

US STRATEGY TOWARD CHINA: THREE KEY QUESTIONS FOR POLICY-MAKERS

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China's economic development holds many potential benefits for the international community; a succession of US presidents has said as much. But as a rising regional great power, China is eclipsing the United States' postwar Asia-Pacific grand strategy of maintaining decisive influence over regional strategic affairs. If China continues its relatively rapid accumulation of wealth, high technology, economic centrality, and military power, especially if the Chinese government assertively pursues goals that infringe on the autonomy of neighboring countries, a strong China will challenge fundamental US interests. These include US access to regional markets and being able to suppress emerging threats to the US homeland, protect allies and partners from aggression or coercion, and uphold the current international system of liberal norms and institutions. A US strategy for protecting itself against the downside risks associated with China's rise hinges on the answers to three fundamental questions.

The first question: Is China ascending to regional hegemony?

The condition of hegemony requires both capability and intent. Hegemonic capability would mean China can compel other regional governments to behave according to China's wishes more than the United States could compel them to meet US preferences. It would also mean China wielding sufficient military power to block US military actions in the region that China opposes. China's position as the largest economic partner of most Asia-Pacific countries, combined with its determined build-up and modernization of its armed forces, seemingly make China a serious contender to achieve this level of strength in about a generation if present trends continue. The chief foreseeable obstacle would be a large and permanent economic slowdown that would reduce the resources China could invest in building a first-rate military. Despite the <u>uncertainty</u>, prudent strategic planning requires accounting for the possibility that China will transcend the <u>"middle</u> <u>income trap"</u> and achieve great power capability.

Hegemonic intent, the other required ingredient, would manifest itself as attempts by Beijing to impose outcomes in multiple issues of international affairs that are narrowly self-serving and against the preferences of regional states or against arrangements that most of the international community supports. A powerful China that lacked hegemonic intent and upheld widely-accepted international rules and norms would officially not be a threat to the United States; rather, it would fit the mantra of recent US presidents that the US welcomes the rise of a strong China as long as it is <u>"responsible."</u>

Whether China demonstrates hegemonic intent is controversial. The Chinese government, of course, regularly <u>denies</u> it. Some Americans <u>agree</u> China does not exhibit an unreasonable or worrisome will-to-power. The Trump administration, however, has unambiguously committed itself to the other side – <u>alleging</u> that Beijing aims to "reorder the region in its favor" and expel US influence.

If there is a substantial probability that China is driving toward regional hegemony, we must ask a second fundamental question: Would the harm to US interests caused by a Chinese hegemony in the Asia-Pacific justify the cost to the United States of trying to thwart this outcome? The question forces us to imagine the aftermath of a US strategic withdrawal from the Asia-Pacific, including the end of alliances and forward deployment of US forces. One possible answer is that China, which has an interest in robust international trade, would not prevent the United States from continuing to do business in the region. Furthermore, security threats to the US homeland arguably would not increase if the

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Asia-Pacific was under Chinese sway; with China enjoying its own regional sphere of influence, China and the United States would no longer have regional flashpoints such as Taiwan, the South China Sea and the Senkaku Islands to fight over. North Korean become nuclear weapons would China's problem. The US could no longer defend the governments that are now its allies, but the need for regional allies would have disappeared if Washington ceded management of the region to China. Even if China sometimes intervened in international trade and investment decisions in the region to the advantage of its own businesses, on balance one could argue the United States would be better off abdicating Asia-Pacific strategic pre-eminence rather than spending the necessary additional hundreds of billions of dollars annually and worrying about continuous tensions with a rising China.

The opposite answer is that the benefits accruing to the United States by virtue of its unmatched influence in the region exceed the expense of maintaining that influence. To say the least, Beijing does not generally promote the liberal values the US is committed to. Indeed, the Trump administration has a point when it characterizes the Chinese government's agenda as trying to make the world more comfortable for authoritarian rulers. The totality of the return the United States gets on its very large investment in maintaining its role as sponsor of the regional order is difficult to quantify in financial terms, but an accurate accounting would include the value of furthering democratization, good governance, respect for universally-recognized human rights, adherence to international law, arms control, environmental protection, and relatively meaningful international trade agreements. Proponents of maintaining US preeminence would also argue that US influence helps prevent or contain regional military conflicts that would otherwise expand and force the United States to eventually intervene at much higher cost.

A related issue is how the Asia-Pacific allies of the US would likely react to a strategic withdrawal. If the expectation is that they would compensate for the lost US commitment by devoting more of their own resources to defense and banding together to check potential Chinese domination and to continue supporting a liberal international order, Washington could walk away from pre-eminence with little damage to its vital interests in the region. It is more likely, however, that the regional states would partially accommodate China, each to a different degree, with Cambodia at one end of the scale and Japan at the other end.

The discussion of the issues above shapes the answer to the third fundamental question: What is the most efficient US strategy for preventing a form of Chinese domination that would seriously undermine the United States' well-being? The goal is to protect vital interests without overpaying. As we have seen, the possible variables include a China unwilling or unable to seek regional hegemony, regional states bandwagoning with or stepping up to discipline an overly assertive China, a Chinese hegemony being highly damaging versus basically conducive to US interests, and - depending largely on the medium-term strength of the US economy - an internationalist policy in the Asia-Pacific being affordable or not to the American public. Possible strategies, therefore, range from neo-isolationism to offshore balancing to resurgent pre-eminence.

Importantly, a decision by Washington whether to compete also affects China's actions, although in ways that are difficult to predict. If Beijing perceived the road to Chinese hegemony as difficult rather than unopposed, China would likely behave more cautiously. If the United States discontinued its forward deployment and security commitments in the region, the neighborhood would become dramatically less threatening to China. Beijing would have a fair opportunity to fulfill the <u>pledges</u> of Chinese leaders that a strong China will be peaceful and fair toward its smaller neighbors. The history of great powers, however, suggests a more likely result is that an unrestrained China would treat the region as Beijing has dealt with <u>post-handover Hong Kong</u>.

For now, the US maintains its role as regional cop. The Trump administration is <u>not reducing</u> US military spending and has not severed US alliances in the region. Nevertheless, with a stronger China raising the cost of US hegemony and Americans increasingly aware of the need for "nation building" at home, Washington's decades-old postwar foreign

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