How to Avoid an Avoidable War

Ten Questions About the New U.S. China Strategy

By Kevin Rudd, FOREIGN AFFAIRS, October 22, 2018

This November, we will commemorate the 100th anniversary of the end of what was called “the war to end all wars” between the great powers of the early twentieth century. Of course, the war to end all wars turned out to be anything but. Because of a catastrophic series of unintended consequences, more wars followed in its wake, and the geopolitical map of the world has been redrawn three times since then.

When future generations look back on 2018, it could well be as the year in which the relationship between the two great powers of the twenty-first century—the United States and China—shifted from peaceful coexistence to a new form of confrontation, although its final trajectory remains far from certain.

In a speech at the Hudson Institute earlier this month, U.S. Vice President Mike Pence accused China of unfair trade practices, intellectual property theft, increasing military aggression, and interference in the United States’ domestic politics. The vice president’s speech is the latest in a long line of authoritative statements and policies from the Trump administration redefining future U.S. strategy toward China. These include the U.S. National Security Strategy published last December, January’s new U.S. Defense Strategy, last month’s Department of Defense report on the future of U.S. defense manufacturing and, of course, the initiation of the trade war with China in June.

This series of doctrinal statements by the United States has formally declared an end to a 40-year period of U.S. strategic engagement with China, and its replacement with a new period of strategic competition. All rest on the assumption that engagement has failed; that China’s domestic market has not opened up sufficiently to foreign export and investment penetration; that, rather than becoming a responsible stakeholder in the global rules-based order, China is now developing an alternative international order with Chinese characteristics; and that instead of becoming more democratic in its domestic politics, Beijing has now decided to double down as a Leninist state.

Washington’s decision to push back against Chinese foreign policy and economic strategy is an inevitable structural response to the fact that China’s aggregate military and economic power has now begun to challenge U.S. global dominance. This radically new approach to U.S. declaratory policy toward China also appears to have attracted widespread support across U.S. government agencies, from the U.S. Congress, and from a wide cross-section of U.S. businesses. But as U.S. strategists think through its operational implications, they will need to anticipate and deal with a number of potential unintended consequences—including the possibility of a rapid escalation from strategic competition to decoupling to confrontation, containment, and, perhaps, ultimately, to armed conflict.
TEN QUESTIONS ABOUT STRATEGIC COMPETITION

The United States and its partners and allies around the world will need to consider a number of critical questions as Washington undertakes the translation of this fundamental change in declaratory strategy into operational policy. First, what is the United States’ desired endpoint? What does the United States do if China does not acquiesce to the demands outlined in the vice president’s speech—including a “fair and reciprocal” trade deal, and ends to “the theft of American intellectual property” and “the predatory practice of forced technology transfer”—but instead explicitly rejects them? What happens if the new U.S. strategy not only fails to produce the desired objective but instead produces the reverse, namely an increasingly mercantilist, nationalist, and combative China? There are two broad possibilities here: either Beijing will concede to the changes that Washington wants, or it will double down on its current policies.

Second, if we are now in a period of strategic competition, what are the new rules of the game? How can Washington reach a common understanding with Beijing as to what these new rules might be? Or are there now to be no rules other than those which may be fashioned over time by the new operational dynamics of strategic competition? How, for example, will the United States now manage dangerous incidents at sea (such as recently occurred when a Chinese warship came within 45 yards of the USS Decatur’s bow); incidents in the air; cyberattacks; nuclear proliferation; strategic competition in third countries; the purchase and sale of U.S. Treasury Notes; the future of the exchange rate; and other major policy domains?

Third, and closely related to these first two questions, is whether or not any common strategic narrative between China and the United States is now possible to set the conceptual parameters for the future bilateral relationship. In the absence of new rules that delimit the parameters of the relationship, and without a common conceptual framework of what the relationship is ultimately about, how can these two powers avoid, consciously or subconsciously, simply sliding into a new Cold War? And then a hot one?

Fourth, to the extent that some U.S. strategic planners may be considering further reorienting U.S. China policy from strategic competition toward full-blooded containment and comprehensive economic decoupling, George Kennan’s famous “Long Telegram” of 1946 and his “X” article on “The Sources of Soviet Conduct,” published in Foreign Affairs the following year, are worth a careful rereading. Kennan argued that if properly contained the Soviet Union would likely break up under the weight of its internal pressures. It would be a heroic assumption, however, that holds that in a new Cold War, the Chinese system would collapse under the weight of its own internal contradictions should a similar policy be applied. It might. But the size of China’s domestic economy, the extent of its continuing economic engagement with the rest of the non-U.S. world, together with the new technologies of political control now available to an authoritarian state, should give those who think that China will turn out just like the Soviet Union pause for thought.

