

# A Pragmatic Grand Strategy towards China

**Daniel Guelen**

E-mail: [daniel.guelen@columbia.edu](mailto:daniel.guelen@columbia.edu)

Published May 4, 2020

## Abstract

China's rise brings various issues to the international stage. Terms such as the Thucydides Trap and Trade Wars have become common language and many fear for conflict between the United States and China. Especially in the 21st century, the relationship between the US and China will define the world. However, this paper argues that China does not pose a threat to the United States and the international order as the economic, military, and political circumstances do not facilitate such a great power tension. By directly analyzing the relationship between the US and China in these three areas, two policy recommendations can be drawn. This paper brings forth a dual grand strategy for the US to improve and support its domestic position to compete globally and present a more accessible alternative to lead internationally by building a more inclusive coalition and deterring some of China's aggressions in South East Asia. As the world becomes more multipolar, the ability to balance power, engage developing nations, and build alliances will prove to be critical to any strategy.

Keywords: China; United States; foreign policy; great power tension; international security; Thucydides Trap; international order; trade wars; counterhegemony; South East Asia.



## I. Introduction

China has been innovating in many technological realms and grown drastically over the past decades. With such growth ascends the desire to seek to structure the global system, along with the resources needed to engage in agenda-setting and coalition-building. The rise of a new power often leads to competition with existing great powers over who sets the rules. This competition, or the fear of falling behind, often provides the stimulus for war. We currently see a rising China confronting the United States on various issues as they assertively take more control of its region, demand a more significant role in global politics, and attempt to change arrangements of the international order. The emergence of China as a developing nation to a global power comes with various struggles and tensions. Nonetheless, while finding a way forward, it is not likely that the US and China will end up in a full-scale war. The obsession with the Thucydides Trap, the challenge for global hegemony, and a resulting clash of civilization is misguided.<sup>1</sup> This paper will demonstrate how the rise of China is not an international, existential, threat to US interest, as China's ascendancy is misjudged, and its intentions misinterpreted. At the same time, it urges for realistic deterrence against a narrative of nonaction. First, the notion of the Thucydides Trap and the issue with rising powers will be highlighted. Second, the current relationship between the US and China will be dissected into three key elements- economic, military, and political- to analyze if their strategic interests are indeed those of two conflicting powers. Finally, a dual grand strategy will be recommended for the US to lead and preserve a stable international order.

<sup>1</sup> Michael Crowley, "Why the White House Is Reading Greek History," *Politico Magazine*, June 21, 2017.

## 2. What is the Thucydides Trap?

Over 2000 years ago, during the Peloponnesian War (431 to 405 BCE), a thinker by the name Thucydides fixated on the causes and tension of the conflict- trying to uncover what led states to war. Arguably, his most famous insight was that it "was the rise of Athens and the fear that this instilled in Sparta that made war inevitable."<sup>2</sup> Since then, many scholars have revisited his work. Among them, most notably, Harvard professor Graham Allison coined the term Thucydides Trap in 2012 to explain the phenomenon that Thucydides saw all those years ago: "when a rising power threatens to displace a ruling one, the most likely outcome is war."<sup>3</sup> Allison brought forth a remarkable and comprehensive collection of historical cases when these events occurred. Namely, according to his estimations, there were sixteen cases across history when a major rising power threatened the displacement of a ruling power. Out of the sixteen times when those requirements were met, twelve of those resulted in war- leading to an unnerving sense of prophecy. Understandably, since then, many have warned of the inevitability of a conflict between China, the rising power, and the United States, the ruling one. This is due to the fact that China has experienced a tremendous rise. According to the World Bank, over the past thirty years, China has experienced an unprecedented average GDP growth of nearly 10 percent a year and managed to lift over 850 million people out of poverty. Moreover, as China has grown within its geopolitical environment and has established its own regional institutions with global ambitions- such as the Asian Infrastructure Investment Bank- the US has indeed started to show some signs of becoming afraid of its further rise.

<sup>2</sup> Graham T Allison, *Destined for War: Can America and China Escape Thucydides's Trap?* (Boston: Houghton Mifflin Harcourt, 2017).

<sup>3</sup> Ibid.

### 3. The Current US - China Relationship

China has developed rapidly and is now seeking more influence on the world stage, leading to growing tensions between the United States and China, as headlines across the world show how disagreements on trade or foreign policy are igniting hostilities. Nonetheless, is China indeed the major rising power it is often labeled, and does it have the capacity, momentum, and desire to challenge the US to the brink of war? As previously mentioned, two narratives take center stage. The first and most prevalent one is that of intense Chinese rivalry and their inevitable ambitions to replace the US as global hegemon to rewrite the rules of their international order. Contrarily, the other narrative is one of strongminded assurance and negligence to reform current policy towards China. By looking at several areas of the relationship between the US and China, it becomes clear how both are irresponsible and, at times, dangerous. Undoubtedly, there is much more research and many more arguments to be made regarding the rise of China and the impact on global affairs. However, for the purpose of a high-level analysis, this paper identifies three major elements that facilitate the rise of a new state in global affairs, and thus, serving as an appropriate framework to measure China's relationship with the US, it will compare the following essential factors of great power tension: economic, military, and political.<sup>4</sup>

