⁴⁶ Deng, “China: The Post-Responsible Power,” 120.

plaudits from many Southeast Asian states for its helpful role in managing the Asian financial crisis.

Unfortunately for Beijing, the goodwill it had earned during the crisis progressively dissipated as the continued growth of Chinese economic and, increasingly, military power began to be felt throughout Asia and in Washington as well. Although U.S.-China relations stabilized after the EP-3 crisis early in the George W. Bush administration, the suspicion of China as a “strategic competitor” persisted in many quarters.⁴⁷ The Chinese economy was continually expanding in size and technological capacity; both the Chinese government and Chinese private firms continued to illicitly target U.S. advanced technology; and the Chinese economy, despite several bouts of liberalization over the years, still remained highly controlled by an authoritarian state that was determined to favor its own industries at the expense of its trading partners.⁴⁸ These features only deepened the anxieties about China’s economic development, which had been slowly festering because of the meltdown of U.S. manufacturing in the aftermath of the country’s accession to the WTO.

The fact that China’s military modernization was also accelerating—and that it was fueled by China’s trade gains arising from its intercourse with the United States and the larger liberal international economic order maintained by U.S. political, economic, and military resources—should have made it doubly problematic from Washington’s point of view. When it became clear that the modernization of the PLA was increasingly focused on threatening U.S. allies in Asia, regulating foreign military activities in China’s exclusive economic zone in illegitimate ways, and undermining U.S. military primacy in the western Pacific more generally, the specter of the China threat should have raised an alarm and provoked responsive balancing by the United States and others.⁴⁹ This reaction should in fact have solidified after the Bush administration came into office because China, setting up for itself the goal of quickly defeating internal and local challengers as well as their foreign allies, was moving swiftly in the direction of seeking to dominate the waters adjacent to its coastline (as well as the other commons affected by this objective). These activities, in turn, ought to have deepened regional anxieties about China’s

⁴⁷ Thomas W. Lippman, “Bush Makes Clinton’s China Policy an Issue,” *Washington Post*, August 20, 1999.

⁴⁸ The pervasiveness of the Chinese targeting of U.S. technology, either through direct theft or the violation of intellectual property, is discussed in detail in Commission on the Theft of American Intellectual Property, *The IP Commission Report* (Seattle: NBR, 2013), http://www.ipcommission.org/report/ip_commission_report_052213.pdf; and Commission on the Theft of American Intellectual Property, “Update to the IP Commission Report,” 2017, http://ipcommission.org/report/IP_Commission_Report_Update_2017.pdf.

⁴⁹ The failure to confront China on these and other issues has been discussed in Kurt M. Campbell and Ely Ratner, “The China Reckoning: How Beijing Defied American Expectations,” *Foreign Affairs*, March/April 2018, 60–70.

military modernization, which ironically was nourished by the country's ever denser economic integration with both its Asian neighbors and the West more generally.

As usual, the Asian states were waiting on Washington to take the lead in crafting a responsible strategy of balancing China, as Bush had promised during his presidential campaign. But unluckily for the United States, his administration was waylaid by the dreadful events of September 11 and the global war on terrorism that followed (including the costly and protracted wars in Afghanistan and Iraq). Although initially disconcerted by Bush's view of China as a strategic competitor—a perception that was stiffened by the EP-3 crisis and China's other disturbing behaviors—Beijing quickly and craftily offered support for the global war on terrorism, using the campaign to target its own domestic dissidents as “terrorists” while ingratiating itself with Washington as a constructive partner.⁵⁰ U.S.-China relations thereafter became more congenial, at least on the surface. As the Bush administration's growing dismay with North Korea's Kim Jong-il and Taiwan's Chen Shui-bian deepened, the importance of working with China pushed any concerted effort at balancing deep into the background.

After Hu Jintao replaced Jiang Zemin as supreme leader in 2002, Beijing could begin to breathe easier. Having settled on a dual approach of cooperating with Washington on the one hand, while “bargaining, binding and buffering” it on the other, China began to respond to the fears of its growing power with greater aplomb.⁵¹ Without the diffidence associated with the adoption of the previous label “responsible power,” China began to plainly declare around 2003 that it had “core interests” that must be respected by all outside powers.⁵²

Although the specification of these interests varied depending on the interlocutor, the white paper *China's Peaceful Development* issued much later (in 2011) definitively affirmed that China's core interests include state sovereignty (implying freedom from external interference in its internal affairs), national security (implying freedom from internal and external threats), territorial integrity (implying respect for China's spatial boundaries), national reunification (implying respect for China's prerogative to integrate the territories it claims even if they are currently controlled by others), China's political system established by the constitution and overall social stability (implying respect for its authoritarian party-state and whatever means it

⁵⁰ Michael D. Swaine, “China: Exploiting a Strategic Opening,” in *Strategic Asia 2004–05: Confronting Terrorism in the Pursuit of Power*, ed. Ashley J. Tellis and Michael Wills (Seattle: NBR, 2004).

⁵¹ Peter Hays Gries, “China Eyes the Hegemon,” *Orbis* 49, no. 3 (2005): 407.

⁵² For a useful overview, see Caitlin Campbell et al., “China's ‘Core Interests’ and the East China Sea,” U.S.-China Economic and Security Review Commission, 2013.

chooses to ensure order), and basic safeguards for ensuring sustainable economic and social development (implying respect for all Chinese behaviors intended to promote the growth of its national power).⁵³

The efforts to solicit respect for these desiderata were accompanied by a concerted campaign at articulating a new theory of “peaceful rise” (later replaced by the term “peaceful development”).⁵⁴ This argument contended that China’s ascendancy—although real and potentially capable of causing dangerous structural disequilibrium in the international system—would be entirely peaceful because China will

transcend the traditional ways for great powers to emerge, as well as the Cold War mentality that defined international relations along ideological lines. China will not follow the path of Germany leading up to World War I or those of Germany and Japan leading up to World War II, when these countries violently plundered resources and pursued hegemony. Neither will China follow the path of the great powers vying for global domination during the Cold War. Instead, China will transcend ideological differences to strive for peace, development, and cooperation with all countries of the world.⁵⁵

Although the notion of peaceful rise was intended to reassure the international system about China’s benign intentions, it eventually failed—as might have been expected—because both neighboring countries and the United States in particular were compelled to take their bearings not from the theory but from three other palpable realities.⁵⁶ First, the Chinese economy, though growing in material terms, had failed to produce either a cosmopolitan civic culture or a democratic political system that might have mitigated the rising nationalism within China. Second, China’s political leaders, though presiding over the fastest-growing trading economy in the world, did not seem to moderate their external ambitions with regard to either revanchist territorialism or the desire to recreate a hierarchical order in Asia where Chinese preferences would be accorded primary deference. Third, China’s military transformation, though initially advertised as little other than the long-overdue modernization of an antiquated force, appeared to be rapidly moving toward capabilities that would allow China to dominate the entirety of its periphery, severely restrict the military freedom of action of the United States in maritime Asia, and eventually decouple the United States from its Asian allies.

⁵³ Information Office of the State Council of the People’s Republic of China (PRC), *China’s Peaceful Development* (Beijing, September 2011), https://www.fmprc.gov.cn/mfa_eng/topics_665678/whitepaper_665742/t856325.shtml.

⁵⁴ Ashley J. Tellis, “China’s Grand Strategy—A Kinder, Gentler Turn,” *Strategic Comments* 10, no. 9 (2004).

⁵⁵ Zheng Bijian, “China’s ‘Peaceful Rise’ to Great-Power Status,” *Foreign Affairs*, September/October 2005.

⁵⁶ For an extended elaboration, see Ashley J. Tellis, *Balancing without Containment* (Washington, D.C.: Carnegie Endowment for International Peace, 2014), 1–25.

If there was any doubt that the doctrine of peaceful rise would not suffice to instill confidence in China's benign intentions, Hu Jintao's 2004 speech on the "new historic missions" of the PLA clearly signaled that the country's growing contemplation of international leadership would now entail a military role that was diametrically at odds with Deng's vision of a military called "to shoulder the sacred responsibility of consolidating national defense, resisting aggression, protecting the motherland, and protecting the peaceful labor of the people and to participate in national construction."⁵⁷ Ever since the end of the Cold War, China had steadily departed from its previous policy of maintaining a healthy distance from the international system, except when required by necessity. By 2003, it had completely changed course on this issue as well—actively joining every major international organization that mattered, comprehensively expanding and deepening its engagement with these institutions, and taking an active and leading role in these bodies.⁵⁸ This shift occurred partly to deflate the "China threat theory" by demonstrating good citizenship and partly to secure the material benefits that could sustain its ascendancy as a global power.

