

Getting China Right: America's Real Choice

Jingdong Yuan

China's rise as a major power has generated wide-ranging discussions and debates among scholars, analysts and in the corridors of power in major global and regional capitals. On the one hand, there are great expectations that a more prosperous, influential, and engaging China can and should make positive contributions to solving major issues such as economic recovery, climate change, and nuclear nonproliferation. On the other hand, there are also growing concerns about a more confident, assertive and indeed an insecure China that could pose serious challenges to international and regional order.

Nowhere are the impacts of China's rise felt more acutely and close to home than the Indo-Pacific Region. A country close to the abyss of complete economic collapse and amidst chaotic political turmoil during the final days of the Cultural Revolution, China has, within the short span of thirty years, transformed itself from a backward agrarian economy to an industrial and trading giant. China today is the second largest economy in the world and the number one trading partner of almost every major country in the region. It trades with more countries and has the largest holding of foreign exchange reserves in the world. And it is poised to overtake the United States as the largest economy within this decade.

China's economic rise is also changing the region's geo-strategic landscape. Beijing has been modernising its military, more actively involved in regional multilateral institutions, and is becoming increasingly assertive in territorial disputes with a number of neighbouring countries. For many, Beijing's foreign policy behaviour is confirmation of the inconvenient truth that the middle kingdom is out to reclaim its past glory and challenging US primacy—the very foundation of the region's peace, stability and prosperity of the past six decades. The question is: what would and should Washington do in meeting the China challenge?

Professor Hugh White's book, *The China Choice: Why America Should Share Power* offers a timely, thought-provoking, and controversial analysis of the changing Indo-Pacific geopolitics and what he thinks as the sensible and perhaps the best solution to a gathering storm and impending strategic rivalry between China and the United States. His grasp of the fundamental

issues is solid, his analysis insightful, and his recommendations logically derived and forcefully presented. It is a welcome antidote to the sheer rhetoric and headlines with reasoned and well-structured elaborations and arguments.

Essentially, White makes the following arguments. Facing a rising China with growing economic and military power, an increasing appetite for prestige, respect and influence in determining regional affairs, the United States can choose one of three options: seeking to maintain its primacy by confronting and rolling back the China challenge; withdrawing from Asia to allow China to establish hegemony in the region; or working and sharing power with China to jointly build a new regional order. For White, the best option Washington can and should choose, before it is too late, is the third one, to make the necessary adjustment, share power with China, and maintain US presence through a new arrangement. This is the option which will ensure a peaceful transition from the US-based regional order of more than six decades to an emerging one where China, as the rising power, will be recognised and given a major role to play.

White arrives at this conclusion through careful analyses of the foundation of the current regional order, the changes and challenges to this foundation, and a sensible arrangement that he thinks is necessary to avoid conflict between China and the United States. This is the only sensible way to sustaining regional stability and prosperity that is acceptable by all the other key players. He uses the year 1972 as the benchmark to illustrate his points. The regional order over the past four decades has been built on explicit or implicit acceptance by all the powers (save North Korea and the Soviet Union) in the region of US primacy, a power structure based on the closely knitted political, military, and economic networks that have provided access to America's market, capital and technology; American security guarantees to allies and friends; and a still weak China threatened by the Soviet Union and therefore willing to align itself with the United States.

But that structure is changing, and the change is reflected in the rapid rise of China and America's relative decline since the end of the Cold War but in particular over the past decade. The decade-long US wars in Afghanistan and Iraq have depleted its treasure and blood; prolonged economic recession, high unemployment rates, huge deficits and national debts have further weakened America's abilities and staying power for maintaining the regional order of the past four decades. The failure to address the financial problems, as the current impasse in negotiation between the White House and Congress suggests, has already resulted in sequestration and other massive budget cuts with serious consequences for US security commitments to its allies and military presence in the region.

At the same time, China is gaining power and influence in the region. Beijing is becoming more confident and its appetite for recognition and greater voice

in regional affairs, and its efforts in encouraging and developing regional arrangements that either limit or exclude America's role, from the ASEAN + 3 to the Shanghai Cooperation Organization, are clear signs that China is beginning to challenge US primacy. What White is concerned with is a dangerous drift toward conflict and confrontation between Asia's rising power and its reigning one. And recent developments support that assessment. Washington's 'pivot' to Asia and the strengthening of alliances, its emphasis on freedom of navigation, and its public advocacy for multilateral negotiations to solve territorial disputes come into direct conflict with China's positions on these issues. Beijing clearly views US rebalancing as directed at China and it opposes external interference and insists on bilateral negotiations to solve these territorial disputes.