#### 3.1 Economic Factors

First, a rising state must- in order to be considered a global challenger- be one of the current major economies. It is standard to rapidly assume and overlook this point as China is a leading economic powerhouse. After all, they are

the second-largest economy in size as well as the world's largest trading power. Nevertheless, while China's economic rise is very real and impressive, their current economic power and the future growth outlook are not as solid as China's presence would suggest. Additionally, when compared to the US, a massive innovative economy famous for reinventing itself, and the economic interdependence between them, the issue becomes less severe.<sup>5</sup>

Historically, previous rising powers had much larger economic resources relatively to their peers when they emerged on the world stage. For instance, a previous case of the Thucydides Trap, Germany of Kaiser Wilhelm II had already surpassed Britain economically by 1900 (fourteen years prior to World War I) and was "pursuing an adventurous foreign policy that was bound to bring about a clash with the other great powers."<sup>6</sup> Contrastingly, China lags behind the US economically and, rather than aggressively opposing and confronting the US, China is predominantly concentrated on its own economic development and political consolidation.

Even when China's Gross Domestic Product (GDP) does become larger than that of the US, it does not mean the two economies are equal in composition- even when they are equivalent in size. Unlike GDP, per capita income provides a look at the sophistication of the economy. The US per capita income is 6.38 times greater than that of China.<sup>7</sup> Thus, while China is destined to surpass the US in total size with its growing economy and immense population, it will not mean they are economically more powerful or equal. By contrast, China is far removed from

<sup>4</sup> George Modelski and William R. Thompson, "Leading Sectors and World Powers: The Coevolution of Global Politics and Economics," (University of South Carolina Press, 1996).

<sup>5</sup> Ruchir Sharma, "The Comeback Nation," *Foreign Affairs*, March 31, 2020.

<sup>6</sup> Joseph S. Nye, "China's Century is Not Yet upon Us," *Financial Times*, May 19, 2010.

<sup>7</sup> International Monetary Fund. World Economic Outlook Database, 2019. Available at: <https://www.imf.org/external/pubs/ft/weo/2019/01/weodat/index.aspx>

the kind of threat that 20th century Germany posed when it passed Britain.<sup>8</sup>

Furthermore, even though China's policymakers discovered unique ways to handle both government and market imperfections that "might have weakened the natural forces of development"- such as the dual-track pricing system and the hybrid ownership model of enterprises- it is disputed that, despite those institutional specifics, China's development trajectory "is quite similar to the East Asian "Tiger" economies."<sup>9</sup> As nations further develop, the growth rates tend to slow. Currently, according to the People's Republic of China, the growth rate slowed to 5.8 percent. However, according to Morningstar, it actually slowed to around 3 percent- drastically decreasing from previous years and projections.<sup>10</sup> This is likely due to the fact that economic stimuli, such as a growing workforce, movements from rural areas to cities, intensifying exports, and high quantities of investments, are accordingly weakening to the point that China can "no longer rely on those old drivers" for their growth.<sup>11</sup> Subsequently, China is, therefore, naturally confronting a lot of the same challenges experienced by those other economies, such as "declining productivity growth as the forces of structural change run out of steam, and a rapidly aging labor force."<sup>12</sup> Additionally, in China's unique case, we also begin to see demographic issues from the "delayed effects" of its one-child policy.<sup>13</sup> Ultimately, led by a generation that remembers the Cultural Revolution, the Communist Party

of China (CCP) knows its legitimacy is dependent on delivering the Chinese people "a measure of wealth and comfort" and thus will think wisely about the costs of direct conflict- especially in a time of slowing economic growth.<sup>14</sup>

Ironically, these challenges also reminisce of a slowing Japan after decades of receiving complaints identical to those confronted by China. Almost all accusations of China today, such as "forced technology transfers, unfair trade practices, limited access for foreign firms, [and] regulatory favoritism for locals," were also aimed at Japan during the 1980s and 1990s.<sup>15</sup> Clearly, as Japan's economy matured and its growth slowed down, so did these fears. Likewise, China is slowing down its questionable activities as its transitioning from a "net importer of ideas to net innovator," and will accordingly start defending the rules-based order and international IP laws.<sup>16</sup> Therefore, it is not unreasonable to expect the current tense relationship between China and the US to improve.

Nevertheless, even though it is questionable if China can take on the US economically and handle upcoming structural challenges, its economic capacity should not be unrecognized. As Allison points out in his recent essay, China is a "full-spectrum peer competitor of the United States in commercial and national security applications of AI" and has already overtaken the US in several key areas.<sup>17</sup> In 2018, China filed two-and-a-half times as many patents in AI technology as the US, and last year it graduated three times as many computer scientists.<sup>18</sup> As AI technologies

<sup>8</sup> Nye, *China's Century*.

<sup>9</sup> Martin Raiser, "China's rise fits every development model," *The Brookings Institute*, October 17, 2019.

<sup>10</sup> Kenneth Rapoza, "China Growth Nowhere Near Official Estimates Says Morningstar," *Forbes Media*, October 31, 2019.

<sup>11</sup> World Bank Group, "Innovative China: New Drivers of Growth," (Washington, DC: World Bank, 2019), pp. xviii – xix. [openknowledge.worldbank.org/handle/10986/32351](https://openknowledge.worldbank.org/handle/10986/32351).

<sup>12</sup> Martin Raiser, "China's rise fits every development model."

<sup>13</sup> Nye, "China's Century."

<sup>14</sup> Henry Kissinger, "On China," (The Penguin Press, 2011), p. 500.

<sup>15</sup> Fareed Zakaria, "The New China Scare," *Foreign Affairs*, January/February 2020.