Hu's speech on the new historic missions suggested that the PLA, while "retaining the core missions of defense of the CCP and national sovereignty," would now be preparing to address "a wide range of new contingencies compelled by Beijing's increasingly global set of engagements and entanglements."⁵⁹ This tasking implied that the PLA would henceforth be employed along a wider Chinese periphery: the missions relating to Taiwan and other border contingencies would thus become part of broader requirements "ranging from defense of sea lines of communication for energy security to international peacekeeping operations."⁶⁰ The struggle to bring Taiwan back under Chinese control would still remain a critical objective, as Michael Chase's chapter in this volume emphatically underscores. This emphasis on completing national reunification, which had been part of the traditional Chinese focus on what might previously have been viewed as "homeland defense," was now integrated into the larger objective of

⁵⁷ Jia Yong, Cao Zhi, and Li Xuanliang, "Advancing in Big Strides from a New Historical Starting Point—Record of Events on How the Party Central Committee and the Central Military Commission Promote Scientific Development in National Defense and Army Building," *Xinhua*, August 7, 2007, cited in James Mulvenon, "Chairman Hu and the PLA's 'New Historic Missions,'" Hoover Institution, *China Leadership Monitor*, no. 27, 2.

⁵⁸ Zhihai Xie, "The Rise of China and Its Growing Role in International Organizations," *ICCS Journal of Modern Chinese Studies* 4, no. 1 (2011): 85–96.

⁵⁹ Mulvenon, "Chairman Hu and the PLA's 'New Historic Missions,'" 9.

⁶⁰ *Ibid.*

“frontier defense.”⁶¹ The “frontier” in question is no longer a limited physical perimeter but an elastic periphery shaped by expanding strategic and economic interests.⁶² As such, this more capacious conception only mirrors the transformation in China’s larger international engagement that had been underway since the end of the Cold War.

In many ways, this reorientation could have been defended as an anticipatory response to then deputy secretary of state Robert Zoellick’s 2005 appeal that China become “a responsible stakeholder” in the international system.⁶³ The country’s new participation in international organizations and willingness to bear some of the costs of preserving the global order through military contributions arguably could function as Beijing’s effort to give something in return for the benefits it received from the extant liberal international order built by U.S. power. That was exactly how many Chinese scholars and policymakers defended their country’s newest turn early in the 21st century. Many constituencies in the United States, which either were fearful of provoking fresh crises with China or viewed its evolving activism as the understandable consequence of its growing power, accepted these explanations with equanimity. The Bush administration, for its part, was too consumed by the global war on terrorism to respond effectively to these emerging expressions of Chinese power. For the most part, it concentrated on indirect approaches, such as building up the power of China’s neighbors or relying on diplomacy to induce good behavior.⁶⁴

Given China’s growing power at a time when the United States was increasingly dissipating its resources in the Middle East, it was unlikely that greater economic integration and diplomacy, alone or together, would persuade China to become a responsible stakeholder in a U.S.-led global order. This entreaty itself may have been misconceived because the fundamental questions were rather different. First, would China be content to remain something other than the manager of the global system once it had fully risen and perhaps displaced the United States at the apex of the global hierarchies of power and prestige? And, second, would China then behave as a liberal hegemonic power that remained committed to certain broadly

⁶¹ Strategic Research Department, *The Science of Military Strategy* (Beijing: PLA Academy of Military Science Press, 2013), 106.

⁶² You Ji, “The Indian Ocean: A Grand Sino-Indian Game of ‘Go,’” in *India and China at Sea: Competition for Naval Dominance in the Indian Ocean*, ed. David Brewster (New Delhi: Oxford University Press, 2018), 90–110.

⁶³ Robert B. Zoellick, “Whither China? From Membership to Responsibility” (remarks to the National Committee on U.S.-China Relations, New York City, September 21, 2005), <https://2001-2009.state.gov/s/d/former/zoellick/rem/53682.htm>.

⁶⁴ For details, see Michael J. Green, *By More Than Providence: Grand Strategy and American Power in the Asia Pacific Since 1783* (New York: Columbia University Press, 2017), 482–517.

accepted rules of conduct, or would it subsist as an authoritarian overlord that continuously demanded both obedience and obeisance to its own interests? China's neighbors in Asia seemed to have made up their minds on these issues: as Zoellick himself summarized, "many countries hope China will pursue a 'peaceful rise,' but none will bet their future on it."⁶⁵

By the time of the global financial crisis of 2008, therefore, China had arrived as a new great power in international politics. Its economy had grown continuously since the end of the Cold War thanks to its deepened integration with the global trading system, putting the country on course to overtake Japan as the world's second-largest economy within a year.⁶⁶ Chinese military capabilities also had expanded in unrecognizable ways. China was well on the way to acquiring the ability to dominate its periphery and project power into those maritime spaces wherein it had not operated before. Andrew Erickson's chapter on China's global maritime interests and investments in the "far seas" carefully delineates the different factors that have taken Beijing along this path and offers an assessment of its consequences and limitations. That China has embarked on such a course at all obviously conveys its growing confidence: reflected in Hu Jintao's articulation of the PLA's new historic missions, these developments confirm China's desire to take on expanded responsibilities beyond the mere defense of its homeland.

The record relating to this second phase of China's strategic evolution corroborates the proposition that the United States was an active collaborator in the country's rise. In many ways, this outcome was the natural consequence of Washington's enlargement of the liberal international economic order by integrating China in 2000 and beyond. This decision intensified a global division of labor that undoubtedly created significant welfare gains for U.S. citizens, but it also ended up expanding Chinese power and steadily making the country a powerful rival to the United States.⁶⁷ The U.S. role in assisting China's assimilation into the global economy was thus critical: it was driven partly by the peculiar character of U.S. state-society relations, which permitted various societal interests to champion China's integration because of the benefits accruing to them selectively.

But this choice was ultimately made by the U.S. government on fundamentally liberal expectations: that China's deeper connectivity with U.S. and global markets would transform Chinese society toward

⁶⁵ Green, *By More Than Providence*, 482–517.

⁶⁶ "China Economy Shows Strong Growth in 2009," BBC, January 21, 2010, <http://news.bbc.co.uk/2/hi/8471613.stm>.

⁶⁷ For an extended analysis of this predicament, see Ashley J. Tellis, "Power Shift: How the West Can Adapt and Thrive in an Asian Century," German Marshall Fund of the United States, January 22, 2010, <http://www.gmfus.org/publications/power-shift-how-west-can-adapt-and-thrive-asian-century>.

cosmopolitanism and stimulate the evolution of its political system toward democracy as the country grew in prosperity. Although exogenous factors such as the revolutions in transportation and information and communications technology played an enabling role, Washington's confidence in its liberal presumptions was critical, and this assurance only deepened because of the U.S. victory in the Cold War. It also permitted American elites to presume that unipolarity would survive for a long time to come, implying that even the comprehensive integration of a large country such as China, which was not an ally of the United States, would arguably have no transformative impact on the global balance of power. In retrospect, all these assumptions proved to be false. As China increased in economic strength throughout the post-Cold War period, it steadily expanded its international interests, military capabilities and reach, and demands for deference—at the United States' expense.⁶⁸

2008–Present: Claiming Trusteeship of Globalization While Asserting International Leadership

Although it is now commonplace to assert that China had jettisoned its traditional policy of keeping a “low profile” in international politics with the rise to power of Xi Jinping, the preceding discussion indicates that the “hide and bide” approach had effectively ceased to exist after the end of the Cold War. This outcome is not surprising. Once China found itself facing the United States as the victorious survivor of the preceding bipolar era, its economic, military, and geopolitical trajectory inevitably took the country in a direction where greater investments in protecting its security regionally and expanding its influence globally were inevitable. The post-Cold War period until the 2008 global financial crisis, accordingly, witnessed the steady exhibition of rising Chinese power that made Deng's hide-and-bide policy curiously anachronistic. The financial crisis, however, would transform this progressive shift into a decisive rupture.