The danger of conflict is obvious. A good indicator is China's recent military buildup. While initially driven largely by the needs to modernise a rather backward military with obsolete equipment and to prepare for military confrontation in the Taiwan Strait, recent developments indicate that the People's Liberation Army is on the march motivated by greater ambitions such as regional influence and the ability to escort marine ships and protect critical Sea Lanes Of Communication further away from China's maritime boundary. Of particular concerns to the United States are the so-called anti-access and area-denial capabilities, such as anti-ship ballistic and cruise missiles that could seriously threaten US carrier battle groups. The Pentagon, meanwhile, has responded by adopting the Air-Sea Battle Concept that seeks to disrupt, destroy and defeat Chinese conventional capabilities, including options for deep strikes into Chinese territories. This could lead to further escalation and even nuclear exchanges, especially if Beijing perceives these strikes as aimed at taking out its nuclear retaliatory capabilities. White clearly recognises the inherent danger of confrontation escalating out of control. In this context, the Obama administration's efforts to retain its primacy and to reassure allies with the 'pivot' to Asia run the risk of committing itself to unnecessary regional maritime conflicts; stoking fear and resentment in Beijing; and raising concerns in its allies since the latter are seeking assurance from Washington, not confrontation between America and China.¹ As White rightly points out, America's allies "will not sacrifice their interests in peace and stability" and they will "increasingly fear that they risk being entrapped in America's conflicts with China and abandoned by America in their own".² Indeed, America's key allies have all become economically interdependent with China even as they continue to hedge against the latter. However, none has adopted deliberate balancing or containing strategies. Instead, most have seen their defence spending

¹ R. S. Ross, 'The Problem with the Pivot', *Foreign Affairs*, vol. 91, no. 6 (November/December 2012), pp. 70-82.

² H. White, *The China Choice: Why America Should Share Power* (Collingwood, Vic: Black Inc., 2012), p. 85.

decline in sharp contrast to the double-digit increases in Chinese defence budget.³

White's prescription for power sharing is premised on the rather pessimistic reading of what China wants as it becomes more powerful. There is a strong realist underpinning that states are sensitive to their relative capabilities in the international system and will seek to change the international structure in ways that better assert and promote their national interests. When weak, they may reluctantly accept the constraints placed upon them; but once strong enough, they tend to wield their power to change the status quo. Clearly, if one accepts the views of the power transition theory and offensive realism, then it is easy to predict an assertive, impatient, and even aggressive China seeking regional primacy and hence conflict with the United States. There are additional reasons for anticipating an assertive China: its desire to reclaim past glory and return East Asia to the past tributary system of nations, its inherently authoritarian regime, and the rising nationalism pushing Beijing toward a more aggressive foreign policy.

But the conventional realist reading of China misses other important elements. While there is general agreement on China's continued ascendancy to great power status and the near certainty that it will replace the United States as the world's largest economy in the coming years, its future aspirations and behaviours are not predestined; nor is its conflict with the United States inevitable. Despite its many achievements and an active and at times assertive foreign policy, Beijing remains predominantly preoccupied with issues at home and vulnerable security abroad. Its domestic problems range from economic slowdown and growing unemployment, ethnic unrest that threatens national unity, demographic change and population aging, to environmental degradation, income inequality and social instability, and potential challenges to the communist party's legitimacy and its right to rule. China also faces a volatile and complex external security environment, with fourteen countries sharing its borders, many of which historically having had military conflicts with China and some still having unresolved territorial disputes. In other words, China is a lonely, and highly insecure power.⁴

The path that has led China to its current power status is one of rapid economic growth. Indeed, the economic rationale has underpinned many of the domestic and foreign policy decisions Beijing has made over the past three decades—greater integration into the world economy, closer ties with the industrialised countries for markets, investments, and technology transfers, and the development and maintenance of a stable security

³ S. Chan, *China, the United States, and Power Balancing in East Asia* (Stanford: Stanford University Press, 2012).

⁴ A. J. Nathan and A. Scobell, *China's Search for Security* (New York: Columbia University Press, 2012).

environment in China's periphery through bilateral and multilateral diplomacy. These have not fundamentally changed even as China becomes the economic power house that it is today. Its continued economic growth will be predicated on these external conditions and increasingly also on domestic structural shift from an export-oriented economy to one of consumption.