<sup>16</sup> Yukon Huang, and Jeremy Smith, "China's Record on Intellectual Property Rights is Getting Better and Better," *Foreign Policy*, October 16, 2019.

<sup>17</sup> Graham Allison, "Is China Beating America to AI Supremacy," *The National Interest*, December 22, 2019.

<sup>18</sup> *Ibid*.

will be the main drivers of future economic growth and national security, it is safe to say China in some ways is—and most likely will be—the US’s largest economic and political competitor.<sup>19</sup> Thus, this requires an appropriate response and a reform of US policy towards its own economy as well as its relationship with China.

Consequently, beyond either state’s economic strength is the vital relationship between them. As the world globalized, the United States and China became extensively interconnected. The ongoing trade war highlights the deep linkages by the economic damage it caused. For example, by the end of 2018, the tit-for-tat import-tariff increases were hitting US consumers and firms with \$3 billion each month in added tax costs as well as \$1.4 billion each month in deadweight welfare- or efficiency- losses.<sup>20</sup> For China, since the US is its largest export market, the trade war resulted in a drop of 12 percent of their exports to the US, leading to a loss of loosely \$67 billion and causing their lowest industrial output growth in seventeen years.<sup>21</sup>

On top of that, the economic interdependence between the US, China, and the rest of the world produces a stability mechanism. For instance, in 2012, the US, and its friends and allies, were responsible for 26 percent of China’s GDP through trade, and were the sources of one-third of China’s inward FDI (a number grossly underestimated due to ‘round-tripping’).<sup>22</sup>

Clearly, economic hostility between the two powers leads to significant damages on both sides, which creates a

deterrent for potential hostility. After all, it was hundreds of years ago when Immanuel Kant fairly assessed that “the spirit of commerce ... sooner or later takes hold of every nation, and is incompatible with war.”<sup>23</sup>

Nonetheless, there are developments showing disintegration, such as the retreat from diplomatic solutions and the disentanglement of economic relations. The current trade war between the US and China visibly shows a halt in friendly cooperation and a turn to ineffective blunt tools. Some US companies have actively attempted to find alternatives as they consider- and some realized- moving manufacturing plants and changing supply chains to competitors such as Vietnam, Indonesia, and Bangladesh.<sup>24</sup> This weakening could be seen as the start of intensifying hostility between the two nations.

However, these organizational changes originate mainly from the Trump administration coercing US companies to adapt, as well as rising production costs since China is naturally moving up the value chain. Still, even with mounting pressure from the White House, numerous companies have found it challenging to realize such moves. For instance, Apple has canceled various plans to relocate factories to the United States or elsewhere and even went as far to shift production of its new Mac Pro computer away from the US to China.<sup>25</sup>

Noticeably, this breaks away from any preceding instances of rising and dominant nations going to war. Critics often refer to the deep trade relations between Germany and Britain as the world was intensely globalized

<sup>19</sup> John Villasenor, “Artificial intelligence and the future of geopolitics,” *The Brookings Institute: TechTank*, November 14, 2018.

<sup>20</sup> Mary Amity, Stephen J. Redding and David Weinstein, “The Impact of the 2018 Trade War on US Prices and Welfare,” Centre for Economic Policy Research, March 2, 2019, <https://www.princeton.edu/~reddings/papers/CEPR-DP13564.pdf>.

<sup>21</sup> CNBC, “China Says It Needs ‘Arduous Efforts’ to Meet 2019 Industrial Output Goal,” *CNBC*, July 23, 2019.

<sup>22</sup> Thomas J. Christensen. “The China Challenge: Shaping the Choices of a Rising Power,” (W.W. Norton & Company, 2016), pp. 46-47.

<sup>23</sup> Kant, Immanuel. “Perpetual Peace,” 1795.

<sup>24</sup> Melissa Twigg, “US-China trade war accelerates apparel factories’ shift from China to Southeast Asia and Bangladesh” *South China Morning Post*, November 4, 2019.

<sup>25</sup> Samantha M. Kelly, “Apple shifts Mac Pro production away from US to China,” *CNN Business*, June 28, 2019.

before they dragged the world into war. However, the globalization of the 21st century is vastly different from that of the 20th century- which was primarily about imports and exports. Nowadays, the global supply chains driving Multinational Corporations are at “the very core of the global economy”- making China and the US quite literally dependent on one another.<sup>26</sup>

As a result, the profound economic relation and the complexly interrelated supply chains have generated many vested interests on both sides. Those essential interests will urge for a beneficial economic relationship- reverberating Bill Clinton when he told Jiang Zemin in 1995 that “the US has more to fear from a weak China than a strong China.”<sup>27</sup>

### 3.2 Military Factors

Second, the state must have a robust military with an ability to extend its power. As will be discussed, Chinese military development accelerated in 1999 after Deng Xiaoping reforms had created the economic infrastructure and resources to “allow for impressive military modernization efforts.”<sup>28</sup> Besides a cross-strait conflict with Taiwan, which is strongly defended by the US, China does not have much strategic benefits or intentions to use its modern military abroad, as they would still need to deal with other military powers and endanger its domestic stability.