The crisis exposed the weakness of poorly regulated market capitalism in dramatic ways. Originating in the United States, it spread to the international economy, threatening to destroy the entire financial system, weaken the U.S. dollar as a reserve currency, and plunge the global economy into a lengthy recession that could precipitate various forms of collapse in

⁶⁸ Ashley J. Tellis, “Protecting American Hegemony,” in Ashley J. Tellis and C. Raja Mohan, *The Strategic Rationale for Deeper U.S.-Indian Economic Ties* (Washington, D.C.: Carnegie Endowment for International Peace, 2015), 12–23.

major states.⁶⁹ Because China's integration into the global economy was highly state-controlled, even after its accession to the WTO in 2001, the Chinese economy was not as exposed to the crisis as its other major partners were.⁷⁰ This constrained integration now suddenly seemed like a virtue insofar as it allowed Chinese commentators to claim that the "Washington consensus," which advocated comprehensive internal and external openness, proved hollow in contrast to the "Beijing consensus," which advocated command politics, incremental reforms, export-led growth, state capitalism, and circumscribed external openness.⁷¹

That state controls over the Chinese economy undoubtedly played an important role in limiting the effects of the crisis on China cannot be doubted. But triumphalist Chinese claims were nonetheless spurious because China's advantages, which consisted of limited overseas investments (in 2008), huge foreign exchange reserves, and a closed capital account, would not have existed if all other states had chosen to emulate Beijing's economic strategy. In other words, China's immunities derived from its particular kind of international integration, which its Western partners deliberately or inadvertently tolerated. The payoffs accruing to China from this strategy were admittedly great. Its huge currency reserves were employed to fund a gigantic fiscal stimulus domestically. This action permitted China to neutralize the threat of a crisis-induced recession within the country but at the price of perpetuating the investment-heavy pattern of growth that had exacerbated global distortions ever since China entered the international economy. Financing investment-led growth also took China abroad in distinctive ways. Beijing's "other official flows," which denote resources committed to funding its commercial activities abroad, mostly infrastructure development, increased sharply from 2008 onward.⁷² The importance of this growing development spending abroad is scrutinized in

⁶⁹ For a survey of the impact of the crisis on Asia in particular, see Ashley J. Tellis, "The Global Economic Crisis and U.S. Power," in *Strategic Asia 2009–10: Economic Meltdown and Geopolitical Stability*, ed. Ashley J. Tellis, Andrew Marble, and Travis Tanner (Seattle: NBR, 2009), 3–35.

⁷⁰ Pieter Bottelier, "China and the International Financial Crisis," in Tellis et al., *Strategic Asia 2009–10*, 71–104.

⁷¹ For an example of this view, see Wei Pan, "Western System Versus Chinese System," University of Nottingham, China Policy Institute, Briefing Series, no. 61, July 2010. The original exponent of the virtues of the China consensus was Joshua Cooper Ramo, *The Beijing Consensus* (London: Foreign Policy Center, 2004). For useful analyses that set the notion of the superiority of the Beijing Consensus in context and insightfully critique it, see Joseph Fewsmith, "Debating 'the China Model,'" Hoover Institution, China Leadership Monitor, no. 35, Summer 2011; and Shaun Breslin, "The 'China Model' and the Global Crisis: From Friedrich List to a Chinese Mode of Governance?" *International Affairs* 86, no. 6 (2011): 1323–43.

⁷² See Nyshka Chandran, "5 Charts That Show How China Is Spending Billions in Foreign Aid," CNBC, October 13, 2017, <https://www.cnbc.com/2017/10/13/china-development-aid-how-and-where-beijing-is-spending-its-cash.html>. This report draws heavily from the published work of Samantha Custer and Michael Tierney.

depth in Samantha Custer and Michael Tierney's chapter, which highlights both the evolution of China's activities and the interaction of the economic and geostrategic variables that drive them.

When viewed in retrospect, the global financial crisis clearly was the moment when Chinese leaders, perceiving that U.S. primacy was finally ebbing, saw the opportunity to strike out and claim leadership on the global stage. It is interesting that within a year of the onset of the crisis, Hu Jintao, the president at the time, would argue at the closed-door 11th Ambassadorial Conference in Beijing that "the prospect of global multipolarization has become clearer" and that in these circumstances, China must "actively advocate multilateralism [and] promote [the] democratization of international relations."⁷³ Even as he ritually reiterated Deng's admonition to "not take the lead," Hu subtly shifted tack to assert that China should focus on "actively getting something accomplished."⁷⁴ The new Chinese foreign policy, consequently, was called on to manifest "four strengths." As one analyst summarized, this policy meant that "China should attain greater influence in international politics, strengthen its competitiveness in the global economy, cultivate 'more affinity in its image' and become a 'more appealing force in morality.'"⁷⁵

Xi's ascent to leadership took this shift in more radical directions. Unlike his two predecessors, Hu and Jiang Zemin, who were both content to represent the collective rule of the Central Committee of the CCP, Xi moved rapidly to consolidate his personal power, using a fierce anticorruption campaign to eliminate a variety of political challengers at the central and provincial levels. Presaging a return to the "great leader" tradition of Mao, Xi assumed extraordinary powers, eventually successfully ending the two-term presidential limit in 2018 and thus opening the door for his continuation in office indefinitely. By all accounts, he has successfully moved away from both the old norms of collective leadership and reliance on the traditional bureaucracies in favor of new reconfigured "central leading groups" that bypass the decision-making of the traditional ministries and are often led by Xi personally.⁷⁶

Beyond these political machinations, however, Xi is driving an even more dramatic shift in China's strategic direction, which in effect involves

⁷³ Cited in Bonnie S. Glaser and Benjamin Dooley, "China's 11th Ambassadorial Conference Signals Continuity and Change in Foreign Policy," Jamestown Foundation, China Brief, November 4, 2009.

⁷⁴ Glaser and Benjamin Dooley, "China's 11th Ambassadorial Conference."

⁷⁵ Masayuki Masuda, "Why Has Chinese Foreign Policy Become More Assertive?" East Asia Forum, February 20, 2016.

⁷⁶ For a superb overview of the Xi era, see Elizabeth C. Economy, *The Third Revolution: Xi Jinping and the New Chinese State* (New York: Oxford University Press, 2018).

preparing for the return of bipolarity and the associated global strategic competition with the United States. These intentions were presaged by Xi when he appropriated Hu's bold proposal for "a new type of great-power relationship" with the United States.⁷⁷ By vigorously advocating such a "G-2 with Chinese characteristics," Xi clearly conveyed the fundamental shift in China's evaluation of its own power relative to the United States and other countries.⁷⁸ Beijing now viewed itself as Washington's peer in a relationship that imposed, among other things, symmetrical obligations on both parties.

This perception would in time drive other, more far-reaching implications. For example, Xi's May 2014 speech in Shanghai delivered at the Conference on Interaction and Confidence Building Measures in Asia articulated a new "Asian security concept," which, taking the form of a Chinese Monroe Doctrine, called on "the people of Asia to run the affairs of Asia, solve the problems of Asia and uphold the security of Asia."⁷⁹ This address, which insinuated the idea that U.S. alliances were obsolete inheritances of the Cold War and hence ought to be replaced by greater reliance on intra-Asian cooperation, represented a reformulation of an older idea that had been frequently proffered by the Soviet Union—namely, that the creation of an Asian collective security system was the best means for ensuring security governance. As Xi framed the argument this time around, "The people of Asia have the capability and wisdom to achieve peace and stability in the region through enhanced cooperation."⁸⁰ Yet however noble these sentiments are, they cannot disguise the fact that the arrangements Xi proposed are in effect aimed at replacing the prevailing security architecture in Asia—which relies on U.S. protection at its core—with new structures that would ultimately become beholden to China as the largest and most powerful resident in the region.

Two chapters in this volume illustrate this dynamic exquisitely. Patricia Kim's examination of Northeast Asia illuminates how Beijing's desire for regional acquiescence to its great-power ambitions shapes its political strategy toward the Korean Peninsula, Japan, and the East China Sea. At the same time, Beijing's economic strategy deepens neighboring countries' dependence

⁷⁷ For an insightful analysis, see Michael S. Chase, "China's Search for a 'New Type of Great Power Relationship,'" Jamestown Foundation, China Brief, September 7, 2012, 12–16.

⁷⁸ Jinghan Zeng and Shaun Breslin, "China's 'New Type of Great Power Relations': A G2 with Chinese Characteristics?" *International Affairs* 92, no. 4 (2016): 773–94.

⁷⁹ Xi Jinping, "New Asian Security Concept for New Progress in Security Cooperation" (remarks at the Fourth Summit of the Conference on Interaction and Confidence Building Measures in Asia, Shanghai, May 21, 2014), https://www.fmprc.gov.cn/mfa_eng/zxxx_662805/t1159951.shtml.

⁸⁰ *Ibid.* Although the United States' cold response to this address has resulted in these ideas not being reiterated in Xi's subsequent speeches, the fact that they were publicly articulated in the first place reveals deeply held Chinese views about the desired future evolution of Asia.

on China even as its expanding military capabilities intimidate them in ways that reinforce its regional primacy. A similar dynamic is apparent in China's relations with the Southeast Asian states, as Ja Ian Chong's chapter confirms. The density of China's economic ties with this region, its ability to influence local leadership preferences, and its significant military superiority over the smaller resident states are all aimed at limiting the utility of the United States as an external protector, thereby magnifying China's own power. When this dynamic is considered in tandem with Michael Chase's assessment of Taiwan, the Chinese objective of deepening the insulation of the Asian rimland from the United States through multiple instruments—the heart of Xi's Asian security concept—becomes unmistakably obvious.

China's ambition to position itself as a new global pole after the financial crisis clearly represents an evolution of the trends that were underway before the economic meltdown. These trends have progressed along three separate, but complementary, pathways.