Fifth, is the United States convinced that Chinese authoritarian capitalism actually poses a potent ideological challenge to democratic capitalism, the way that Soviet communism once did? The Soviet Union constructed client regimes around the world of a similar ideological nature to its own. Is there evidence that China is doing the same? If there is, what is the evidence to date of
China’s success or failure? Or is China doing something qualitatively different—essentially being agnostic about the domestic political systems of other states, while still building their own coalition of the willing around the world based on the growing size of China’s global economic footprint, to be drawn upon when Chinese foreign policy interests are at stake?

Sixth, is the United States prepared to make a strategic counteroffer to the world to the financial and economic commitment reflected in a multitrillion-dollar set of Chinese programs—including the Belt and Road Initiative, concessional loans, and bilateral aid flows? Or will Washington continue to slash its own aid budgets and reduce the size of its foreign service? The United States won western Europe from the Soviet Union because of the Marshall Plan. It will not win its strategic competition with China on the basis of fine sentiment alone in Eurasia, Africa, and Latin America.

Seventh, beyond concessional finance and grant aid, there is the broader question of how the United States will compete over time with the magnitude of China’s trade and investment volumes in both Asia and Europe. How will the cancellation of the Trans-Pacific Partnership with Asia and the Transatlantic Trade and Investment Partnership, its counterpart with Europe, affect the relative significance of the United States as a trade, investment, and technology partner with these regions in the future? Beijing is already a bigger economic partner with Asia and Africa than with Washington. Europe and Latin America are likely to follow.

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Eighth, for these and other reasons, how confident is the United States that its friends and allies around the world will embrace its newly competitive strategy toward China? Many U.S. allies may decide to hedge their bets, waiting until it becomes clearer whether this U.S. shift is permanent and whether it will succeed.

Ninth, what ideational case can the United States make to the world for supporting its new strategy as an alternative to Chinese regional and global domination? Pence consciously and eloquently couched his call to arms in terms of U.S. interests. But he made no appeal to the international community based on common interests and shared values, which have been historically articulated though the U.S.-led, rules-based order crafted after World War II. Where is the shining city on the hill? Or are we left with a choice between one realist power and another?

Finally, U.S. and allied strategists need also to consider how a major cleavage in U.S.-Chinese relations would affect the global economy and global action on climate change in the more immediate term. A radical decoupling of the U.S. and Chinese economies could lead bilateral trade to collapse, or else fall significantly; this shock would in turn have a significant negative impact on U.S. and global growth in 2019, possibly even triggering a worldwide recession. Or consider the just-released United Nations report on climate change, which warns of potential planetary disaster because the world’s major carbon emitters have failed to take adequate action so far. What will happen if China reverts to its own more limited national measures at carbon mitigation in the absence of a functioning global environmental order? China is at present bound
by its commitments made under the 2015 Paris agreement on climate change. The United States’ absence from the negotiating table is already seeing a weakening of that regime. China may use formal U.S. withdrawal from Paris, or a wider collapse in the U.S.-Chinese relationship, to walk away altogether. Although the current U.S. administration may not care about this, practically all of its allies do.

**A THIRD WAY?**

Those who have spent decades dealing professionally with the rise of China in general, and the U.S.-Chinese relationship in particular, know that these are challenges of formidable intellectual and policymaking complexity. Nonetheless, I fear that the public space for open, considered debate and discussion on the China question is shrinking as name-calling grows. There is a danger that those who seek to address complexity are accused of being China appeasers or “panda huggers.” And that those who recommend a harder-line approach are simply written off as unrequited Cold War warriors or just plain warmongers. We also need to be wary of the emergence of any form of new McCarthyism, whereby anyone seeking to explain the complexity of China’s rise is simply accused of “un-American” activities if they off a complex response to what are otherwise rendered as simple but critical questions—namely what is China now doing, what is different, and what should the rest of us do about it. There are already tremors of this emerging around the edges of the foreign and strategic policy community, including think tanks and the academy. What we should all be seeking, at critical times like this, is analytical and policy clarity.

At this stage of the unfolding great global debate on China, as a lifelong supporter of Australia’s 100-year alliance with the United States, I’m on the side of avoiding an unnecessary war between the United States and China. In other words, both Washington and Beijing, together with others in the international community, need to identify whether there is a credible third way, beyond the demands of either capitulation or confrontation, to help navigate our way through the Thucydidean dilemma that we now confront.