China successfully built a strong and capable military in the past decades, increasing its military budget by 83 percent between 2009 to 2018.<sup>29</sup> Currently, they are the second-largest military spender, with a massive annual

budget of 250 billion dollars, accounting for over 14 percent of global military expenditure. Of course, the contrast with the leader in military spending is apparent, as the United States spends over 649 billion dollars a year on its powerful military. In previous examples of the Thucydides Trap, the rising states were militarily alike in terms of capabilities and spending. Of course, China’s military capabilities are yet to be realized as they challenge the US in entirely new areas of warfare, such as cyber and space, and the uses of Robotics and AI technologies in combat have yet to be fully determined.

However, the US is undoubtedly superior- as they are simply the world’s most powerful military force. The costs are substantial, but, having operated as the world’s hegemon for decades, the expenditures have been extraordinarily small by historical standards. In the past, global hegemonies often capitulated to “imperial overstretch” after fighting in “multifront wars against major powers.”<sup>30</sup> To be able to safeguard their global influence, all preceding hegemonies spent over 10 percent of their GDP on defense, and sometimes reaching up to 100 or 200 percent.<sup>31</sup> By contrast, according to the Stockholm International Peace Research Institute, the US spent 3.2 percent on its defense.<sup>32</sup> This is partly due to the effective and delicate alliance system the US has built. The hope is that the US military will never be fully engaged against China. Nonetheless, the dominance of the US militarily, and its security alliances across the globe, is significant as it becomes a deterrence for war as, arguably,

<sup>26</sup> Geoffrey Garrett, “Why US-China Supply Chains Are Stronger Than the Trade War,” *The Wharton School, The University of Pennsylvania*, September 5, 2019, [knowledge.wharton.upenn.edu/article/trade-war-supply-chain-impact/](https://knowledge.wharton.upenn.edu/article/trade-war-supply-chain-impact/).

<sup>27</sup> Nye, “China’s Century.”

<sup>28</sup> Christensen. “The China Challenge,” p. 28.

<sup>29</sup> Nan Tian, “Trends in World Military Expenditure,” *Stockholm International Peace Research Institute*, April 2018.

<sup>30</sup> Michael Beckley, “China’s Century: Why America’s Edge Will Endure,” *International Security*, Vol. 36, No. 3 (Winter 2011/12), p. 49.

<sup>31</sup> Paul Kennedy, “The Greatest Superpower Ever,” *New Perspectives Quarterly*, Vol. 19, No. 2 (Spring 2002), pp. 8–18.

<sup>32</sup> Nan Tian, “World Military Expenditure,” *Stockholm International Peace Research Institute*.

“any effort to compete directly with the United States is futile, so no one tries.”<sup>33</sup>

Subsequently, there are various other reasons for restraint from military confrontation. First, Chinese conduct is much more defensive than many realize. It needed to be as, for reasons previously mentioned, it wanted its neighbors and other powers to see its rise as peaceful. For instance, its nuclear doctrine claims that they will only turn to nukes if attacked first, which is opposite to the American nuclear stance which holds they have “the right to launch a nuclear first strike in a conflict” even when “it has only been attacked with conventional weapons”- or the Russian doctrine which claims it “may use tactical nuclear weapons to ‘de-escalate’ a conventional war.”<sup>34</sup> Second, China has historically followed the objective of having a “compliant, divided periphery, rather than one directly under Chinese control.”<sup>35</sup> This stems from the crowded geopolitical area it is in- as well as a long history of ceding territory to its neighbors- and led to a constant concern of avoiding hostile alliances against itself, which became one of the main drivers of Chinese foreign policy. Third, the idea that China wants to use its military to dominate other states or become violent internationally is arguable. So far, they have rarely been militarily involved in the Middle East, Africa, or Europe, and in an increasingly multipolar world, that does not seem to change anytime soon. Moreover, China’s strategic priorities lay primarily in its region as they attempt to fully establish themselves as the main regional power rather than challenge the US for global supremacy.

Furthermore, in regard to China’s own geopolitical region, which has its “own internal balance of powers”, many nations are actually welcoming to a US presence.<sup>36</sup> All significant players in East Asia, besides Russia and China itself, are either official US allies or its security partners. States such as Taiwan, South Korea, Japan, Australia, and Singapore are important US partners in the region compared to China’s lack of “strategically important allies,” as they are not aligned with Russia and North Korea is not much of a stable or strategic ally.<sup>37</sup>

Moreover, as it is highly dependent on its economic relations, China has to balance its military posture with building economic partnerships and coalitions. The necessity of its economic relations dissuades the CCP from large military campaigns as it might upset economic partners. The fact that the Chinese leaders have to contend with other countries and the constraints “created by their own goal of growth and the need for external markets and resources” restricts them from becoming too aggressive in military operations.<sup>38</sup> Strikingly, a recent Pew poll showed that, among eighteen nations, over 55 percent saw China’s economic rise as beneficial, but less than 24 percent saw its military rise beneficial with the majority thinking “increased Chinese military strength is bad for them.”<sup>39</sup> As a result, China’s military capabilities are limited as they have to balance their hard and soft power.

Ultimately, unlike past cases of the Thucydides Trap, the concept of a strategic military conflict against the US is not in China’s interest either. For example, in the case of the mid-nineteenth century Germany, war was a strategic

<sup>33</sup> William C. Wohlforth, “The Stability of a Unipolar World,” *International Security*, Vol. 24, No. 1 (Summer 1999), p. 18.

<sup>34</sup> Sebastien Roblin, “China’s Military Is the Biggest on the Planet (But Can It Fight America and Win?),” *The National Interest*, May 22, 2019.