First, in the final interment of Deng's hide-and-bide strategy, Xi exudes confidence that China can at last demonstrate its capacity for global leadership without hesitation or reservation. Although this assurance is inextricably linked to his own consolidation of power in Beijing, it is also shaped by China's external environment and in particular the advent of Donald Trump's ambiguous commitment to the United States' leadership in preserving the liberal international order. Trump's "America first" doctrine has created doubts worldwide about Washington's desire to uphold the global system that the United States has assiduously built and maintained since the end of World War II. The skepticism repeatedly expressed by Trump about the value of both liberalism and internationalism have created space for Xi to position China as the gallant defender of the established order.⁸¹

Xi's defense, however, is both selective and incomplete. It focuses on preserving only those elements of economic integration that have aided China's rise, which (often for justifiable reasons) provoke Trump's ire. Thus, Xi continually solicits open access to U.S. and international markets without offering to rectify the prevailing structural impediments to market access in China, unless compelled to.⁸² This defense of "globalization" has been complemented by a rush to fill the gap left by Trump's exit from the Trans-Pacific Partnership (TPP), including by concluding the Regional Comprehensive Economic Partnership. The latter, an initiative originally

⁸¹ For a useful survey of the problems leading up and consequent to hegemonic abdication, see Peter Marcus Kristensen, "After Abdication: America Debates the Future of Global Leadership," *Chinese Political Science Review* 2, no. 4 (2017): 550–66.

⁸² See the apt judgment of Scott Kennedy, "In the U.S.-China Dinner Episode, Trump Wins by a Hair," Center for Strategic and International Studies, Commentary, December 3, 2018.

proposed by the Association of Southeast Asian Nations, which China has wholeheartedly embraced, is at best a shallow competitor to the TPP, but it could end up becoming the nucleus of a Chinese-dominated trading bloc in Asia.⁸³

More problematically, Xi's defense has also taken the form of creating new international institutions that are intended to substitute, supplant, or subvert U.S. economic or financial power. Rush Doshi's chapter illuminates how China's effort to prepare for hegemonic competition with the United States (and other security rivalries with its Asian competitors) has pushed it in the direction of blunting U.S. financial power, while inveigling its regional partners into an economic embrace that, whatever its immediate benefits, would ultimately bequeath China with asymmetric leverage.

All this implies that Xi's defense of the global order emphatically does not extend to defending either real liberalism, which protects natural rights in the face of coercive power, or genuine internationalism, which seeks to tame inequalities of might by creating institutions of restraint. Instead, he seems focused on defending the international order only to the degree that it advances China's further ascendancy, concentrating solely on those elements that are necessary to help China eventually replace the United States at the apex of the international order.

Achieving this goal cannot be realized by external activities alone. Even as Xi has become a self-serving advocate of "globalization," he has made "striving for achievement" his catch phrase to define China's ambitions both at home and abroad.⁸⁴ Far from lying low and eschewing leadership, Xi has challenged his people to focus on national rejuvenation to realize the "China dream"—a pregnant concept that fuses the struggle for success, the recovery of past glory, and the erasure of historic humiliation in order to prepare for China's return to centrality not just in Asia but globally.⁸⁵ In his excellent treatise on Chinese grand strategy, Ye Zicheng identifies "a close connection between the rejuvenation of the Chinese nation and China's becoming a world power." He explains that "if China does not become a world power, the rejuvenation of the Chinese nation will be incomplete. Only when it becomes a world power can we say that the total rejuvenation of the Chinese nation has been achieved."⁸⁶

⁸³ Fan He and Panpan Yang, "China's Role in Asia's Free Trade Agreements," *Asia and the Pacific Policy Studies* 2, no. 2 (2015): 416–24.

⁸⁴ For a useful analysis, see Camilla T.N. Sørensen, "The Significance of Xi Jinping's 'Chinese Dream' for Chinese Foreign Policy: From 'Tao Guang Yang Hui' to 'Fen Fa You Wei,'" *Journal of China and International Relations* 3, no. 1 (2015): 53–73.

⁸⁵ *Ibid.*

⁸⁶ Ye Zicheng, *Inside China's Grand Strategy: The Perspective from the People's Republic* (Lexington: University Press of Kentucky, 2010), 72.

Toward this end, Xi has mobilized an unprecedented upsurge of nationalism in China, while simultaneously presiding over a stifling increase in state control. Both of these policies are ostensibly aimed at defeating various foreign and internal threats but in actuality are also oriented toward preserving the unchallenged primacy of the CCP, not to mention Xi's own personal power.⁸⁷ Even as Xi claims to draw on indigenous traditions of politics and governance, including supposedly Confucian ideas of virtue, he has begun to implement an Orwellian system of political control centered on the notion of "social credit." Every citizen is scored based on their personal behaviors, beliefs, and activities as recorded by diverse systems of state surveillance.⁸⁸

While the campaign for national rejuvenation in support of the China dream is undoubtedly motivated by the desire to maximize power comprehensively, Beijing has realized that the application of power is most effective when there is a modicum of acceptance and consent. This awareness, accordingly, has driven China's diplomatic engagement to the peripheries of the globe. Far beyond Asia, China now has deep involvements in Europe, Africa, Oceania, and Latin America.⁸⁹ It has begun to heavily promote an awareness of Chinese history, culture, and language through its Confucius Institutes worldwide, which are likely to number over a thousand by 2020.⁹⁰ Simply put, China is actively involved in every significant international institution today, participating in their activities to protect and expand its interests.

More interestingly, it is beginning to supplement its long-standing criticisms of Western worldviews and norms by toying with the development of alternative ideational systems. From seeking the formulation of new "Chinese theories of international relations"⁹¹ to reconsidering how foundational ideas drawn from the Chinese past—like the notion of *Tianxia* (the imperial mandate to rule "all under heaven")—might be updated to legitimize China's quest for renewed hierarchization in the

⁸⁷ Robert D. Blackwill and Kurt M. Campbell, "Xi Jinping on the Global Stage," Council on Foreign Relations, Special Report, no. 74, February 2016.

⁸⁸ Paul Rowan Brian, "The Chinese Social Monitoring System and Why Americans Should Take Note," *Public Discourse*, October 10, 2018, <https://www.thepublicdiscourse.com/2018/10/43905>.

⁸⁹ For an excellent survey, see David Shambaugh, *China Goes Global: The Partial Power* (New York: Oxford University Press, 2013).

⁹⁰ James F. Paradise, "China and International Harmony: The Role of Confucius Institutes in Bolstering Beijing's Soft Power," *Asian Survey* 49, no. 4 (2009): 647–69.

⁹¹ For a discussion of the possibilities, see Song Xinning, "Building International Relations Theory with Chinese Characteristics," *Journal of Contemporary China* 10, no. 26 (2001): 61–74.

new century,⁹² the Chinese state is encouraging its scholars to develop alternative conceptual foundations to the current liberal international order. As François Godement's chapter on China's dalliance with values reminds us, these efforts thus far have fallen woefully short. The search for a new *Weltanschauung* often degenerates into slogans, and the medium quickly becomes the message, with China's advertised values serving as little other than a gloss masking its interests.

Second, Xi's drive to prepare China for its future role as a peer of the United States is obviously not limited to merely internal regeneration, expanded international engagement, or ideational renovation. However necessary these dimensions are for systemic leadership, China's ability to acquire and sustain its role as an emerging superpower will depend greatly on its material capabilities. That the CCP is still fundamentally a Leninist entity, which draws deeply from Mao's reinterpretation of Marx, only makes the primacy of the material even more critical. Ever since he took office as the general secretary of the CCP in 2012, Xi understood the importance of bringing to completion the economic reform efforts he had inherited. While Deng's reform centered largely on liberalization, this emphasis was always constrained by the necessity of ensuring that economic freedom did not result in nurturing political threats to the Communist regime. This calculation has limited all Chinese reform efforts since, which have taken the form of allowing enough freedom to sustain economic growth while still leaving the state with considerable control over large SOEs, land, finance, and energy (among other sectors).

Under Hu, China's economic liberalization underwent a sharp retardation as the regime began to slow down privatization, reinvest heavily in SOEs, and increase controls over lucrative sectors such as real estate. Economic growth, which derived historically from increased efficiency as well as bigger injections of labor and capital, began to slow by the time Xi took office. From the meteoric double-digit growth rates of yesteryears, China's official growth rate has now weakened to around 6% annually. The quadripartite problems of rising debt, an aging population, capital controls, and the threat of a middle-income trap now hang heavily over China. But the solutions that might have alleviated these challenges—reducing state control in favor of market pricing and liberalizing the currency market—could produce volatility that will have untoward political consequences.⁹³

For a while, it seemed as if Xi would pursue such economic reforms despite their risks. At the Third Plenum of the 18th Central Committee

⁹² An excellent critique of this notion can be found in William A. Callahan, "Chinese Visions of World Order: Post-Hegemonic or a New Hegemony?" *International Studies Review* 10, no. 4 (2008): 749–61.