Even as Chinese economic power and political influence continue to grow, Beijing remains contented in behaving more like a regional power and in only selected areas on the international arena that give it more profile but impose low costs has China chosen to play a more active role. Contrary to the predictions of power-transition theorists, China has refrained from directly challenging the United States and indeed recognised the costs of assuming a leadership role and shouldering more responsibilities. Indeed, there is little evidence to demonstrate that China has developed a grand strategy that is aimed specifically at replacing the United States as the world's new reigning power; in fact many analysts suggest that if anything, China is more or less a status power with limited albeit clearly defined goals. If anything, both countries seem to recognise that maintaining order and stability while seeking cooperation and managing disputes has served both well, given their increasingly interdependent ties. Many of the global and regional challenges require that Beijing and Washington work together. At the same time, because of their different positions in the international system, lack of trust, and concerns over each other's intentions, their cooperation remains limited and constrained.⁵

White also discusses the idea of a Concert of Asia which, while ideal for great power consultation and hence a more stable regional order, may be impossible to establish, for a number of reasons. It would not pass the criteria White himself lists in the book, nor would it be acceptable for all the other states in the region not considered as the candidates, which are China, India, Japan and the United States. It would be hard to imagine the four powers agreeing on critical security issues and on common approaches to address them, given their differences and indeed disputes between them. A G-2 arrangement would be even less appealing and could cause more concern than foster stability. Just witness the resentment expressed by Tokyo in response to President Clinton's 'Japan passing' during his 1998 visit China; and the alarm from New Delhi when Washington and Beijing issued a joint statement that touched on issues concerning South Asia during President Obama's visit to China in 2009.

America's China choice has critical implications for Australia. As a middle power with limited resources on defence, Australia's security ultimately depends on the overall external environment it is in and its ability to influence

⁵ R. Foot and A. Walter, *China, the United States, and Global Order* (Cambridge: Cambridge University Press, 2011).

such an environment; the resources—internal and external—it can count on in response to potential or actual threats; and how it uses its resources to advance and protect clearly defined national interests, with priorities and trade-offs at times. But the more daunting challenge will be how to respond when the two powers that matter the most to Australia—the United States and China—drift into open rivalry given their fundamentally different visions of Asia and their respective role in it and the disputes that already cast a shadow over their relationship. America is not going to cede primacy easily; China thinks it deserves better given its growing economic power and political influence. Washington is pivoting to Asia; Beijing is asserting itself. As a rising power, it is inevitable that China will challenge and seek to replace the United States as Asia's new dominant power. Despite—or perhaps because of—their ever growing economic interdependence, disputes over trade balance, currency evaluation, intellectual property rights, and market access have only intensified rather than receded despite the best efforts by both capitals to manage them so that they can still cooperate on other areas of mutual interests, from nuclear proliferation to climate change.

US-China strategic rivalry poses the most serious challenge for Australian foreign policy. The assumptions are that major trade-offs are inevitable and that Canberra will side with Washington in any serious conflicts between the United States and China, from the Taiwan Strait to the South China Sea and to the Indian Ocean, leading to major setbacks in Sino-Australian relations and irreparable economic disruption to Australia. The consequences are indeed dire. Clearly, Canberra needs to seriously consider its options, fend off worst case scenarios where it can while encourage its US ally to adapt to the new reality of a transforming Asian geo-strategic landscape.⁶

Without doubt, China constitutes a key factor in Australia's national security consideration. Former Prime Minister Kevin Rudd once defined Australia's national security as:

Freedom from attack or the threat of attack; the maintenance of our territorial integrity; the maintenance of our political sovereignty; the preservation of our hard won freedoms; and the maintenance of our fundamental capacity to advance economic prosperity for all Australians.⁷

The critical questions to ask then include the following: Is China's rise posing a serious threat to Australian national security and in what ways? What should be Australia's response and can it reasonably protect its security?

⁶ H. White, 'Power Shift: Australia's Future between Washington and Beijing', *Quarterly Essay* 39 (September 2010).

⁷ K. Rudd, 'The First National Security Statement to the Australian Parliament', 4 December 2008, quoted in A. O'Neil, 'Conceptualizing Future Threats to Australia's Security', *Australian Journal of Political Science*, vol. 46, no. 1 (March 2011), p. 20.

China's rise should not pose a direct threat to Australia's national security in terms of its sovereignty and territorial integrity, or the freedoms as listed by Rudd. But a US-China rivalry and China's internal political and economic developments could affect Australia's continued prosperity and even its security; what policy Canberra adopts and how it is implemented could also have an impact on China's perceptions and actions, which in turn will affect Australia. Managing the China challenge therefore must start from well defined national interests, which in turn serve as the overall guide to set and prioritise objectives, formulate policies, and allocate resources. Australia needs a stable international environment and continued economic growth. China's rise clearly has been conducive to the latter but can be unsettling for the former. But China's path to great power status and how it will use its power are not predestined and can be affected by many factors.