<sup>35</sup> Kissinger, *On China*, p. 22.

<sup>36</sup> Nye, “China’s Century.”

<sup>37</sup> Christensen. “The China Challenge,” p. 51.

<sup>38</sup> Nye, “China’s Century.”

<sup>39</sup> Laura Silver, “How People around the World View China.” *Pew Research Center’s Global Attitudes Project*, Pew Research Center, December 05, 2019, [www.pewresearch.org/global/2019/12/05/attitudes-toward-china-2019/](http://www.pewresearch.org/global/2019/12/05/attitudes-toward-china-2019/).

means in Bismarck's objective of "unifying the German states."<sup>40</sup> By contrast, China today has almost no strategic interest in undertaking a war of any kind against the US or anywhere else. Starting and winning a war is not worthwhile as gaining possession of natural resources and land is much less profitable (in both national security and economic terms) than securing the safety of an innovative economy focused on trade, FDI, technology, and high-value assembled products.

Additionally, with the unprecedented level of nuclear proliferation, a war between major powers is "madness" and "no longer a justifiable option."<sup>41</sup> The price of war has increased dramatically as "nuclear weapons have turned war between superpowers into collective suicide."<sup>42</sup>

### 3.3 Political Factors

Third, a dominant state "is likely to have a relatively open society," which will "aid in the creation and adoption of innovations, in the setting of global agendas, and ... coalition building."<sup>43</sup> Visibly, China does not represent a relatively open society. Massive governmental surveillance, restrictions on free speech and internet usage, the suppression of doctors' warnings of the dangers of COVID-19, the dispersion of the social credit system limiting travel and opportunity, and Xi Jinping's petty ban of Winnie the Pooh underscore severe issues and dangers with extremely centralized and oppressive control.

However, often unnoticed, China does favor an open and democratic international order that relates better to developing countries and is less inclined to favor existing

great powers. China has also been the main beneficiary from the international economic order using free trade, FDI, and economic supply chains to grow its economy. As a major rising power, China also stands to benefit from the rules-based international order that respects international law. It is the primary driver of China's strategic change from "seeking to undermine the international system to spending large sums to bolster it"- becoming the UN's second-largest funder and supporting 182 out of 190 security council resolutions against violations of international rules.<sup>44</sup>

By definition, demanding more say in US-led institutions by any other power is counterhegemonic. However, alterations to the make-up of international institutions do not sincerely pose a threat to US leadership if it is willing to adapt to unavoidable altering global conditions. Failing to do so can be more damaging. For instance, the US and Europe were very averse to concede any ground to the Chinese in any of the core institutions of international economic governance, such as the International Monetary Fund (IMF) as well as the World Bank. This led to China's efforts to work outside the system.<sup>45</sup> According to the former Chairman of the US Federal Reserve Ben Bernanke, it was the US Congress that failed to approve larger voting-rights for China within the existing IMF that pushed Beijing into launching the AIIB.<sup>46</sup> More prominently, for years, China "sought a larger role" in the Asian Development Bank (ADB), an institution located in China's neighborhood, but was

<sup>40</sup> James C. MacDougall, "Destined for War: Can America and China Escape Thucydides's Trap?" *Review Essay Semantic Scholar*, 2017.

<sup>41</sup> Allison, *Destined for War*, pp. 206-209.

<sup>42</sup> Yuval Noah Harari. *Sapiens: A Brief History of Humankind*. Vintage, 2019, p. 372.

<sup>43</sup> George Modelski and William R. Thompson, *Leading Sectors and World Powers: The Coevolution of Global Politics and Economics* (University of South Carolina Press, 1996).

<sup>44</sup> Fareed Zakaria, "The New China Scare," *Foreign Affairs*, January/February 2020.

<sup>45</sup> Ibid.

<sup>46</sup> David Pilling, "US Congress Pushed China into Launching AIIB, says Bernanke," *Financial Times*, June 2, 2015.

opposed by the US.<sup>47</sup> Therefore, by using its growing influence and creating its own institutions, China did not launch an assault on existing institutions but on the incorrect power relations underlying them. This means existing institutions can adapt to the changing balance of power to more accurately handle issues faced by today's world. To emphasize this, the formation of the AIIB finally "persuaded the US Congress" to approve rational IMF reforms leading to the "dilution of Washington's voting power," and led the ADB to allow developing economies to "boost their capital shares" and expand their formal influence.<sup>48</sup> Thus, instead of promoting or fearing the idea of a clash between a rising power and a ruling one, we should understand the trend of a readjustment of global influence among various powers in an increasingly multipolar world in which more formal authority in international institutions will "inevitably come at the expense of the power of the United States."<sup>49</sup> Nevertheless, this reduction of global power does not inhibit the US to lead and define the international order, but merely means they will have to build coalitions of eager smaller powerful nations to sustain it.

Moreover, there is a critical distinction between American and Chinese ideological conduct that should diminish any concern of global political domination. The interpretation that China wants to export its ideas, form of governance, and culture comes from quite a biased Western perspective. According to Henry Kissinger, China's exceptionalism is unlike the American, which in turn came partly from European imperialism. American exceptionalism is missionary, as at the core of American

ideology lays a recognition of its morality and consequently an "obligation to spread its values to every part of the world."<sup>50</sup> This does not mean that Chinese ideology is the same. Remarkably, China's ideologies are mostly domestic-part of a Chinese civilization that always was and will be-and, thus, does not claim that "its contemporary institutions are relevant outside of China."<sup>51</sup> For instance, the only Chinese efforts to change institutions and democracy are aimed towards Taiwan, as it is perceived to be part of China itself. However, as previously stated, China believes in a global somewhat-democratic international order and created its own institutions as a result of perceived ineffectiveness of existing US-led institutions rather than as an attack US hegemony.