⁹³ George Magnus, *Red Flags: Why Xi's China Is in Jeopardy* (New Haven: Yale University Press, 2018).

in November 2013, the CCP signaled a commitment to “comprehensive deepening reforms” that involved “market forces” playing a “decisive” role in allocating resources.⁹⁴ The state was supposed to have reduced its role in controlling capital allocations, shifting the emphasis away from SOEs and reforming the labor market. These hopes were short-lived. Although some modest reforms such as piecemeal changes in China’s one-child policy occurred, Xi shifted course and doubled down on the statist policies that had distinguished the later years of the Hu government. The commitment to market pricing still remains in principle, but this does not involve allowing clearing prices to be set through the activities of private agents (as prices in capitalist markets ordinarily are). Rather, it involves deliberate state interventions, such as targeted controls, subsidies, or other administrative measures to produce a given desired clearing price. Over and above such manipulation, however, Xi’s policies heavily emphasize increasing bureaucratic and operational efficiencies, while rebalancing decision-making among the central and local levels of government in favor of the former. The heart of his economic “reforms,” accordingly, far from limiting the role of the state, is driven entirely by the objective of making the government the nodal institution for the management of the entire economy.⁹⁵

There is no better demonstration of this reality than Xi’s signature projects: the Made in China 2025 and the Belt and Road Initiative. It has long been recognized in China that the prospects for sustained export-driven growth will weaken over time as the nation’s labor costs increase and new competitors in Asia wean foreign investments away from China toward other lower-cost locations. The sensible long-term solution to this challenge would consist of enabling Chinese industry to move up the value chain by investing in expanding human capital at home, developing property rights to safeguard innovation, and increasing investments that will improve productivity gains.

Instead of focusing on the institutional elements that would enable this transformation to take place in an evolutionary way, Xi has invested heavily again in the state-directed Made in China 2025.⁹⁶ This initiative is aimed at enabling China to dominate global manufacturing in high technology

⁹⁴ “Communiqué of the Third Plenary Session of the 18th Central Committee of the Communist Party of China,” January 15, 2014, http://www.china.org.cn/china/third_plenary_session/2014-01/15/content_31203056.htm.

⁹⁵ For an excellent review of these issues, see Evan Feigenbaum, “A Chinese Puzzle: Why Economic ‘Reform’ in Xi’s China Has More Meanings than Market Liberalization,” Paulson Institute, MacroPolo, February 26, 2018, <https://macropolo.org/chinese-puzzle-economic-reform-xis-china-meanings-market-liberalization>.

⁹⁶ A clear overview can be found in Jost Wübbcke et al., “Made in China 2025: The Making of a High-Tech Superpower and Consequences for Industrial Countries,” Mercator Institute for China Studies, MERICS Papers on China, no. 2, December 2016.

through the use of massive government subsidies, the mobilization of SOEs in designated high-leverage technology sectors, and the licit and illicit acquisition of intellectual property from the West. “Making China great again” in this way bears the quintessential Xi imprint. The initiative may or may not succeed in transforming the country’s developmental trajectory, but it is likely to enable China to acquire various critical technologies that will increase both the industrial and the military threats posed to its Western partners. Because of the mechanisms employed to shift the Chinese technological frontier outward, Made in China 2025 holds the promise of further weakening the global trading system: it would position the Chinese state as a predator in what was meant to be primarily an arena for the exchange of private goods across borders. In so doing, it will strengthen the momentum toward protectionism and trade wars, while locking China into deeper conflicts with the West and particularly the United States.⁹⁷

If Made in China 2025 represents an egregious form of exploiting globalization, the Belt and Road Initiative exemplifies a similar exercise of statism. The efforts at reforming the Chinese economy before Xi were grounded on the recognition that China’s growth strategy over the decades had made its economy “unstable, unbalanced, uncoordinated, and unsustainable”—as then premier Wen Jiabao finally conceded in 2007.⁹⁸ The reform effort since the end of the Jiang Zemin era, accordingly, aspired to “rebalance” the Chinese economy away from investment into consumption. This shift was necessary to correct the decades-old governmental obsession with suppressing private consumption in order to increase investment. While this approach produced high levels of growth initially, it became unsustainable after the state-controlled financial sector maintained the momentum largely through the spread of cheap money. The huge amount of excess capacity that had built up in the Chinese economy, especially in the construction, steel, and engineering industries, had to either find new ways of being employed productively or be written off as barren assets.

Xi’s statist predilections took China away from concerted rebalancing toward an expanded and renewed emphasis on investment—but in a remarkable shift of direction focused outside China rather than inside it. The Belt and Road Initiative became Xi’s miraculous solution to the challenge of further reform. It allowed China to supplement consumption at home by putting its excess capacity to work on creating infrastructure abroad, which in turn was financed by its foreign exchange reserves and its new

⁹⁷ U.S. Chamber of Commerce, *Made in China 2025: Global Ambitions Built on Local Protections* (Washington, D.C., 2017).

⁹⁸ International Monetary Fund, “IMF Survey: China’s Difficult Rebalancing Act,” September 12, 2007, <https://www.imf.org/en/News/Articles/2015/09/28/04/53/socar0912a>.

development banks. This grandiose effort, intended to link China westward across the Eurasian landmass to Europe through multiple routes, also includes a complementary maritime component that seeks to connect China through Southeast and South Asia to East Africa, through the Suez Canal to Southern Europe, and across the Pacific Ocean to Latin America.

If successful, China will have realized multiple ambitions simultaneously through the Belt and Road Initiative. It will have secured political influence by serving as a new source of infrastructure investment around the world, while also acquiring new facilities for military operations along the way. It will have employed China's fallow assets productively to correct or stabilize falling growth levels, even though in some cases these gains have come at the cost of enervating several recipient countries and subverting their domestic politics. It will have burnished Xi's credentials as a transformative leader who set China durably on the course to becoming a superpower with global reach by the one hundredth anniversary of the founding of the People's Republic in 1949. And to the degree that the initiative comes to enshrine a new way of stimulating development around the globe, it will have legitimized China's often corrosive foreign economic activities in both practical and normative terms.⁹⁹ Joel Wuthnow's chapter on the Belt and Road Initiative highlights its protean character, demonstrating how the initiative's political, economic, and geostrategic facets end up being mutually reinforcing but with no obvious certainty as to its ultimate success.

Third, and finally, Xi's emphasis on cementing China's claims to leadership and sustaining economic growth at stable levels has been complemented by a comprehensive military modernization program befitting an emerging superpower. The initial emphasis on eliminating obsolescence and the later transition to building a capability that can defeat local adversaries while staving off foreign intervention have now given way to a full-fledged transformation directed toward acquiring the most sophisticated military forces possible, instruments that would be capable of both securing regional dominance and sustaining a presence in different forms worldwide. As a result of these ambitions, all dimensions of China's military capability—including its strategic nuclear forces, conventional warfighting elements, and space, cyber, and electronic warfare components—are being comprehensively modernized. What is even more impressive is that these improvements are not always

⁹⁹ As Nadège Rolland phrased it succinctly, the Belt and Road Initiative has become "the organizing foreign policy concept of the Xi Jinping era." Far from being "just a series of engineering and construction plans...to complete a fragmented Eurasian transportation system," it represents "a thoroughly considered and ambitious vision for China as the rising regional leader." See Nadège Rolland, *China's Eurasian Century? Political and Strategic Implications of the Belt and Road Initiative* (Seattle: NBR, 2017), 1, 43.

evolutionary but often incorporate dramatic technological breakthroughs that in many cases are indigenous.¹⁰⁰

While the induction of advanced technology often garners conspicuous public attention, the institutional changes promulgated by Xi are particularly noteworthy because they will make a profound difference to whether the future PLA remains merely apparently powerful or actually so. Consistent with Xi's larger efforts at centralizing authority, he has restructured the Central Military Commission (CMC) to eliminate key subordinate positions so that all critical military decision-making will remain vested in himself. Eliminating the various general departments, which were the repository of significant independent power, and absorbing them into the CMC, over which Xi has absolute control, now permits him to supervise change throughout the armed forces as whole. This effort to bring the warfighting instruments of the state under tighter control of the party has resulted in an increased emphasis on political work, which seeks to ensure ideological conformity with the CCP's aims and the party's "absolute leadership" over the armed forces.¹⁰¹

These transformations at the highest levels of command have been complemented by a remarkable rationalization within the military itself. For starters, the ground forces of the PLA now have their own headquarters, thus making the army a separate service along with the navy and the air force, which have also been elevated to formal parity with the land forces. The PLA's strategic assets, previously lodged in the army's Second Artillery Corps, have been separated into a new service: the PLA Rocket Force. And all the supporting components involved in China's cyber, space, and electronic warfare operations have also been melded in a new entity, the Strategic Support Force, which is equal in stature to its four new peers.