White's arguments have touched off heated debates within Australia. While most agree with his analysis of the changing power relationships in Asia, there is considerable disagreement on the inevitability of China's continued rise and a pending conflict between it and the United States. The most controversial relates to White's prescription for a peaceful transition and stable management of power in Asia in the form of a US-China concert.⁸ But regardless of whether sharing power is a good option from Washington's perspective, White's careful and thoughtful analysis of the potential pending security challenge for Australia deserves serious consideration. Indeed, what Australia should and could do has important impacts on how it can best protect its national interests.

The essential question comes down to this: whether or not, and to what extent, should Australia support the US strategy of re-balancing, or pivoting, to Asia, and what role it should take in the process. At least three perspectives have emerged. One is for full support of the US strategy and strengthening Australia's own military capabilities in preparation for a likely future US-China showdown. This perspective calls for a stronger US-Australia alliance and closer security cooperation with its Asian partners. The November 2011 announcement of US Marines rotating in and out of the base facilities in Darwin would be a good example. Despite the Gillard Government's explanations to the contrary, this also seems to be the direction that Australian policy has taken.⁹

A second perspective strongly criticises Canberra's foreign policy, charging that it has ceded its autonomy to Washington in pursuit of alliance politics instead of basing policies on national interests. This group includes senior

⁸ P. Dibb, 'Why I Disagree with Hugh White on China's Rise', *The Australian*, 13 August 2012; J. Lee, 'A Tilt toward China? Australia Reconsiders Its American Ties', *World Affairs*, November/December 2012, pp. 62-70.

⁹ R. Babbage, *Australia's Strategic Edge in 2030*, Kokoda Papers No. 15 (February 2011); B. Schreer and S. Lee, 'The Willing Ally? Australian Strategic Policy in a Contested Asia', *RUSI Journal*, vol. 157, no. 5 (October/November 2012), pp. 78-84;

retired politicians such as former prime ministers Malcolm Fraser and Paul Keating, and former Australian ambassadors to China Stephen FitzGerald and Geoff Raby. They argue that Australia's policy of blindly following US strategy seriously undermines the country's national interests. While not disputing the importance of the Australia-US alliance and the role of a US presence in Asia, they nonetheless warn against losing Australia's foreign policy autonomy and locking itself into an offensive US strategy of containment of China.¹⁰

The third perspective suggests that Australia can maintain good relationships with both China and the United States and there is no need to choose between the two. The alarm over the pending US-China conflict is overblown. Washington and Beijing have extensive contacts and share many common interests that will enable them to overcome and at the minimum manage their differences. It is conceivable, the argument goes, that Australia can remain engaged and even expand its economic ties with China while strengthening its security alliance with the United States and indeed that is also the strategy that Washington has been following.¹¹

In assessing China as a potential threat to Australia's and to the region's security interests, one must accept and acknowledge that Beijing similarly has to make the same assessment. The best approach would be one that can raise the costs for unacceptable behaviour through a combination of alliances and alignments, self-reliance and military preparedness, and institutions that can minimise the impacts of a security dilemma; at the same time, it should refrain from raising China's anxiety and fear of encirclement, or heightening its suspicion of being deprived of its rightful place in regional and global affairs befitting its newly acquired power status. Indeed, that perhaps should be America's real choice as well.

Jingdong Yuan is Associate Professor, Centre for International Security Studies/Department of Government & International Relations, University of Sydney jingdong.yuan@sydney.edu.au.

¹⁰ M. Fraser, 'Australia-US Relations in the "Asia Century": To Avoid Unnecessary and Ill-Advised Conflict', speech at the Asialink series, University of Melbourne, 25 September 2012; S. FitzGerald, 'Australia and China at Forty: Stretch of the Imagination', lecture prepared for the Australian Centre on China in the World, Australian National University, November 2012; P. Keating, 'Australia's Diminishing Spheres of Influence', The Keith Murdoch Oration, 14 November 2012; G. Raby, 'Australia and China at 40: Pivot, Devot and the US', 2012 Richard Larkins Oration, 7 August 2012.

¹¹ 'No Need to Choose China or US: Howard', *Sydney Morning Herald*, 2 October 2012; N. Bisley, 'Never Having to Choose: China's Rise and Australian Security', in J. Reilly and J. Yuan (eds.), *Australia and China at 40* (Sydney: University of New South Wales Press, 2012), pp. 66-84; G. Garrett, 'Strategic Choices: Australia, China and the US in Asia', *The Asialink Essays*, vol. 2, no. 5 (2010).