It is also important to highlight how an international-level of analysis brings forth only an international-level rationalization. For instance, China's island-building activities in the South China Sea is often interpreted as an expansionist foreign policy, driven by realpolitik. However, according to Audrye Wong, despite Beijing's efforts to reduce tensions in the area, the local province of Hainan successfully influenced policy for the habitation and construction of those islands to increase tourism as "a source of development that boosts growth."<sup>52</sup> This shows that often there could be more nuanced reasons for the motivations behind Chinese foreign policy, which have "important policy implications for understanding and responding to Chinese behavior in the South China Sea and Beyond."<sup>53</sup> Therefore, perceiving all of China's foreign policy stances as hostile is a dangerous spiral that does not often represent reality and is one the US should not follow.

<sup>47</sup> Zakaria, "The New China Scare."

<sup>48</sup> John Ikenberry and Darren Lim, "China's Emerging Institutional Statecraft," *The Brookings Institute*, April 13, 2017, p. 13.

<sup>49</sup> Ibid. p. 13.

<sup>50</sup> Kissinger, *On China*, p. xvi.

<sup>51</sup> Ibid. p.xvi.

<sup>52</sup> Audrye Wong, "More than Peripheral: How Provinces Influence China's Foreign Policy," *The China Quarterly*, 235, September 2018, pp. 735–757.

<sup>53</sup> Ibid. p. 735

#### 4. A Dual Grand Strategy.

Once again, the United States and its allies should primarily avoid two narratives. First, the narrative that China is a malicious power that will do everything to get ahead. This view leads only to furious attacks on anything the regime undertakes and only fuel Chinese nationalism and give power to hawks within the CCP. Second, disregarding the reality and consequences of China's rise will likely lead to a disgruntled Chinese population, unrestrained aggression, noncooperation on global issues, and ineffective US policy towards South East Asia. As a result, avoiding these narratives, a dual grand strategy- domestically and globally- should be pursued.

##### 4.1 Strengthening Domestic Industries

The United States should embrace a national effort to compete with China and offer a more prosperous and fairer model to the rest of the world. After all, during the Cold War, it was the economic prosperity from a market-system, academic excellence from protecting innovation and ideas, as well as political possibilities through free speech that made the United States a better alternative to its autocratic rivals- namely the Soviet Union.

Besides safeguarding those same values at home, the new challenge lies at the core of the growing technological areas that will redefine national security and future economic models. Space exploration, renewable energies, biotechnology, and cyberwarfare, to name a few, will push the US to allocate its current economic and political might towards furthering and pioneering those spheres of boundless potential and future dominance. Currently, education and research within those areas are severely

underfunded while China is successfully expanding its efforts. For instance, in renewable energy, China is spending three dollars for every dollar the US invests.<sup>54</sup>

Fundamentally, by investing in its society and economy, it could show how liberal democracy, along with its values and ideas, and a rules-based system is the most efficient, fair, and productive way forward. For example, in his book *Loonshots*, Safi Bahcall emphasizes how fostering research led to technologies that helped the Allies win World War Two, how innovative methods found cures for diseases, and how funding as well as and nurturing seemingly crazy ideas transformed entire industries.<sup>55</sup> Similarly, Jonathan Gruber and Simon Johnson analyzed how government investments in scientific innovation could lead to higher economic growth and allow the US to keep leading in the 21st century.<sup>56</sup>

All in all, Bahcall, Gruber, and Johnson illustrate the benefit of identifying technological research as a top national priority, like the space race was in the sixties, as it has proven to deliver tremendous advantages and was often the reason why the US has been so superior in international relations over the past century. Moreover, investing in a more prosperous and fair society will discourage citizens from leaning towards populist movements that threaten to discredit liberal democracies as a functioning model. Ultimately, the clear disparities with its main competitor China along with the extensive history of successful results from investments in knowledge, should be enough to convince anyone of the need for more substantial funding for innovative technologies.

<sup>54</sup> Rob Smith, "For Every \$1 the US Spent on Clean Energy in 2017, China Spent \$3," *World Economic Forum*, April 11, 2018. [www.weforum.org/agenda/2018/04/for-every-1-the-us-spent-on-clean-energy-in-2017-china-spent-3/](http://www.weforum.org/agenda/2018/04/for-every-1-the-us-spent-on-clean-energy-in-2017-china-spent-3/).

<sup>55</sup> Safi Bahcall, "Loonshots: How to Nurture the Crazy Ideas That Win Wars, Cure Diseases, and Transform Industries," (St. Martin's Publishing Group, 2019).

<sup>56</sup> Jonathan Gruber and Simon Johnson, "Jump-Starting America: How Breakthrough Science Can Revive Economic Growth and the American Dream," (PublicAffairs, 2019).