These changes at the service-level convey a recognition that China's interests in the future cannot be satisfied by an army-dominant military. Rather, they will need other combat services as well as military operations farther from the mainland as power-projection missions come to increase in importance. The indispensability of joint operations—meaning the synergistic employment of all warfighting arms—has resulted in an even more consequential change. Under Xi, the traditional seven military regions, which were geographic areas where specific components of the army, air

¹⁰⁰ Useful overviews of China's military modernization can be found in Richard D. Fisher, *China's Military Modernization: Building for Regional and Global Reach* (Stanford: Stanford University Press, 2010); Tellis and Tanner, *Strategic Asia 2012-13*; and Larry Wortzel, *The Dragon Extends Its Reach: Chinese Military Power Goes Global* (Washington, D.C.: Potomac, 2013).

¹⁰¹ This and the following four paragraphs draw greatly from the excellent survey by Joel Wuthnow and Phillip C. Saunders, *Chinese Military Reforms in the Age of Xi Jinping: Drivers, Challenges, and Implications*, China Strategic Perspectives, no. 10 (Washington, D.C.: National Defense University Press, 2017).

force, and navy were lodged and operated (sometimes cooperatively but never cohesively), have been replaced by five new theater commands, each oriented against specific regional threats. These theater commands, each led by a single military officer who controls all the service components within his area of responsibility in wartime, function as the highest joint headquarters responsible for training and the development of operational plans in peacetime as well as the command and employment of all the available service components in the event of conflict. This joint system at the theater level reports to a new joint command-and-control structure at the CMC and, once mature, will allow China to maximize its combat power by fielding joint forces capable of conducting a wide variety of military operations.

While this conscious investment in jointness represents a clear desire to field effective combat capabilities across the warfighting spectrum, the lethality of the force ultimately depends on the military technology it possesses (assuming that personnel proficiency, combat logistics, and warfighting doctrine have all enjoyed the requisite attention along the way). China has invested significant resources in fostering improvements in all these areas, but the most remarkable and eye-catching transformations have occurred in the area of new military technology introduced into the force. To enable major investments in advanced combat systems across the board, China has deliberately reduced the size of its ground forces in order to free up resources for larger equipment acquisitions. It has also impressively increased the scale of its own domestic R&D efforts, especially those focused on developing cutting-edge (including disruptive) defense technologies. Equally significant, Xi's military reforms have focused on increasing the cross-fertilization between the civilian and defense industrial bases so as to permit innovations in one domain to be absorbed rapidly by the other.

The Sino-Russian relationship has proved to be of great value where modernizing China's military inventory is concerned. As Elizabeth Wishnick's chapter on Russia and the Arctic elucidates, Russia and China share an affiliation that has proved important to China in multiple ways: providing mutual solidarity in the larger competition with the United States, serving as an important source of energy for China, and serving as a fount of sophisticated military capabilities that fill the gap when China cannot produce certain systems indigenously. This analysis confirms that Russia now plays an expansive role in China's global strategy, and the significance of this alignment for dividing and weakening U.S. capacity and attention can hardly be overstated.¹⁰²

¹⁰² For an insightful and troubling discussion of the growing cooperation between China and Russia, see Richard J. Ellings, "The Strategic Context of China-Russia Relations," *Axis of Authoritarians: Implications of China-Russia Cooperation*, ed. Richard J. Ellings and Robert Sutter (Seattle: NBR, 2018), 3–48.

Despite the problems that have bedeviled Sino-Russian military cooperation in the past, both states have found it to be in their common interest to cooperate on a wide range of issues and increasingly converge in their opposition to the United States. However transient such cooperation may ultimately turn out to be, Russia's recent defense technology transfers to China have improved Beijing's military capabilities significantly, especially in the arenas of air and naval warfare and strategic air defense.

When the technological improvements across the Chinese military services are considered systematically, the least dramatic change seems to have occurred in the ground forces. This is not surprising because China no longer faces significant terrestrial threats to its security. Thus while improvements have occurred in the Chinese army, such as the enlargement of combat aviation and electronic warfare elements in the ground units, along with significant increases in mechanization, anti-air warfare systems, and special forces capability, these shifts generally have been more evolutionary than the changes occurring in the navy and air force have been.¹⁰³

The technological transformation in the naval and air arms has been dramatic, given the emphasis China now places on extended military reach. The navy, for example, has experienced striking improvements in surface warfare and surface-based anti-air warfare capabilities.¹⁰⁴ The new naval combatants are large in size, have great magazine depth, have huge weapon engagement zones, and can operate at great distances from shore for considerable periods of time. China has begun to invest in large aircraft carriers as well and is developing new advanced conventional and nuclear-powered submarines, again mainly for the surface warfare role.

The Chinese air force is slowly transitioning toward fourth-generation combat aircraft as the mainstay of its future fighter force, while developing two different kinds of fifth-generation aircraft in an effort to keep up with the United States. More significantly, China's fighter force is investing heavily in extremely long-range air-to-air missiles in order to neutralize enemy fighters at standoff ranges as well as their combat support platforms, like aerial tankers and airborne warning and control aircraft, which operate deep in the rear. Continuing a long-standing tradition, China has also extensively modernized its national air defense systems, and it has continued to upgrade and enlarge its bomber force for long-range standoff attacks as well as its inventory of

¹⁰³ Ian E. Rinehart, "The Chinese Military: Overview and Issues for Congress," Congressional Research Service, CRS Report for Congress, R44196, March 24, 2016.

¹⁰⁴ A comprehensive summary of China's naval modernization can be found in Office of Naval Intelligence, *The PLA Navy: New Capabilities and Missions for the 21st Century* (Washington, D.C., 2015), <https://fas.org/nuke/guide/china/plan-2015.pdf>; and Ronald O'Rourke, "China Naval Modernization: Implications for U.S. Navy Capabilities—Background and Issues for Congress," Congressional Research Service, CRS Report for Congress, RL33153, August 1, 2018.

combat support aircraft such as reconnaissance, electronic warfare, and airborne early-warning and command-and-control platforms.¹⁰⁵

It is impossible to do justice to the technological improvements occurring in the PLA Navy and Air Force in the space of a few paragraphs, except to emphasize that, as a result of the investments over the last two decades, these services—despite many extant weaknesses—are on the way to becoming highly formidable adversaries, even when compared with the sophisticated military capabilities of the United States. The PLA Navy today is already larger than its U.S. counterpart, and the PLA Air Force is steadily evolving toward a force strength where its late-generation combatants will one day match the U.S. Air Force in numbers. When the resourcefulness exhibited by the development and integration of disruptive Chinese technologies—such as anti-ship ballistic missiles, air-launched ballistic missiles, myriad counterspace weapons, and the highly accurate conventional ballistic and cruise missile inventory—are accounted for (along with the concepts of operation developed for their employment), there is little doubt that China is becoming a military peer of the United States, even exceeding the technological threats posed by Russia along many dimensions.¹⁰⁶

The steady distention of China's operational reach is significant as well. For the longest time, the navy and air force rarely operated beyond the "first island chain" that encloses the seaward approaches to the Chinese mainland. Today, both the sea and air services have breached this eidetic barrier.¹⁰⁷ The navy can be found routinely operating as far west as the Indian Ocean, preparing and training for the day when it is likely to conduct missions directed at protecting its sea lines of communication west of the Strait of Malacca.¹⁰⁸ David Brewster's chapter on China's future as an Indian Ocean power documents the intersecting economic, political, and strategic interests that have propelled China to cast its gaze toward the Indian Ocean. This effort involves significant investments along the ocean's littorals as well as the deployment of naval contingents in its waters. For the moment, the latter activities are focused mostly on constabulary duties, noncombatant protection, operational familiarization, and training for long-distance open-ocean operations, but these missions will evolve further as China's

¹⁰⁵ For details, see China Aerospace Studies Institute, *PLA Aerospace Power: A Primer on Trends in China's Military Air, Space, and Missile Forces* (Montgomery: China Aerospace Studies Institute, 2017).

¹⁰⁶ Wortzel, *The Dragon Extends Its Reach*; and Fisher, *China's Military Modernization*.

¹⁰⁷ Mark R. Cozad and Nathan Beauchamp-Mustafaga, *People's Liberation Army Air Force Operations over Water* (Santa Monica: RAND Corporation, 2017).

¹⁰⁸ Jérôme Henry, *China's Military Deployments in the Gulf of Aden: Anti-Piracy and Beyond*, *Asie.Visions*, no. 89 (Paris: Institut français des relations internationales, 2016).

expeditionary capabilities increase and as it acquires more local support facilities around the Indian Ocean basin over time.

Athwart the coastline of China, its naval contingents now routinely operate east of Taiwan, often conducting patrols around Japan and in the Philippine Sea.¹⁰⁹ China's naval doctrine demands enduring sea control in the Yellow, East China, and South China Seas, and, toward that end, China is preparing to undertake intense sea-denial operations beyond the first island chain. Its strategic investments in the South China Sea—which involve the militarization of several reefs that have been reclaimed since late 2014—and its efforts to construct strategic installations in the small islands in Oceania are aimed at preventing the United States from enjoying the traditional military freedom of action it took for granted in these areas. If these dangers intensify, the threat to the U.S. Navy's ability to surge military power from outside the theater toward the Asian rimland will only be exacerbated.

The PLA Air Force, for its part, now aims to secure air superiority over the same areas where China seeks sea control and in support of this objective plans and trains for long-range strike missions as far away as Guam.¹¹⁰ China's formidable shore-based missile forces can already enforce costly forms of sea denial about one thousand miles from its shoreline.¹¹¹ While China's capacity to easily project power will diminish beyond that circumference—a point carefully elaborated by Andrew Erickson's chapter—the fact that it can hold at risk the major-power centers (and military assets) in Japan, South Korea, Taiwan, and important parts of Southeast Asia enables China to exercise regional dominance of the kind that was beyond its reach even as recently as two decades ago. When China's cyber and space warfare capabilities are considered in addition, its military horizon extends to the farthest peripheries of the globe.

China's growing military influence does not derive merely from the enlargement of its coercive reach. Its impressive expansion of military diplomacy is just as telling. In 2017 alone, the Chinese military appears to have conducted 52 exercises with its foreign counterparts, with 78% of these exercises being held outside China. Among the PLA services, the navy engages in the most foreign exercises, with the army following. The spatial distribution of these activities is equally impressive. The navy and army have participated in exercises in East and Southeast Asia, the Indian Ocean (to include the

¹⁰⁹ David Lague, "Special Report: China's Navy Breaks Out to the High Seas," Reuters, November 26, 2013.

¹¹⁰ Derek Grossman et al., *China's Long-Range Bomber Flights: Drivers and Implications* (Santa Monica: RAND Corporation, 2018).

¹¹¹ Stephen Biddle and Ivan Oelrich, "Future Warfare in the Western Pacific: Chinese Antiaccess/Area Denial, U.S. AirSea Battle, and Command of the Commons in East Asia," *International Security* 41, no. 1 (2016): 7–48.

Persian Gulf and the Red Sea), Africa, the Mediterranean, the Baltic Sea, and the northern Atlantic Ocean.¹¹² Even the Arctic has become an important recent priority for Beijing. Although China is not a littoral state as Russia is in the Arctic, Wishnick's analysis elaborates how China has claimed "near Arctic" status to defend its economic interests—the ability to use a shortened sea route to Europe—and advance its role as a global rule-maker—which, she succinctly notes, "is important for its great-power aspirations." This last consideration is fecund: it is already shaping the evolving patterns of PLA operations in ways suggesting that China will be able to maintain some sort of a global military presence by mid-century. China has already embarked on the acquisition of maritime facilities in the Persian Gulf, South Asia, and the Mediterranean Sea; it is exploring additional acquisitions to support a naval presence along the East and West African coasts and in time will acquire the capability to maintain a naval presence in the Western Hemisphere on a more or less permanent basis.¹¹³

On balance, the evidence suggests that China is well on its way to becoming a functional peer competitor of the United States along multiple political, economic, and strategic dimensions. These increases in capability, which have often come at the United States' expense, are the fruits of several decades of economic growth and derive greatly from Washington's many decisions over the years to support China's integration into the liberal international economic order. To be sure, China's growing strengths are still marked by several conspicuous shortcomings, and it is possible that its evolution toward superpower status could yet be arrested by some unanticipated developments either within or outside China. If such unpredictable contingencies are left aside for the moment, however, China will on current trends steadily evolve into a genuine rival of the United States over time. Admittedly, it will still be a precocious competitor: for example, as China's GDP continues to grow and perhaps even exceeds that of the United States, its per capita income will still lag considerably behind. But China will possess economic strength in sheer mass and, compared with all other countries in the international system, will enjoy comprehensive power most closely approximating that of the United States. Under Xi, China certainly is pursuing such parity, and if its aspirations are realized—as appears likely

¹¹² Open Source Enterprise, "People's Liberation Army Exercises with Foreign Armed Forces in 2017," CHW2018042312082076, April 24, 2018.

¹¹³ Ashley J. Tellis, "Protecting American Primacy in the Indo-Pacific," testimony before the U.S. Senate Armed Services Committee, Washington, D.C., April 25, 2017.

today—the international system will progressively shift from its current unipolarity toward a new bipolarity.¹¹⁴

By the time Barack Obama took office as president in 2009—at about the same time that China was exhibiting new inclinations toward global leadership—the broader trend about China’s ascendancy was beginning to register in the United States. Unfortunately, the pressures of the global financial crisis combined with the realities of globalization to produce a fatalism in U.S. strategic thinking about how to cope with China’s rise. The liberal inheritance of the United States only muddled Washington’s response further, with Obama declaring on several occasions that “we welcome China’s rise. We just want to make sure that that rise is done—that that rise occurs in a way that reinforces international norms and international rules and enhances security and peace, as opposed to it being a source of conflict either in the region or around the world.”¹¹⁵

To guard against failure on this count, however, Obama responded concurrently by attempting a “rebalance” to Asia.¹¹⁶ Although intended as a wide-ranging shift in attention and resources from the Middle East to the eastern Asian rimland, this initiative found its greatest traction only in the diplomatic (and to a lesser degree in the military) arena. U.S. engagement with East, Southeast, and South Asia deepened; U.S. military resources began to shift gradually toward Asia; and the Department of Defense embarked on a “third offset” program that focused on overcoming the recent Chinese military advantages that threatened to blunt U.S. power projection.

While this response was worthwhile and long overdue—it had the merit of consciously recognizing China’s rise as a strategic competitor, even if it failed to admit so publicly—the larger question of how to deal with a China that was still exploiting globalization to mount economic and security threats to U.S. interests writ large was unresolved. Many in the United States believed that this problem was essentially insoluble and that the evolution of the international system would ensure that this conundrum persisted enduringly: if the international trading order were constricted to limit China’s growth (assuming that such a policy could be successfully engineered to begin with), American welfare would be reduced significantly. Therefore, if the United States’ prosperity was to be protected, China’s superior growth

¹¹⁴ Yan Xuetong, “Why a Bipolar World Is More Likely than a Unipolar or Multipolar One,” *New Perspectives Quarterly* 32, no. 3 (2015): 52–56.

¹¹⁵ “The President’s News Conference with President Hu Jintao of China, January 19, 2011,” in Barack Obama, *Public Papers of the Presidents of the United States*, 2011, Book 1 (Washington, D.C.: U.S. Government Printing Office, 2014), 36.

¹¹⁶ Mark E. Manyin et al., “Pivot to the Pacific? The Obama Administration’s ‘Rebalancing’ toward Asia,” Congressional Research Service, CRS Report for Congress, R42448, March 28, 2012.

would have to be tolerated, despite the disadvantages it engendered for U.S. power. This dilemma brooked no easy solutions.

The election of Donald Trump, however, reflected the deep American disenchantment with this predicament, and his first two years in office have witnessed deliberate U.S. efforts to deal with this fundamental problem. Through a series of official documents, the administration began by clearly declaring that the era of great-power competition had indeed returned and that China, along with Russia, was in fact a strategic competitor of the United States.¹¹⁷ After decades of obfuscations, such clarity is refreshing.

The Trump administration has followed up on this assessment by increasing the U.S. defense budget in order to revitalize the military after two decades of overstretch. The president's larger economic policies, however, will most likely not allow this initial spurt to be sustained. Furthermore, Trump's diplomatic engagement in Asia has been messy. He signed off on a bold Indo-Pacific strategy that aims to buttress the economic, political, and strategic dimensions of the U.S. presence in the wider Asian rimland, but this initiative risks being undermined by his affection for Xi, his rhetoric questioning the benefits of key U.S. alliances in Asia, and the trade frictions between the United States and its Asian allies. Even his most resolute action to date—confronting China's four-decade old exploitation of the liberal international economic order—may prove to be inadequate. Trump has concentrated his attention on correcting the U.S. trade deficit with China. However worthwhile that objective may be, it would be unfortunate if this fixation on trade balances came at the expense of rectifying deeper structural problems: the continuing impediments to U.S. (and international) business in China, China's coercive transfer of technology, its theft of intellectual property, its open-ended support to its SOEs in the global trading system, and its pernicious entrenched system of state capitalism.