## 4.2 Diplomatically Engaging and Balancing the Global Community

The United States must not seek to dominate in every sphere of international policy, or the forceful democratization of other states, but rather seek an overarching guiding position. Surprisingly, critics of US involvements across the world argue that they should not be the world's policeman. However, if the US appropriately undertakes an active leadership role, it would not directly engage in intervention or wars, but instead, hold up a system and coalition for international security using economic and political sanctions to punish wrongdoers. It has not done so, as US diplomatic strength lacked under President Obama and has weakened dramatically under President Trump. Instead, US policy should embrace both multilateral and bilateral efforts to align nations for common goals and be the key driver for coalition-building against threats to global interests such as nuclear proliferation, climate change, terrorism, and destabilizing forces such as the cybercrimes and election-interference efforts by Russia.

Previously, as a hegemon, the US was inconveniently positioned to realize such a role, as they were effectively the sole power to extend its power to ensure stability. However, various regional powers are increasingly becoming more significant and are taking more responsibility within their areas, opening a door for the US to hold together a balance of power. This is not new. In fact, according to Henry Kissinger, in 1815, after an era filled with wars among great powers, it was the Congress of Vienna that ensured a period of relative peace.

Consequently, only seventeen wars occurred in a century, none of which extended globally, thanks to “the generally accepted legitimacy” of a five-power order made up by Austria, Britain, France, Prussia, and Russia.<sup>57</sup> At the time, it was Britain who played the role of the balancer among those states. So too should the US entertain the idea of becoming a stabilizer, gathering a grand coalition of states who are interested primarily in a stable and fair rules-based order, and preserving that order “by only occasional diplomatic and military interventions.”<sup>58</sup> Together with the current disincentives for war, such a policy could lead to a more stable global alliance. Most lucidly, in Kissinger's words, it is “only natural that a period anxiously seeking to wrest peace from the threat of nuclear extinction should look nostalgically to the last great successful effort to settle international disputes by means of a diplomatic conference.”<sup>59</sup>

Therefore, as previously mentioned, the US should remain a global leader- not only because it has the capacity and power to do so- but since it is uniquely positioned in a world that “prefers a global order” under its leadership compared to “any other kind of world order.”<sup>60</sup> This idea is not unfounded as having the US be the global leader- for now- can be “a price worth paying” for the international stability the US produces.<sup>61</sup> Accordingly, by engaging those nations that prefer US leadership, the US can strengthen a multipolar international order, which would “provide a critical tool” in shaping and constraining the rising Chinese power.<sup>62</sup>

Crucially, this is especially the case in South East Asia, where various states feel threatened by China. The US

<sup>57</sup> Niall Fergusson, “The Square and the Tower: Networks and Power, from the Freemasons to Facebook,” (Penguin Group, 2018), P. 130.

<sup>58</sup> Ibid. p. 131.

<sup>59</sup> Henry Kissinger, “The Congress of Vienna: A Reappraisal,” *World Politics* 8, no. 2 (1956): 264-80.

<sup>60</sup> Danny Quah, “Ordering the World Truth to Power,” (London School of Economics and Political Science, 2016), 24.

<sup>61</sup> Ibid. p. 24.

<sup>62</sup> Michael J. Mazarr, Timothy R. Heat and Astrid Stuth Cevallos, “China and the International Order,” (RAND Corporation, 2018), pp. xi-xii.

should engage with those states and deter China's aggressions while ensuring China's regional sovereignty and conveying the importance of a rules-based order for Chinese interests. Accepting increasing Chinese influence in the international order will make China a strong supporter of it and "pose less of a threat" to a stable system than an outlook "in which China is alienated from that system."<sup>63</sup> History offers great lessons for today's leaders, and it has shown that great powers can "manage relations with a rival, even those that threaten to overtake them, without triggering war."<sup>64</sup> It is up to the United States and its allies how to handle China's rise. It should not be approached by opposing it, but rather by uniting and steering China to reinforce existing institutions and norms.

## 5. Conclusion

All things considered, the United States and China are at odds. Most likely, they will be for a long time as new spheres of influence, such as space and cyber, will become sources of tension. However, rather than fearing this power tension, it is purely a fact to reckon with: an influential China is here to stay. The United States should accept and embrace the coming era of multipolarity as, in many ways, it solves some of the issues it faced as a sole superpower. By engaging the global community, allowing fair Chinese influence in existing institutions, participating in Chinese initiatives, and building strong diplomatic relationships, the US can ensure the successful continuation of its order and avoid the narrative of hostility. By seeing the Chinese as competitors on the world stage, Americans will rally and revert to tactics of supporting and deeply investing in its own society and selling its attractiveness worldwide. However, embracing the good does not mean appeasing China's assertive and immoral behavior at every turn to avoid any rivalry. A

realistic strategy of enabling regional nations to balance China, ensuring military deterrence in South East Asia, as well as upholding norms regarding international trade, human rights, and civil liberties, should be pursued to avoid the narrative of nonaction. Ultimately, China's rise is not an international threat to the United States and its order. There are difficulties, no doubt, but we often tend to believe that we live in an unprecedented time of difficult challenges and therefore exaggerate them. Americans during the Cold War believed it was the defining moment in history, policymakers dealing with the Kosovo War thought they faced unique challenges, and many believe the wars in Afghanistan and Iraq have brought forth unmatched and world-changing issues. In the end, foreign policy is hard. It requires a sensible and delicate balance between diplomacy, military deterrence, and coalition-building that will once again ask American foreign policy elites not to get dragged into simplistic metaphors or prophecies and simply get to work to establish a realistic and fair strategy forward. A strategy that is not against or in fear of China, but with China.

<sup>63</sup> Ibid. p. xi-xii.