Unless these problems are rectified, the threats posed to U.S. power and prosperity by China's participation in the global economy will persist. At this point, it is not clear whether the Trump administration has either a coherent or a comprehensive solution for addressing these perils. Beijing, in contrast, seems to have both a clear vision and a deliberate strategy for recovering the greatness and the centrality that it once enjoyed in Asian, if not global, politics. This does not imply that China has operated in accordance with some sort of a "master plan" for expanding its power in the post-Cold War era. But its efforts, both deliberate and opportunistic, have clearly been shaped by the overarching aim of achieving, in Xi's phraseology, "the great rejuvenation

¹¹⁷ See, for example, White House, *National Security Strategy of the United States of America* (Washington, D.C., December 2017), 25f.; and U.S. Department of Defense, "Summary of the 2018 National Defense Strategy of the United States of America," 2018, 1f.

of the Chinese nation.”¹¹⁸ Thus far at least Beijing appears to be on track to achieving some meaningful facsimile of this ambitious undertaking.

Conclusion: The Need for a Sensible U.S. Strategy

China’s startling successes over the past four decades have undoubtedly been due to its progressive integration into the liberal international order built and sustained by U.S. power since 1945. The United States aided China’s rise by supporting the country’s entry into, and participation within, this system even when it was abundantly clear that China was receiving asymmetric benefits from its involvement. To be sure, the United States had integrated the war-torn economies of Germany and Japan into the international order on comparable terms in an earlier generation, but those countries, which grew into democratic allies, did not allocate the superior gains from assimilation toward the production of military instruments intended to threaten the United States. China is fundamentally different on both counts: it is neither a democratic regime nor a U.S. ally. In fact, China is very much a competitor that seeks to eventually displace the United States as the principal security provider in Asia, while supplanting it globally as the most important power in the international system.¹¹⁹

These strategic ambitions represent a fundamental threat to American primacy, and, hence, countering them must be the principal task of U.S. grand strategy going forward. For at least two decades, U.S. policymakers had hoped that rising Chinese power could be tamed by even deeper integration into the liberal international order. The evidence thus far suggests that these expectations have not been realized, and for understandable reasons: why would an increasingly powerful China seek to subordinate its own interests to, as Henry Kissinger once succinctly put it, the demands of “membership in an international system designed in its absence on the basis of programs it did not participate in developing”?¹²⁰

With Trump’s election as president, the American polity has indicated—on a rare bipartisan basis—that the United States should not acquiesce to China’s continued unfair enjoyment of higher relative gains from trade as it has done in the past. Rather, new policies that level the playing field should be pursued so that any benefits accruing to China

¹¹⁸ Charlie Campbell, “Xi Jinping’s Party Congress Speech Leaves No Doubts Over His Leadership Role,” *Time*, October 18, 2017, <http://time.com/4986999/xi-jinping-china-19th-congress-cpc>.

¹¹⁹ Tellis, “Power Shift”; and Robert D. Blackwill and Ashley J. Tellis, *Revising U.S. Grand Strategy Toward China* (New York: Council on Foreign Relations, 2015), <https://www.cfr.org/report/revising-us-grand-strategy-toward-china>.

¹²⁰ Henry A. Kissinger, “Avoiding a U.S.-China Cold War,” *Washington Post*, January 14, 2011.

from its participation in the international economy arise solely from its comparative advantages instead of the structural impediments it has assiduously maintained.

Attacking these problems requires a scalpel, not a hammer. The solutions pursued must focus on China's exploitation of the current trading order and not degenerate into an assault on globalization writ large or even trade with China more narrowly, given that both have produced undeniable increases in U.S. welfare that should not be sacrificed. Attacking the economic threats to U.S. power and prosperity must, therefore, be first grounded on the recognition that there is a distinction between China and all other trade partners of the United States. The problems posed by China are different, both in scale and in quality, and, hence, merit focused remedies rather than a generalized war against trade itself or against all U.S. trading partners indiscriminately. Any effort to constrict globalization on ideological or nationalist grounds will damage the United States in both economic and strategic terms. There is no assurance that Washington, for all its power, will be able to either roll back international economic integration entirely or prevent other states from arriving at mutually convenient trading agreements that exclude the United States. Both outcomes would subvert the long-term viability of American primacy and should, therefore, be avoided.¹²¹

The optimal strategy for the United States in the economic realm, accordingly, consists of a combination of the following elements: a singular emphasis on pressing China to correct its structural impediments to trade (rather than just its trade deficits) by holding at risk if necessary its access to the U.S. and other markets; a greater forbearance with allied partners on bilateral trade disagreements in order to recruit their cooperation in defeating the bigger problem posed by China's trade violations; an accelerated effort to bind U.S. friends (within the Western Hemisphere, in Europe, and in Asia) through high-quality preferential trading agreements that bestow higher gains from trade to all participants, thereby enabling the United States and its partners to better cope with China as an economic and political competitor; and, finally, to seriously begin the tasks of economic reform at home without which all efforts at improving the trading system outside would fall short. The core objective of such a strategy consists of permitting the United States to gain the maximum possible benefits from globalization for itself and its friends, while simultaneously curtailing the asymmetric gains that China has enjoyed thus far because of Washington's

¹²¹ For an extended elaboration of this argument, see Tellis, *Balancing Without Containment*.

resignation or inattention.¹²² The Trump administration's efforts hitherto seem to be going in a different direction.

An economic strategy of the kind outlined above cannot succeed without the full support of U.S. allies and partners. To the degree that such a reformed approach aims at benefiting from international trade while limiting its abuse by China, the geopolitical dimension becomes a vital complement. The heart of the geopolitical component consists of deepening the solidarity between the United States and its allies with respect to taking on the challenges posed by China. Whether the threats are Beijing's quest for new technological standards that will disadvantage the United States and its partners, or China's efforts to promote ideational alternatives on issues ranging from development assistance to the freedom of the seas, or China's activities aimed at procuring controlled technologies from the developed world, Washington's ability to counter them will hinge greatly on the extent of cooperation between the United States and its friends and allies because globalization today limits the success of any unilateral U.S. action.¹²³

Any policy that devalues U.S. alliances and partnerships by treating friends as akin to adversaries is deeply counterproductive for the larger goal of balancing against China's rise. There is no doubt that the United States should be challenging its partners to strengthen the alliance system in every way possible—including by enlarging their contributions where appropriate—but continuous criticism of the distribution of mutual gains hardly conduces toward the common purpose that will be required to checkmate Chinese (and Russian) ambitions. Even in the Indo-Pacific theater, for example, European support for the United States will be valuable for the defense of the traditional Western position on the freedom of the commons (not to mention for combined freedom of navigation operations), and Japanese, Australian, South Korean, and even Indian and Taiwanese contributions will make a huge difference to the ultimate success of the administration's strategy. A sensible prioritization is therefore essential: because the real challenge posed by China to the United States overwhelms all the other disagreements that Washington may have with its friends and bystanders, treating the latter with greater regard and sensitivity is vital for the success of Trump's campaign vis-à-vis Beijing.

Finally, the president needs to pay consistent attention to addressing the problems of military modernization. After close to two decades of major overseas operations, the burdens of recapitalizing the U.S. armed

¹²² See the discussion in Ashley J. Tellis, "The Geopolitics of the TTIP and the TPP," in *Power Shifts and New Blocs in the Global Trading System*, ed. Sanjaya Baru and Suvi Dogra, Adelphi Papers, no. 450 (Abingdon: Routledge, 2015), 93–119.

¹²³ Aaron L. Friedberg, "Competing with China," *Survival* 60, no. 3 (2018): 7–64.

forces are huge. While the United States was expending itself in peripheral wars in Afghanistan and Iraq, China made great strides in building the capabilities necessary to limit U.S. power from being able to operate freely along the Asian rimland. After an initial and long overdue spike in the U.S. defense budget in his first year in office, Trump appears to view future budget growth as unnecessary. This turnabout now puts at risk his administration's otherwise sensible plans for a 355-ship navy and an expanded bomber force.

There is much that remains to be done with respect to strengthening U.S. military power in order to protect American primacy. The debates about how to restructure U.S. power projection for enhanced effectiveness in the face of China's investments in anti-access and area-denial, the budgetary priority that should be afforded to expeditionary warfare capabilities over land forces, and the importance of sustaining investments in high-leverage conventional forces in the face of the extremely expensive modernization of the nuclear triad have not been resolved. If these issues are not settled in ways that preserve U.S. military hegemony, Washington's ability to meet threats at some distance from the homeland and protect the global system that disproportionately advantages the United States will be at significant risk—and the dangers emerging from China to U.S. primacy will become even greater.

To its credit, the Trump administration has taken on the cause of balancing China's rise in order to protect U.S. national interests. The means that it has employed for this purpose, however, are not assured of success. This could be doubly tragic. If current efforts fail to correct the basic flaws that have enabled China's ascendancy, they could reinforce the belief that China's rise is inevitable and thereby undermine any meaningful initiatives by a future administration to limit Chinese power. If that outcome were to eventually obtain, China's not so long march toward global preeminence would finally produce the bipolarity that U.S. grand strategy should be seeking to avert.