<sup>64</sup> Allison, *Destined for War*.

## Bibliography

- Allison, Graham. *Destined for War: Can America and China Escape Thucydides's Trap?* Boston: Houghton Mifflin Harcourt, 2017.
- Allison, Graham. *Is China Beating America to AI Supremacy?* The National Interest, December 22, 2019.
- Amiti, Mary and Stephen J. Redding and David Weinstein. *The Impact of the 2018 Trade War on US Prices and Welfare*. Centre for Economic Policy Research, 2019.
- Bahcall, Safi. *Loonshots: How to Nurture the Crazy Ideas That Win Wars, Cure Diseases, and Transform Industries*. United States: St. Martin's Publishing Group, 2019.
- Beckley, Michael. *China's Century: Why America's Edge Will Endure*. International Security, Vol. 36, No. 3, Winter 2011/12.
- CNBC. *China Says It Needs 'Arduous Efforts' to Meet 2019 Industrial Output Goal*. CNBC, July 23, 2019.
- Christensen, Thomas J. *The China Challenge: Shaping the Choices of a Rising Power*. W.W. Norton & Company, 2016.
- Crowley, Michael. *Why the White House Is Reading Greek History: The Trump team is obsessing over Thucydides, the ancient historian who wrote a seminal tract on war*. Politico Magazine, June 21, 2017.
- Economy, Elizabeth C. *Beijing Is No Champion of Globalization: The Myth of Chinese Leadership*. Foreign Affairs, 2017.
- Fergusson, Niall. *The Square and the Tower: Networks and Power, from the Freemasons to Facebook*. New York: Penguin Group, 2018.
- Garrett, Geoffrey. *Why US-China Supply Chains Are Stronger Than the Trade War*. The Wharton School, The University of Pennsylvania, September 5, 2019.
- Gruber, Jonathan, and Simon Johnson. *Jump-Starting America: How Breakthrough Science Can Revive Economic Growth and the American Dream*. PublicAffairs, 2019.
- Harari, Yuval Noah. *Sapiens: a Brief History of Humankind*. Vintage, 2019.
- Huang, Yukon, and Jeremy Smith. "China's Record on Intellectual Property Rights is Getting Better and Better." *Foreign Policy*, October 16, 2019.
- Ikenberry, G. John, and Darren Lim. "China's Emerging Institutional Statecraft." Washington, D.C: The Brookings Institution, April 13, 2017.
- International Monetary Fund. *World Economic Outlook Database*, 2019.
- Kant, immanuel. *Perpetual Peace*. 1795.
- Kelly, Samantha M. *Apple shifts Mac Pro production away from US to China*. CNN Business, June 28, 2019.
- Kennedy, Paul. *The Greatest Superpower Ever*. New Perspectives Quarterly, Vol. 19, No. 2, Spring 2002.
- Kissinger, Henry. *On China*. The Penguin Press, 2011.
- Kissinger, Henry. *The Congress of Vienna: A Reappraisal*. World Politics 8, no. 2, 1956.
- MacDougall, James C. "Destined for War: Can America and China Escape Thucydides's Trap? *Review Essay*." Semantic Scholar, 2017.
- Mazarr, Michael J, and Timothy R. Heat, and Astrid Stuth Cevallos. *China and the International Order*. Santa Monica: RAND Corporation, 2018.
- Nye, Joseph S. *China's Century is Not Yet upon Us*. Financial Times, May 19, 2010.
- Modelski, George, and William R. Thompson. *Leading Sectors and World Powers: The Coevolution of Global Politics and Economics*. University of South Carolina Press, 1996.

- Pilling, David. *US Congress Pushed China into Launching AIIB, says Bernanke*. Financial Times, June 2, 2015.
- Quah, Danny. *Ordering the World Truth to Power*. London: London School of Economics and Political Science, 2016.
- Rapoza, Kenneth. *China Growth Nowhere Near Official Estimates Says Morningstar*. Forbes Media, 2019.
- Raiser, Martin. *China's rise fits every development model*. The Brookings Institute, 2019.
- Roblin, Sebastien. *China's Military Is the Biggest on the Planet (But Can It Fight America and Win?)*. The National Interest, May 22, 2019.
- Sharma, Ruchir. *The Comeback Nation*. Foreign Affairs, March 31, 2020.
- Silver, Laura. *How People around the World View China*. Pew Research Center's Global Attitudes Project, Pew Research Center, December 05, 2019.
- Smith, Rob. *For Every \$1 the US Spent on Clean Energy in 2017, China Spent \$3*. World Economic Forum, April 11, 2018.
- Tian, Nan. *Trends in World Military Expenditure*. Stockholm International Peace Research Institute, April 2018.
- Twigg, Melissa. *US-China trade war accelerates apparel factories' shift from China to Southeast Asia and Bangladesh*. South China Morning Post, November 4, 2019.
- Villasenor, John. *Artificial intelligence and the future of geopolitics*. The Brookings Institute: TechTank, November 14, 2018.
- Wohlforth, William C. *The Stability of a Unipolar World*. International Security, Vol. 24, No. 1, Summer 1999.
- Wong, Audrey. *More than Peripheral: How Provinces Influence China's Foreign Policy*. The China Quarterly, 235, September 2018.
- World Bank Group, *Innovative China: New Drivers of Growth* (Washington, DC: World Bank, 2019).
- Zakaria, Fareed. *The New China Scare*. Foreign Affairs, January/February 2020.